

End-of-Program Evaluation

Water.org/The MasterCard Foundation WaterCredit Initiative in Kenya and Uganda

Term of Reference

I. PROJECT TO BE REVIEWED

Project Name	Water.org
Project Location	Kenya, Uganda
Project Budget	\$3.6 Million
Project Start	October 2010
Issue Project Addresses	Microfinance/water and sanitation
Program Goal	To test and document credit and savings products for water and sanitation
Implementation Agency and Partners	Water.org
Evaluation Type	End-of-Program review
Evaluation Budget	\$70,000
Evaluation Timeframe	June – September, 2015
Report Deadline	End September 2015

II. ORGANIZATIONAL BACKGROUND

A. About Water.org

Water.org is a U.S.-based, non-governmental organization working to increase access to water, sanitation and hygiene (WASH). Since 1990, Water.org has been implementing WASH programs in conjunction with local non-governmental organizations (NGOs) and financial institutions (FIs). This model is called WaterCredit. Water.org has significantly expanded its WaterCredit initiative over the last several years, which works by building the capacity of carefully-selected local FIs to offer affordable financing for water and sanitation facilities. Partner FIs develop and launch loan products to finance household level facilities such as toilets and water tanks, or community level facilities such as piped water networks. WaterCredit programs support FIs through a combination of financial assistance and technical support, or solely technical support.

Water.org believes that pursuing a series of entrepreneurial approaches that challenge the traditional aid system is critical to achieving universal access to safe water and sanitation. There will never be enough charity in the world to reach everyone in need. To accelerate progress and attract more and divergent sources of capital to this sector, Water.org developed WaterCredit in 2003. Water.org partners with local microfinance institutions (MFIs) to empower people at the Bottom of Pyramid (BOP) with access to affordable financial products (such as microloans) to meet their own water supply and sanitation (WASH) needs. As Water.org utilizes philanthropic resources to help these MFIs jumpstart their WaterCredit loan portfolios, these partners are then responsible for mobilizing much larger pools of commercial and social investment capital to provide the WaterCredit loans to families at the BOP. As a result, philanthropic resources are leveraged to attract capital from commercial and social impact investors, and families living in poverty are empowered as customers along the way. More information on Water.org can be found at www.water.org.

B. About The MasterCard Foundation

The MasterCard Foundation (the Foundation) is a global, private foundation based in Toronto, Canada with over \$9 billion in assets. The Foundation advances microfinance and youth learning to promote financial inclusion and prosperity in developing countries.

The Foundation's vision is to create the opportunity for all to learn and prosper. Our Financial Inclusion and Youth Learning programs provide access to the tools and opportunities to building the economic capability of the most disadvantaged. With a particular focus on young people, our goal is to contribute to breaking the cycle of inter-generational poverty.

The Foundation has a particular focus on Africa, where there is the greatest opportunity for impact. For more information please visit www.mastercardfdn.org.

III. PROJECT BACKGROUND

The MasterCard Foundation's partnership with Water.org is motivated by the need to address the water and sanitation crisis in the developing world. Almost 60 per cent of the population in sub-Saharan Africa lacks access to clean water and 31 per cent lacks access to sanitation. Studies have shown that the poor pay 12 to 15 times more than the average urban price for access to water from private vendors. In urban slums, it is not unusual for people to borrow from moneylenders to address this basic need. Microfinance Institutions have not yet filled this gap due to a lack of knowledge and expertise in the WASH Sector.

From October 2010 – September 2014, The MasterCard Foundation provided a USD \$3.6 million four year grant for Water.org (previously Water Partners International) to implement an initiative (the Program) to deliver safe water and sanitation to thousands of people in Kenya. The original Program was extended for one year through September 2015. Through this Program, Water.org directly worked with six FI partners¹ to execute its commitment in Kenya and Uganda. The Program implemented a multifaceted approach to deliver safe water and sanitation improvements and piloted a FI-led WaterCredit model that was new to Kenya and Uganda. To-date the Program has successfully reached more than 155,472 people directly with water and/or sanitation access. Breakdown between Kenya and Uganda is shown in table below².

Indicator	Kenya	Uganda	Total WaterCredit Program
Number of loans	24,171	387	24,558
Water loans	18,632	230	18,862
Sanitation loans	2,818	134	2,952
Water and sanitation loans	2,721	23	2,744
Number of beneficiaries	139,447	16,025	155,472

¹ Kenya Women Microfinance Bank (KWFT), Equity Bank- Kenya, SMEP Microfinance Bank (SMEP) Kenya, ECLOF Kenya, PostBank Uganda, and FINCA Uganda. However FINCA Uganda only conducts assessments.

