Call for Expressions of Interest

Midterm Evaluation

PROMOTING MICRO AND SMALL ENTERPRISES THROUGH IMPROVED ENTREPRENEURS' ACCESS TO FINANCIAL SERVICES [PROMISE IMPACT]

<table>
<thead>
<tr>
<th>Project Location</th>
<th>Indonesia, East and West Java</th>
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<tbody>
<tr>
<td>Application Deadline</td>
<td>15 October 2017</td>
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<tr>
<td>Type of contract</td>
<td>External Collaboration Contract</td>
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<tr>
<td>Post level</td>
<td>International or National consultant</td>
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<tr>
<td>Languages required</td>
<td>Proficiency in written and spoken English, Proficiency in Bahasa Indonesia</td>
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<td>Expected duration</td>
<td>20 work days during the period 01 November to 20 December 2017</td>
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The ILO Country Office for Indonesia and Timor-Leste (CO-Jakarta) is seeking expressions of interest from qualified individuals to conduct an independent midterm evaluation of “PROMOTING MICRO AND SMALL ENTERPRISES THROUGH IMPROVED ENTREPRENEURS' ACCESS TO FINANCIAL SERVICES [PROMISE IMPACT]” – the project has been funded by State Secretariat for Economic Affairs, Switzerland (SECO).

For further details about the evaluation, please see the attached ToR.

Required Information for Submission an Expression of Interest

Candidates intending to submit an expression of interest must supply the following information:

1) A description of how the candidate’s skills, qualifications and experience are relevant to the required qualifications of this assignment, as described in the enclosed evaluation Terms of Reference.

2) A list of previous evaluations that are relevant to the context and subject matter of this assignment.

3) A statement confirming their availability to conduct this assignment and the daily professional fee expressed in US dollars.

4) A copy of the candidate’s curriculum vitae (which must include information about the qualifications held by the candidate).

5) A statement confirming that the candidate has no previous involvement in the delivery of the PROMISE IMPACT in Indonesia or a personal relationship with any ILO Officials who are engaged in the project.

6) The names of two referees who can to be contacted.

The deadline to submit expressions of interest for the evaluation is by 5.00 pm (Jakarta time) on Sunday, 15 October 2017. Please send an e-mail with the subject header “Evaluation of Indonesia PROMISE IMPACT Project” to the Evaluation Manager Mr. Gunawan, Tendy at gunawan@ilo.org and copied to Ms. Pamornrat, Pringsulaka at pamornrat@ilo.org.
Introduction and rationale for the mid-term internal evaluation

The project titled “Promoting Micro and Small Enterprises through Improved Entrepreneurs' Access To Financial Services” [PROMISE IMPACT] was developed to specifically contribute to ILO/Indonesia Decent Work Country Programme, namely to Country Programme Outcome IDN 129 titled “Improved policies and programmes on entrepreneurship, business and cooperative development for job creation including financial inclusion”.

The project will run for 36 months and it was initially expected to start in August 2015. But there were delays owing to internal and external reasons. Recruitment of the Chief Technical Advisor (CTA) and all other local staff was completed in February 2016, at which point the project was able to begin full implementation. In light of the delay, ILO requested SECO for a no-cost extension of 10 months through April 2019. In principle SECO agreed to the no-cost extension which will be formally granted after the project is registered by a relevant government ministry.

As per the evaluation policy of the International Labour Organization (ILO) and as agreed with State Secretariat for Economic Affairs (SECO), the donor for this project, PROMISE IMPACT will go through an independent final evaluation at the end of the project. In the project document, a mid-term evaluation is also planned to take stock of the project and progress. During consultations with the donor, it was agreed that the mid-term review (MTR) will be a “lighter” exercise as it will be too early to measure results and outcomes. Thus, MTR will examine the overall progress, outputs delivered, and assess the general direction of the project with a view on future expansion or next phase of the project. Specifically, the MTR will examine the following:

a. Assess the progress of the project in terms of deliverables against the plan? Is the project on track?
b. Synthesize lessons learned and provide recommendations on areas that require improvement

c. To provide inputs that will provide the basis for consideration of a possible succession phase of the project. In this regard, MTR will recommend the type of interventions with high potential for success, scalability, and impact.

