**TERMS OF REFERENCE**

**Thematic Area**: Monitoring Evaluation and Learning

**Project Title:** Evaluation of Karandaaz’s Digital Financial Services outputs in Research and

Policy Area

**Expected Start Date:** May 2019

**End Date:** August 2019

**Task Manager:** Head ICF & MEL

**About Karandaaz Pakistan**

[KARANDAAZ PAKISTAN](http://karandaaz.com.pk), a section 42 company incorporated in Pakistan in August 2014, promotes access to finance for small businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled digital solutions. Karandaaz Pakistan has financial and institutional support from leading international development finance institutions; principally the United Kingdom’s Department for International Development (DFID) and the Bill & Melinda Gates Foundation (BMGF).

The Company has four verticals.

* **Karandaaz Capital** provides wholesale structured credit and equity-linked direct growth capital investments in micro, small and mid-size enterprises (MSMEs) with compelling prospects for sustainable growth and employment generation in Pakistan.
* **Karandaaz Digital** focuses on expanding the poor’s access to digital financial services in Pakistan by working across the ecosystem with all stakeholders including regulators, policy-makers, government departments, businesses and researchers and academics with activities arranged in four key work areas–Policy and Regulation, Seeding Innovation, Experimentation and Solutions Development, and Scale and Outreach.
* **Karandaaz Innovation** manages the Innovation Challenge Fund, providing risk capital and grants to partners with an aim to generate innovative solutions to complex problems in areas of financial inclusion and entrepreneurship.
* **Knowledge Management and Communications** supports the company's core financial inclusion goal by developing and disseminating evidence based insights and solutions to influence markets and the financial ecosystem.

**Project Background**

Financial inclusion in Pakistan is a key challenge. Currently, only 14 percent of the population is financially included, as per the Financial Inclusion Insights (FII) Survey, 2017. Similarly, 11 percent of the population has a bank account and 4 percent has a registered mobile money account. On the other hand, 78 percent people have access to a mobile phone, pointing towards the substantial potential for digital financial inclusion. [[1]](#footnote-1)

The Karandaaz (KRN) Digital work-stream strives to advance digital financial inclusion in Pakistan. It has four focus areas: a) national payment infrastructure; b) innovation and incubation; c) research and analytics, and d) policy and regulation.

As the DFS ecosystem in Pakistan moves towards maturity, data and research is vital for market players to accelerate uptake and usage of digital financial services.

The *research and analytics* function aims at bridging knowledge and information gaps in the ecosystem, specifically relating to the areas of pricing, products and messages that can effectively maximise the usage and adoption by unserved and underserved populations. This objective is achieved through undertaking primary research and supporting digital experiments. Some of the key research projects completed to date include the Customer Segmentation Study, Global Landscape Study on Digitising Person to Government (P2G) Payments, Retail Payments Study and others. [[2]](#footnote-2)

Figure 1: DFS Focus Areas

The *policy and regulation* function within the DFS work-stream aims to create an enabling environment for DFS in Pakistan. It achieves this objective by undertaking research to bridge knowledge gaps pertaining to policy and regulation within the financial inclusion ecosystem. This research is envisioned as a means to support market players through identifying policy related constraints and communicating best practices to regulators in Pakistan. The function also collaborates with stakeholders in the National Financial Inclusion Strategy (NFIS) committees, providing input to policy and regulation landscape of the country. Several policy briefs are currently being developed including on topics such as Branchless Banking Agent Onboarding and KYC, Merchant Payments etc. (*Can be accessed at:* [*https://karandaaz.com.pk/karandaaz-publication/*](https://karandaaz.com.pk/karandaaz-publication/)*)*

**Scope of the Assignment**

This evaluation is being commissioned to understand the extent to which the objectives of DFS’s research and policy interventions are being met[[3]](#footnote-3). It will have a forward-looking approach to identify pivots for the research and policy functions, especially in terms of improving uptake and relevance of the outputs.

**Map and categorize research outputs and users:** The scope of analysis will include all research grants, reports, policy briefs, etc. generated by the two functions to date. It is anticipated that the successful Consultant will need to develop a comprehensive mapping and categorization of the different research outputs. This may be used to draw a sample for the purposes of this evaluation as well as to create a big picture analysis of the themes, segments or intended impact that have figured prominently in the DFS research.