² Data as of March 31, 2015

Loan capital deployed (USD)	16,282,736	576,106	16,858,842
Average loan size (USD)	674	1,489	686
Repayment rate (%)	100%	100%	100%

Since the Program was the first roll-out of the WaterCredit model in Sub-Saharan Africa, the Program activities also included market assessments, capacity building to increase expertise of FIs and WASH stakeholders, development and deployment of educational resources and toolkits, and facilitation of cross-sector learning through exchange visit and partner meetings.

In 2011 Water.org contracted Stanford University to conduct household-level impact research using a sampling of clients from partner institution Equity Bank. Stanford is currently finalizing end line data collection. The impact research is aimed to respond following questions:

- Does access to financing accelerate the rate at which households invest in water and sanitation improvements?
- Among households offered the opportunity to receive financing for water supply and sanitation improvements, what are the characteristics of those who opt into the program? What types of investments are prioritized by these households?
- Among households that take out loans for water supply and sanitation improvements, what are the impacts of the WASH improvements on time and money costs of services, as well as on the well-being of household members?

While the impact assessment focuses on quantitative analysis of WaterCredit impact on Equity's clients in Kenya, Water.org and The MasterCard Foundation are keen to assemble an inventory of critical lessons learned of the entire program. Thus, this evaluation– “End-of-Program Evaluation – Water.org/The MasterCard Foundation WaterCredit initiative in Kenya and Uganda” is proposed.

IV. PURPOSE OF THE EVALUATION

The overall purpose of this final evaluation is to provide the MasterCard Foundation and Water.org with an inventory of critical lessons learned. The aim of the evaluation is to enable stakeholders to learn meaningfully and strategically from the program in order to inform future efforts within the WASH and microfinance sector. With project implementation in its final stages, we believe that the timing is ripe for rich strategic learning. Results of the evaluation should be triangulated with other monitoring and evaluation products from the program to contribute an enhanced understanding of key issues (further elaborated within the *Learning Questions* section below).

This evaluation is being managed jointly by The MasterCard Foundation and Water.org. The consultant(s) will be contracted directly by The MasterCard Foundation.

The findings will also be used to guide and inform the Water.org and The MasterCard Foundation's future programming in this area and serve as a useful example for future engagement at the cross-section of microfinance and WASH.

V. AUDIENCE

The primary audiences for this evaluation are The MasterCard Foundation and Water.org. Findings from the evaluation may also be shared selectively with implementing partners, external organizations with a stake in WASH and microfinance sectors.

VI. EVALUATION SCOPE AND KEY LEARNING QUESTIONS

This final evaluation will take stock of key emergent learning from this program. It will comment on the achievements in implementation and highlight critical lessons which have surfaced throughout the program's lifecycle. This evaluation is seen as an opportunity to learn deliberately and strategically from the program, with a view toward informing future programming and policy in this space.

To guide the scope of the evaluation, the evaluator(s) will seek to respond to the questions below, categorized in the following five areas:

- (i) Macro Environment
- (ii) Outcomes and Impact (clients and market outcomes)
- (iii) Sustainability/Scalability/Potential for Replication
- (iv) Partnership Development
- (v) Program Process/Efficiencies

Note that these questions are intended to be a guiding framework, and the selected evaluators can add or revise questions as needed. It is expected that key learning questions will be refined and agreed upon by The MasterCard Foundation and Water.org during the inception/work planning phase of the evaluation.

(i) Macro Environment

- How have contextual factors affected program implementation and outcomes (eg. financial market fluctuation, timing of Deposit Taking Microfinance Institution (DTM) transformation, political events, and seasonal events, etc.)?
 - o To what extent have external events affected the number of loans disbursed in Kenya/Uganda?
- What contextual factors affect WASH loan uptake?

(ii) Outcomes and Impact (client outcomes/market outcomes)

- What are the regions in which water loans and sanitation loans have been successful and why?
- If there is a difference in success in the regions, what explains it?
- Have there been any unexpected consequences or outcomes of the program, direct or indirect, positive or negative?

Client outcomes

- What outcomes is access to finance for WASH having on low-income clients?

- Which population segments (age, socioeconomic level, gender, etc.) are being effectively reached and affected by this project? Which clients are more difficult to reach through this model?
- Has this project generated any unanticipated outcomes for clients, either positive or negative?

Market outcomes

- To what extent has this project affected participating and non-participating FIs?
- What impact, if any, has the program had on relevant sectors and systems in Kenya and Uganda? (consider: non-direct stakeholders such as government, other funders, WASH entrepreneurs, etc.)
- How successful have knowledge dissemination activities been under this program? Which stakeholders have expressed interest in the knowledge output and how might uptake be enhanced?
- Is there any correlative relationship between national-level financial sector performance trend (measured by credit/interest ratio, etc) and loan disbursement number by partner FIs?