**Background of the Project**

Micro and Small Enterprises (MSEs) are an important source of employment and economic output in Indonesia. Almost 99.8 percent of over 57 million firms in Indonesia are considered as micro and small enterprises\(^1\). MSEs provide jobs to over 93 percent of the labour force engaged in wage employment. However, in terms of value added, MSEs contribute relatively less to GDP (43 percent) compared to medium and large businesses (57 percent). One of the major constraints faced by MSEs which affects their growth is lack or limited access to financial services.

There are a range of financial (banking and non-banking) institutions offering services in the market. Commercial banks dominate the industry in terms of assets. There are also 1,621 rural banks (BPRs)\(^2\) providing limited banking services to individuals and MSEs. In addition to that, at the downstream level, Bank Rakyat Indonesia has over 4,049\(^3\) units catering to clients in rural and peri-urban areas. Besides banks it is estimated that there are 36,486 saving and lending cooperatives\(^4\) (USP), and 3,297 pawnshops providing microfinance services. Despite the rapid growth of the financial sector and presence of several banking and non-banking institutions, access to finance remains a challenge for MSEs, perhaps understandably, in an archipelagic country as large as Indonesia.

While access to finance is limited, several financial institutions in Indonesia are also grappling to strike a balance between their commercial and social objectives. Globally, there is an increasing recognition that clients can no longer be treated simply as means to maximize profit. A long-term view that places a client at the centre of the business is not only a responsible way of doing business, it also yields greater returns for the financial institution.

Against the above backdrop, the ILO with funding from the SECO and in partnership with the Government of Indonesia has launched PROMISE IMPACT. The project aims to support MSEs to access quality financial and business development services which can contribute towards productivity, growth, and employment. Through the following three immediate objectives (outcomes)\(^5\):

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\(^1\) According to Government of Indonesia Regulation No 20, 2008 enterprises are categorized by value of assets and revenue. The threshold of Micro Enterprises is IDR 50 million (assets) and IDR 300 million (annual revenue) while the bracket for Small Enterprises is IDR 50-500 million (assets) and IDR 300-2,500 million (annual revenue).

\(^2\) https://finance.detik.com/moneter/3554303/ada-1600-bpr-di-indonesia-siap-siap-dikurangi


\(^4\) CLSA, Indonesia Financial Services, 2011

\(^5\) For outputs under each outcome, refer to the revised project logframe
Immediate Objective 1. Supply of financial and non-financial services by PFSPs are better aligned to the needs of MSEs in the pilot areas as a result of innovations and social performance management (SPM)

Immediate Objective 2. Enhanced productivity and greater access to services for targeted MSEs and cooperatives through customized interventions

Immediate Objective 3. Access to socially responsible finance is integrated in national policies and regulatory framework

One of the key deliverables of the project is to assist financial service providers (FSPs) in Indonesia to implement pilot projects to test products and services that create greater value for the clients while enhancing profitability for the financial institutions. The innovative services can include improving existing financial services, additional financial services, or delivering non-financial services as part of a “loan package”. Each project is intended to test whether providing an integrated set of services (both financial and non-financial), FSPs can contribute towards growth and development of small enterprises. Besides impact at the enterprise level, the research will also test the "business case" for FSPs to provide a broader range of financial and non-financial services to the clients.

In order to measure the impact at the client level, the project includes a research component to measure change as a result of the pilot intervention. In this regard, randomized control trial (RCT) will be used for measuring results at the client and household level. The second part of the research is to do a cost-benefit analysis for the business case by comparing results from the RCT (client level) and administrative data of FSPs related to performance of the loan portfolio and profitability.