In addition, the successful Consultant will have access to the information on dissemination events, website downloads etc. of the different research reports and knowledge pieces. These would be used to develop a mapping and categorization of who has been reached by KRN-DFS research and policy outputs. This may be used to identify key informants for interviews, undertake feedback surveys etc. for the purposes of the evaluation.

**Develop an evaluation framework:** The successful Consultant is expected to propose an evaluation framework to assess the DFS’s research and policy interventions. The approach and metrics for evaluation should be built upon an understanding that a credible, balanced and comprehensive assessment of a research program requires consideration of elements beyond the research outputs only, or the use of conventional metrics. These additional elements include important aspects of the research process related to design, execution and the sharing of findings.

The evaluation framework should take into consideration the following:

* Research can influence public policy and corporate decision-making through various channels. For example, it can open up a new area of inquiry and debate, it can enlarge the array of policy options and solutions available to public policy makers, or it can generate insights that enable service providers to offer new services or pivot existing offerings. The evaluation framework should take into account a range of possible ‘impact’ metrics that research can create.
* KRN understands that technical quality is a necessary but not a sufficient condition for an overall determination of research excellence. Excellent research not only has technical merit (e.g., methodologically sound, empirically warranted conclusions) but is also effective in generating third party utility i.e. the difference the information makes in the behaviour or decisions of users. The evaluation framework should take into account quality and utility of the research outputs.
* In determining a framework for evaluation, the successful Consultant should differentiate between outputs and outcomes that are within KRN’s sphere of control and influence and those that are not. While the technical quality and relevance of the research is controllable for the researcher, uptake, use and impact of research depends on the interaction of multiple actors and external factors. That said, research that is intended to inform and influence the market – as in the case of KRN – requires appropriate positioning for creating that influence. The framework should be able to assess the steps taken to achieve the relevance and quality of the research as well as steps to improve the likelihood that the KRN-DFS research will be used.

**Undertake field work and data analysis required to produce an Evaluation Report:** Based on the proposed mapping and framework above, the successful Consultant will be required to undertake all field work, interviews with internal staff and external stakeholders, data analysis etc. and produce findings that addresses the following key questions:

* *Relevance:* To what extent does the research and policy work align with the overall needs of the financial inclusion ecosystem and KRN DFS objectives?
* *Efficiency:* To what extent is the process of commissioning and disseminating research geared to ensuring quality and utility of the outputs? Review the process for identifying topics and themes, selection of research partner, oversight and quality control process, and dissemination approaches, etc.
* *Effectiveness:* To what extent have KRN-DFS outputs been used to inform decision making of the intended target audience? Provide a view on uptake and usage of KRN DFS research and policy outputs by market players – who used, for what purpose, their feedback on quality and usefulness of the research.

*[The above questions are not exhaustive and only indicative and will be refined during the inception phase of the assignment.]*

**The evaluation should take a program evaluation approach rather than a projectized lens. KRN is interested to evaluate research and policy interventions as a whole rather than individual outputs. Assessment of processes, outputs and outcomes should be discussed at the program level as should the recommendations emerging from the evaluation.**

**For each of the three criteria above, or any other questions that may be surfaced, the Consultant is expected to: a) provide a detailed assessment supported by evidence; b) identify challenges and gaps; and c) provide recommendations based on experiences from other local and international organizations.**

**Specific Tasks of the Successful Consultant**

The successful Consultant will have the primary responsibility for research, field work and report writing. KRN will provide support where required. Specific tasks required from the successful Consultant are discussed below.