(iii) Sustainability/Scalability/Potential for Replication

- Has the program demonstrated a business case for WASH loans? Do partner FIs consider WaterCredit model sustainable and scalable, why or why not?³
- What lessons have been derived through the partnership development process in Kenya and Uganda?
- How are WaterCredit profitable/sustainable compared to other social loan products at partner FIs?
- What are key drivers to scale up WaterCredit in Kenya and Uganda? Is there potential to scale up if WaterCredit is partnered with different stakeholders such as government, water service providers, or mobile technology?

(iv) Partnership Development

- What engagement approaches work best and in what contexts?
- What was Water.org's experience in implementing WaterCredit with large commercial banks? What are the lessons learned and how could it designed/implemented differently? What were key qualities of FIs that made WaterCredit most successful?
- What are the key factors that made some partners successful? What traits do successful partners have that the other partners do not have?
- What accounts for differences in the uptake of water versus sanitation loans?
- What were the efforts to collaborate with suppliers and what further activities could have been employed?
- Compare the portfolio of all partners combined over time and analyze how internal capacity of the partners/external factors affected the loan numbers.

(v) Program Process/Efficiencies

- To what extent can the program be considered cost-effective?
- What was the per-client cost and is there room for greater efficiency?

³ Conduct financial and operational sustainability analysis for the WaterCredit portfolios in five partners

- What made implementation of Kenya programs and Uganda different?
- What was the effectiveness of WaterCredit Toolkits developed under this initiative? Any recommendation for further improvement?
- How are the Sanitation Manuals, developed under this initiative being used by partners?

VII. EVALUATION METHODS

We seek the most robust evaluation approach that is appropriate for the scope of the Program, resources, and audience. As part of exercise, the consultant is expected to develop following documents to be used for assessment:

- Financial and operational sustainability analysis for the WaterCredit portfolios in all five⁴ partners in Kenya and Uganda. Potential indicators for reviewing WASH portfolio include: Operations Self-Sufficiency (OSS) Ratio, Return on asset (ROA), Operating Expense Ratio (OER), Number of new customers/portfolio.

The consultant(s) is not expected to conduct in-depth client survey/end-line survey, which will duplicate ongoing task mentioned in page 3.

Evidence gathered will be from both primary (interviews, focus groups, etc.) and secondary (Project documents, records, baseline data, etc.) sources using qualitative and quantitative data. To collect qualitative data, the consultant should consider conducting interviews and focus group discussions with stakeholders, including:

- Water.org HQ and Kenya staff
- Staff from FI partners
- Private sector WASH suppliers
- Clients

The consultant should plan on working with Water.org's senior staff and other key points of contact to gather, document, and analyze the quantitative and qualitative data collected to date. This includes:

- Quarterly progress reports
- Endline impact assessment report
- Water.org and third party monitoring visit reports
- CAPTIVA Sanitation Loan Analysis
- WaterCredit Forum Notes
- Water.org Midterm Evaluation Report and annexes
- Other planning, management and strategy documents, as relevant and available

⁴ Equity, ECLOF, KWFT, SMEP, and PBU.

VIII. KEY ACTIVITIES AND DELIVERABLES

The assignment will start upon signature of the contract or an otherwise agreed upon date. The due dates for all deliverables will be finalized by the evaluator(s) with Water.org and The MasterCard Foundation as part of the inception report/ work plan development process. In addition to the below, regular check-in calls between the Foundation, Water.org and the evaluator will be held to update on activities and debrief on emerging findings.

Key Activities/Deliverables	Effort # of Days)	Approximate Dates	Due Date
Initial kick-off meetings: Joint kick-off meeting (telephone and in-person) with Water.org and The MasterCard Foundation, followed by 1-1 meetings with Water.org US Staff. The consultant will develop an agenda for the kick-off meetings, as well as a calendar for regular check-in calls.	2	June	
Desk review: This will include a review of all relevant documentation.	5	June	
Inception report/ workplan The inception report will include a detailed work plan for the evaluation, including specific approaches and methodology to be used. This should be approved by the MasterCard Foundation and Water.org before in-country data	10	July/ August	
Field work (including travel time): Includes a trip to Kenya and Uganda, and meetings with Water.org staff, FI partners, clients and other stakeholders.	40	July/August	
Presentation of preliminary findings to The MasterCard Foundation and Water.org (learning exchange): Presentation should highlight main findings and enable the MasterCard Foundation and Water.org to provide input to guide the report writing process.	3	Aug/Sept	