A detailed presentation of the current status of the project, outputs delivered, and progress against immediate objectives is provided in the biannual and monthly progress reports which will be provided to the Evaluator.

Purpose, scope and clients of the evaluation:

The purpose of the evaluation is to give an assessment of the project’s progress to date across the major outcomes; assessing performance as per the foreseen targets and indicators of achievement at output and outcome levels; strategies and implementation modalities chosen; partnership arrangements; constraints and opportunities; and to provide strategic and operational recommendations as well as highlight opportunities for scaling-up, and lessons to improve performance and delivery of project results. The evaluation will cover the project various components, outcomes, outputs and activities as reflected in the project document as well as subsequent modification and alterations made during its implementation.

Findings and recommendations from the evaluations are specifically directed to:

- ILO/PROMISE IMPACT management Team,
Key national partners (Coordinating Ministry of Economic Affairs (EKUIN), Financial Services Authority (OJK), Ministry of Cooperatives and SMEs (MoCSMEs), and provincial governments of East Java and West Java),
State Secretariat for Economic Affairs (SECO).
ILO (Country Office for Indonesia and Timor Leste, and Social Finance Programme-ILO, Geneva ) and

Methodology

The evaluation will be based on a participatory approach, involving a wide range of selected key stakeholders, taking into account the need of adequate gender representation. To the extent possible, quantitative and qualitative data will be collected, validated and analysed. It is anticipated that the assessment process will include the following:

- A desk review of relevant documents related to project performance and progress, including the initial project document, revised logframe, work plans, and progress reports.
- Interviews with project management staff, relevant staff in the ILO (Jakarta country office, and ILO Social Finance Programme Unit in ILO HQ through skype).
- Discussions with SECO team in Jakarta and through telephone or skype with the relevant SECO project manager in Bern.
- An important source of information for MTR are field interviews with individuals and/or focused group discussions with relevant national stakeholders (government partners, members of the PAC, donor, implementing partners), provincial stakeholders in West Java and East Java, financial service providers (FSPs) and small businesses that are clients of FSPs.
- As necessary, consultations with other institutions involved in inclusive finance and independent observations by the Evaluator.

Evaluation Criteria and questions

The project will be evaluated against the OECD/DAC evaluation criteria namely its relevance and strategic fit, validity of project design, project progress and effectiveness, efficiency of resource use, effectiveness of management arrangement and impact orientation and sustainability, as defined in the ILO policy guidelines for results-based evaluation (2013). Gender dimension will be considered as a cross-cutting concern throughout the methodology, deliverables, and final report of the evaluation. In terms of this evaluation, this implies involving both men and women in the consultations, evaluation analysis and evaluation reporting. Moreover the evaluators 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.
Due to the nature (internal) and timeline (mid-term) of the review, the evaluator, in consultation with the ILO, will develop a methodological note in line with the points listed below:

**Relevance and strategic fit**

**Key questions**
- *How is the project aligned with and supports national development plans including national plans and strategies on inclusive finance and SMEs as well as the capacity building of the national partners?*
- *Have more relevant needs emerged that the project should address?*

**Other questions**
- Is the project addressing a relevant need and decent work deficits?
- How does the project fit within the priorities of the GoI in the area of access to finance?
- Was a needs-analysis carried out at the beginning of project reflecting the various needs of different stakeholders?
- How did the project align with and support cross cutting issues such as (i) gender mainstreaming, (ii) capacity development (iii) sustainability and knowledge sharing.

**Validity of design**

**Key questions**
- *Were the planned project objectives and outcomes relevant and realistic to the situation on the ground? Did they need to be adapted to specific (local, sectoral etc.) needs or conditions? Are they still relevant? Do they need to be adapted?*
- *What have been the main means of action? Are they appropriate and effective to achieve the planned objectives?*
- *Were the targeted indicator values realistic and can they be tracked?*

**Other questions**
- Did outputs causally link to the intended outcomes (immediate objectives), which in turn link to the broader impact (development objective)?
- How strategic were partners in terms of mandate, influence, capacities and commitment?
- How appropriate and useful were the indicators described in the project document in assessing the project's progress? Were they gender-sensitive?
- Are there any changes needed to improve development impact from the project?