**Phase 1: Inception**

1. **Inception Workshop**: The successful Consultant will be required to hold an inception workshop with the KRN MEL and DFS teams to refine the research questions and get clarity on expectations from the assignment.
2. **Review Relevant Literature and Documentation:** The successful Consultant will be required to review relevant documentation, including but not limited to, the Grant Narrative, the Results Matrix, Project Documents, Project Outputs, International Literature and any other relevant documentation.
3. **Mine and analyse data on dissemination of KRN’s research and policy outputs:** This will enable the successful Consultant to understand how many and what types of organizations have been reached and what themes/research areas have been covered through DFS research so far. This will include a review of data from the website and dissemination events. The purpose will be to develop a picture of whether the outputs are reaching the intended audiences. It will also help the successful Consultant identify key respondents for interviews.
4. **Revised Evaluation Framework:** Through discussions in the inception workshop and review of literature and documentation, the successful Consultant at this stage will also provide KRN with a refined evaluation framework.

**Deliverable: The successful Consultant will provide an inception report at the end of the inception phase, displaying a robust understanding of the exercise, the methodology for undertaking the study, revised evaluation framework and work plan, including key informants list. The successful Consultant will also be required to present the results in a presentation format to relevant teams at KRN. Any feedback provided by KRN will be incorporated in the inception report by the successful Consultant**

**Phase 2: Field Work, Data Collection and Analytics**

The successful Consultant will be required to execute all field work, data collection and analysis required for the purposes of this evaluation. This will include any key informant interviews, FGDs, surveys etc. that are agreed upon in the inception stage. These should, at least, include key private sector players in the digital finance space representing a cross-section of organization types, size and role; regulators; representatives of BMGF and DFID, DFS Advisory Committee member(s), and relevant KRN staff. The successful Consultant will also be responsible for collating and analysing information collected through this exercise.

**Deliverable: After Phase 2, a progress review meeting will be held with KRN to provide an update on progress and/or any deviations from expectations. A presentation of the findings will also be held at this stage.**

**Phase 3: Report Writing**

1. **Draft Report:** The successful Consultant will be required to provide a draft report at the end of this phase for review by the KRN team. The report shall be comprehensive in fulfilling the objectives of the assignment. The report should include, at a minimum, an executive summary, methodology and purpose of the assessment, list of stakeholders interviewed, and the findings of the evaluation. The scope and structure of the report may be changed through mutual discussion between successful Consultant and KRN. It is recommended that interesting visuals, tables and graphs be used wherever possible.
2. **Final Report:** The KRN team will provide comments on the draft report. The successful Consultant is responsible for incorporating the feedback and submitting a final version to the project manager. The Successful Consultant should expect at least two rounds of comments.
3. **Presentation:** The successful Consultant will submit and deliver a PowerPoint presentation to the KRN team, summarizing key findings. The Successful Consultant may be required to present the findings at a meeting of KRN internal/external stakeholders.

**Please note that all information collected during the research will be the sole property of KRN Pakistan and cannot be shared, used or reproduced for any purpose without prior permission. Thus, all information collected must be clearly documented, retained and transferred to the project manager at conclusion of the project.**

**Timeline & Deliverables**

The study will be conducted over a period of three months in Pakistan, starting from the signing of the contract. Deliverables include:

| **Deliverable** | **Description** | **Timeline** |
| --- | --- | --- |
| **PHASE 1** | | |
| Inception workshop with KRN team | The workshop will be used to refine evaluation questions, discuss scope of assignment and gain an in-depth understanding. The Successful Consultant will be expected to lead the workshop. | Week 1 |
| Inception report | The successful Consultant will provide a comprehensive inception report which will include, at least, the following:   1. Successful Consultant’s understanding of scope of the assignment 2. Analysis of data on dissemination of DFS reports and studies 3. Methodology for the evaluation, including list of key informants and work plan. 4. Revised Evaluation framework 5. Risks to the project and mitigation strategies | Week 2 |
| **PHASE 2** | | |
| Data Collection | The Successful Consultant will collect data through interviews (and other agreed methodologies). KRN will facilitate the meetings and may participate in some of them. | Week 3 |
| Progress Review Meeting | The successful Consultant will update KRN with the progress of the exercise, and present the preliminary findings. This will be an opportunity to fact check and align on expectations. | Week 6 |
| **PHASE 3** | | |
| Draft Report | Draft report for comments by KRN. Two rounds of comments should be expected. | Week 9 |
| Final Report & Presentation | The report will be finalized after incorporation of comments. A PowerPoint presentation based on the report will be submitted. Successful Consultant may be required to make an in-person presentation to KRN | Week 12 |