Draft Report inc 2 pager Executive Summary: The draft report will include all preliminary analysis, raw data, and findings outlined as per the requirements. The report should also include 2 pager executive summary with graphics/tables/photos. Feedback from Water.org and The MasterCard Foundation will be provided within 7 to 10 days.	15	September	
Final Report: Should incorporate comments and feedback from The MasterCard Foundation and Water.org. In addition, powerpoint presentation of key findings and recommendations.	5	Late Sept	
Total Days:	80		

IX. REPORTING

A. Evaluation Work Plan

The evaluation process will be managed by Water.org in close collaboration with The MasterCard Foundation. It is expected that the evaluation team will hold regular check-in calls with the Water.org and The MasterCard Foundation, and will share periodic updates via email. In the initial or inception phase of the evaluation, the evaluator is expected to produce a more detailed work plan in conjunction with Water.org and The MasterCard Foundation. This should include the following sections:

- Overview of project
- Purpose of the Evaluation
- Clarity around roles and responsibilities if the evaluation is conducted by a team
- Evaluation methodology and approach
- Evaluation framework and timeframe
- Budget
- Updated work plan
- Briefing plan with Water.org and The MasterCard Foundation at key points (e.g. during planning, desk review, after field visits, discussing the draft report, etc.)
- Arrange regular teleconferences with Water.org and The MasterCard Foundation representatives to check progress and provide updates.

The final evaluation report should contain the following sections, to be agreed and finalized with the evaluator.

Evaluation Report Structure (Suggested)

- ☐ Title Page
- ☐ Executive Summary (maximum four pages)
- ☐ Project description (including rationale for the Foundation taking on work in this area, amount of the Foundation's investment by year and cumulative, goals, objectives, and outcomes)
- ☐ Logic model (and theories of change) including strategies that were used to achieve the program's goals (if available)
- ☐ Map of region, with implementing partner locations noted, if appropriate
- ☐ Evaluation purpose
- ☐ Evaluation methodology and approach
- ☐ Evaluation findings, documented by learning question
- ☐ Conclusions: insights into the findings; reasons for successes and failures; innovations
- ☐ Lessons learnt, barriers to success
- ☐ Strategic Learning for Water.org and The MasterCard Foundation
- ☐ Follow-up section: comment on aspects of the final review that could not be adequately assessed by the evaluator (e.g. quantitative analysis or qualitative research).

Annexes to the evaluation report

- Terms of Reference for the evaluation
- Evaluation work plan with timetable
- Data collection tools, including questionnaires, interview guides and other tools as appropriate
- List of individuals interviewed and of stakeholder groups and/or communities consulted
- List of supporting documentation reviewed
- Specific monitoring data, as appropriate
- Summary tables of progress towards outputs, targets, goals
- Short biography of the evaluator

X. PROFILE OF THE EVALUATOR

The evaluation team should demonstrate:

- Strong experience in designing and leading project evaluations with experience working with microfinance and water, hygiene and sanitation
- Ability to facilitate and relate to stakeholders at multiple levels (e.g., the MasterCard Foundation, Water.org, and its partners and beneficiaries)
- Proven ability to use qualitative, quantitative, and participatory evaluation methods.
- Strong finance and/or accounting background
- Ability to develop financial models and conduct financial analysis.
- Quantitative and qualitative data analysis skills
- Country/region knowledge and experience, particularly in East Africa
- Fluency in English required
- Highly desirable: Relevant thematic/sectoral experience in Kenya and Uganda

XI. SUBMISSION AND EVALUATION OF PROPOSALS

Firms/consultants meeting the above criteria are invited to submit a proposal by email to Water.org via email nwITHERSPOON@water.org with the subject line “**Proposal for WaterCredit End-of-Program Evaluation.**”

Proposals should be received no later than **11:59 pm PST on Sunday May 24, 2015**. If you intend to submit a proposal, please send a brief statement of interest by May 15.

The main body of the proposal should be approximately 5-7 pages (plus annexes), and should include the following:

- A cover letter showing expression of interest
- Corporate capability statement
- Experience in evaluating similar types of programs, as well as experience in the relevant geographies
- Evaluation approach/ design and brief technical response to the scope of work, highlighting: research questions, methodological approach, analytical plan, key technical and operational challenges, and strategies to ensure timely, high-quality deliverables.
- List of key activities and deliverables
- A staffing and management plan, including details of team composition and specific qualifications of key managers and research staff
- A proposed activities schedule/work plan with time frame;

In addition to the 5-7 page limit, please also include the following in an Annex:

- Two recent examples of similar evaluation report written by the consulting firm
- CVs of key managers and research staff