**Project results and effectiveness**

**Key questions**
- *To what extent is the project moving towards planned objectives?*
- *What are the main achievements so far (to be documented) and how do they compare with the outcomes to be reached by the end of the project phase?*
- *Has the quantity and quality of the outputs produced been satisfactory?*
- *How were stakeholders involved in project implementation?*

**Other questions**
- Has the project management ensured stakeholders participation in the activities?
- Has their participation contributed towards progress?
- In which areas is the project showing the greatest achievements? Why is this and what are the supporting factors? How can this be expanded or replicated?
- In which areas did the project show results which were sub-optimal? What were the constraining factors and why? How could they have been overcome?

Efficiency of resource use
Key questions
- Are resources (funds, human resources, time, expertise etc.) allocated strategically to achieve outcomes?
- Were resources used efficiently? Were activities supporting the strategy cost-effective?
- Are project funds and activities being delivered in a timely manner? If not, what were/are the bottlenecks encountered?

Other questions
- In general, did the results achieved justify the costs?
- Could the same results have been attained with fewer resources?
- What were the financial results of the project? (Look at commitments versus disbursements and projected commitments).

Effectiveness of management arrangements
Key questions
- Is the project receiving adequate political, technical and administrative support from its national partners?
- Does the project receive adequate administrative, technical and - if needed - political support from the ILO office in the field and the responsible technical units at headquarters?
- Is a monitoring and evaluation system in place and how effective is it?

Other questions
- Are the management capacities adequate?
- Was there a clear understanding of roles and responsibilities by all parties involved?
- Are implementing partners providing support for effective project implementation?
- How effectively is the project management monitoring project performance?
- Was relevant information and data systematically collected and collated? Was the data disaggregated by sex (and by other relevant characteristics if relevant)?
- Is information being regularly analysed to feed into management decisions?

Impact orientation and sustainability
Key questions
- To what extent is the project moving towards the achievement of outcomes and impact (look at sustainability and local ownership of the project)?
- Are there any ‘champions’ or stakeholders who are already showing good potential and interest to ensure the sustainability of the project?
- **How effectively is the project building necessary capacity of people and institutions (of national partners and implementing partners)?**
- **Is the scaling-up / replication strategy explicitly described and well applied?**

**Other questions**
- Are the project results, achievements and benefits likely to be durable?
- Are results anchored in national institutions and can the partners maintain them financially at the end of project?

**Future orientation/next phase**

**Key questions**
- **What are the major project adaptations needed in the short term to improve project performance and maximize results that can be achieved within its current timeframe?**
- **What could be a possible direction for a follow-up project (phase II) building up on the present PROMISE IMPACT?**

**Other questions**
NA

**Main deliverables**

1. **Methodological note (inception report).** Prior to the field mission and in consultation with the Evaluation Manager and the project staff, the Evaluator will draft a short methodological note that will briefly set out:
   - the evaluation methodology based on the TORs including the approach to data collection, key stakeholder identification, interviews and indicators;
   - the work plan for the evaluation, indicating an agenda for requested meetings, the key deliverables and milestones;

2. **Draft evaluation report,** and later the **final report,** when comments of the ILO have been received and incorporated, following the ILO evaluation policy guidelines (outline). The quality of the report will be assessed against the EVAL checklist 5, 6 and 7 (see Annex 2). The report should include sections on output and outcome level results against milestone targets as well as sections on lessons learned, good practices and recommendations.

3. **Evaluation summary, a good practices and lessons learned fact sheets** will also be drafted by the Evaluator (see Annex 2).