**Level of Effort, Payment & Disbursement Schedule**

The successful Consultant has up to 30 days of work over a period of three months, estimated to be roughly:

|  |  |
| --- | --- |
| Phase 1 | 05 Days |
| Phase 2 | 15 Days |
| Phase 3 | 10 Days |

KRN Pakistan will make payments as per the following schedule:

|  |  |
| --- | --- |
| Phase 1 deliverables successfully completed | 30% of total cost |
| Phase 2 deliverables successfully completed | 30% of total cost |
| Phase 3 deliverable successfully completed | 40% of total cost |

**Consultants Qualifications**

Karandaaz seeks **Consultant** who should have demonstrated experience of evaluation and assessment methodologies used in international development as well as a deep understanding of the financial inclusion ecosystem of Pakistan:

The Consultant should meet the following criteria:

1. The assignment requires a good understanding of the digital finance services sector of Pakistan as well as basic technical knowledge of the area. This should be demonstrated through previous work experience.
2. The assignment also requires a very thorough understanding of how research and data affect ecosystem development. This requires someone who has undertaken sector level research with the intention of triggering change in private and public sector practice. This could be demonstrated through senior level engagement/team lead role on sector level studies in the financial inclusion space.
3. Understanding of how international and local think tanks and research organizations engage with industry and policymakers would be an added advantage. This would need to be demonstrated through experience in relevant roles or assignments.
4. Previous relevant work experience on BMGF funded projects would be an advantage.
5. The sucessful Consultant must be able to travel to and work across Pakistan. Mainly travel is anticipated to Lahore, Karachi and Islamabad.
6. The ability to produce well structured, concise and meaningful analysis and reports is critical. KRN may request samples of previous work and professional references in this regard.

**Requirements for the Consultant**

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**Documents to be submitted**

The consultant should submit the following documents:

1. Technical Proposal: This should be a word or PDF document responding to the TORs defined in this RFP. It should include the following sub-sections:
   1. Cover letter summarizing the relevance of the consultant to the assignment (1 page max.)
   2. Description of previous experience of similar and relevant assignments (3 pages max.)
   3. Proposed methodology for this assignment, including a very clear evaluation framework that will be used (4 pages max.) The methodology should be reflective of the requirements of the assignment. It should, through a step-wise approach suggest how the assignment will be undertaken, directly aligning the approach to the scope of work. It should also include information on the data collection tools and strategies that may be utilised and how the findings will be translated into a cohesive evaluation report. A suggestive structure of the report may also be provided.
   4. Work plan with timelines and deliverables clearly defined.

**Evaluation Criteria**

Karandaaz Pakistan shall evaluate the technical aspects of the proposals received, applying the evaluation criteria specified hereunder. Each proposal that is not rejected for reasons stated in these Instructions will be given a technical score.

The evaluation criteria, relevant sub-criteria, and point system to be used to evaluate the Technical proposals shall be:

Technical Knowledge (30%)

Prior Experience of Consultant (40%)

Work Methodology (30%)

Those Consultants scoring more than **50 marks** in their technical evaluation will qualify for Presentations at the request of Karandaaz.

**Clarifications**

All questions and/or clarifications regarding this RFP must be submitted via email to Procurement@karandaaz.com.pk no later than 5 PM PST on 18 April 2019. All correspondence and/or inquiries regarding this solicitation must reference the RFP number. No phone calls or in-person inquiries will be entertained; all questions and inquiries must be in writing.

Questions and requests for clarification and the responses thereto will be circulated to all RFP recipients who have indicated an interest in bidding by 5 PM PST on 19 April 2019.

***As part of the Technical Evaluation, a presentation may be requested by KRN on the proposal submitted.***

1. http://finclusion.org/uploads/file/pakistan-wave-5-report\_final.pdf [↑](#footnote-ref-1)
2. Research outputs relating to DFS can be accessed at: <https://karandaaz.com.pk/karandaaz-research/> [↑](#footnote-ref-2)
3. To make clear, this evaluation is different from evaluating academic research, whereby the focus is on deliberative means (such as peer review) and analytics (such a bibliometrics). [↑](#footnote-ref-3)