All outputs of the evaluation will be produced in English. Copyright of the evaluation report rests exclusively with the ILO. Key stakeholders can make appropriate use of the evaluation report in line with its original purpose and with appropriate acknowledgement.
Evaluation Management Arrangements:

The evaluation will be led by a Senior Consultant under the general supervision of ILO CO-Jakarta. The evaluator will be responsible for the deliverables under the TOR. He/she will be supported by the Project Team and will be required to ensure the quality of data (validity, reliability, consistency, and accuracy) throughout the analytical and reporting phases.

Qualifications of the Evaluation Consultant:
- Have at least 5 years of experiences in carrying out project evaluation work, assessments and similar work
- Technical knowledge and work experience in finance, small enterprises, especially microfinance and social impact
- Knowledge of the financial landscape and SMEs in Indonesia would be an asset
- Familiar with ILO’s roles and mandate and its tripartite structure
- Demonstrated experience, especially within the UN system, in M&E and results-based management
- Demonstrated ability to write well in English

The Project Team, together with the ILO Country Office for Indonesia and Timor-Leste will provide relevant documentation, administrative and logistical support to the evaluator. The Project Team will also assist in organizing mission schedules to the two provinces, as well as meetings with stakeholders.

The following is a tentative calendar covering key outputs and milestones of the evaluation.

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<tr>
<th>No</th>
<th>Task</th>
<th>Tentative Dates (2017)</th>
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<tbody>
<tr>
<td>1</td>
<td>Preparation and finalization of the contract for the Evaluation Consultant</td>
<td>Oct 15-30</td>
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<td>3</td>
<td>Desk Review of documents and submit methodological note/inception report by the Evaluation Consultant</td>
<td>01-06 November</td>
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<td>4</td>
<td>Inputs/comments provided by ILO and SECO on methodological note/inception report</td>
<td>By 10th November</td>
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<td>5</td>
<td>Conduct interviews through meetings and skype.</td>
<td>13-14 November</td>
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<td>- Key stakeholders at the national level,</td>
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<td></td>
<td>government, SECO</td>
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<td>- CO-Jakarta management and staff who have supported the project in Jakarta</td>
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<td>- Skype interview with ILO Social Finance Programme Unit (ILO, Geneva)</td>
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<td>6</td>
<td>Field mission to East Java and West java for interviews/meetings with the Project Team and projects stakeholders at the sub-national level</td>
<td>15-22 November</td>
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<td>7</td>
<td>Preparation of draft report for submission to the ILO</td>
<td>23-30 November</td>
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<td>8</td>
<td>Draft report is circulated for comments and sent back to the Evaluation Consultant</td>
<td>1 December</td>
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<tr>
<td>9</td>
<td>Inputs provided to the evaluator</td>
<td>10 December</td>
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The evaluation cost will be covered by the Project and will include:

1) the consultant’s agreed fee and the Daily Subsistence Allowance (UN rate) and travel as per ILO rules and regulations to cover the anticipated mission costs
2) additional transportation as required during the in-country field mission visit(s)
3) interpretation and/or translation services (as necessary)
4) Stakeholder meeting and workshops

The consultant will be contracted from 01 November to 20 December 2017 for a total of 20 work days
Annexes

Annex 1: Preliminary list of documents to be reviewed:

- PROMISE IMPACT (INS/15/04/SWI) relevant project documents (Project Document including logical framework, implementation and M&E plan, projects progress reports, monthly progress report, etc.) and outputs
- Mission, activity and meeting reports
- ILO/Indonesia Decent Work Country Programme 2011-2015
- Indonesia National Medium-Term Development Plan (RPJMN 2015-2019)
- National Inclusive Finance Strategy
- Literature on access to finance for SMEs in Indonesia

Annex 2: Relevant ILO evaluation guidelines and standard templates

ILO policy guidelines for results-based evaluation: Principles, rationale, planning and managing for evaluations

Preparing the evaluation report (guideline)

Code of Conduct Form (submitted by Evaluator)
http://www.ilo.org/legacy/english/edmas/eval/template-code-of-conduct.doc

Data Collection and Evaluation Timeline (submitted by the Evaluator part of the Inception Report)

Evaluation summary template