

# Terms of reference

## **1. Background**

Multilateral contributions constitute an increasing share of development assistance from the Nordic countries<sup>1</sup>, and a significant and increasing share of the multilateral contributions is earmarked and channelled through various multilateral trust funds, in particular within the World Bank and the UN. The trend to an increased use of multilateral trust funds has taken place for several decades<sup>2</sup>, and a wide range of trust funds in terms of size, purpose, geographical focus and management structure exist today. It is envisaged that the increasing use of multilateral trust funds will continue in the future.

Research shows that there can be different reasons for channelling support through multilateral trust funds, including use of multilateral trust funds to strengthen the multilateral system; to do 'burden-sharing' in fragile and post-conflict contexts; to fund global public goods within the sphere of development support, for instance in areas related to climate change; to provide assistance in humanitarian crises; and finally for various administrative or political reasons. It has also been argued that the donors' approach to trust fund engagement and management will depend on the specific characteristics of the trust funds and how they align with the strategic priorities of the respective donors<sup>3</sup>.

An overview of Nordic support to trust funds in the World Bank 2004-2022 showed that Sweden had supported 283 trust funds, Norway 254 trust funds, Denmark 179 trust funds, Finland 117 trust funds, and Iceland 27 trust funds. The overview also found that more than 150 trust funds had received support from at least two Nordic countries, while 9 trust funds had been supported by all five Nordic countries. 27 trust funds had been supported by four of the Nordic countries, and 55 trust funds had been supported by three Nordic countries.

An overview covering the same period (2004-2022) showed that Sweden had supported 80 UN trust funds, Norway 79, Denmark 42, Finland 27 and Iceland 10. The overview found that five trust funds received support from all the five Nordic countries and more than 50 trust funds received support from more than two Nordic countries. A number of thematic trust funds, established around 2016 for a number of UN organisations (e.g. UNICEF, UNDP and UNFPA) have received support from Nordic countries, but with the need to focus the evaluation they have not been included.

The African Development Bank has made available an overview which show that Norway had supported 18 trust funds, Denmark 16, Sweden 14 and Finland 5. As it is expected that only few trust funds have been supported in the Asian Development Bank and in the Interamerican Development Bank, no further investigations have been made towards those two institutions.

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<sup>1</sup> See the Boesen et al. (2021).

<sup>2</sup> See e.g. Graham (2017); Eichenhauer and Hug (2018).

<sup>3</sup> See e.g. Reinsberg, Michaelowa and Knack (2017).

The bilateral donors' use of earmarking and multilateral trust funds has been addressed in a few MOPAN reports<sup>4</sup>, in a number of academic papers<sup>5</sup> and also in some evaluations<sup>6</sup>, but often from the perspective of the multilateral organizations, while only few studies and evaluations have focused on the bilateral perspective on the use of trust funds. Exceptions are a Norwegian evaluation published in 2019 (Norad, 2019)<sup>7</sup>, and a Danish evaluation to be published in the first half of 2023 (Danida, forthcoming).

None of the two evaluations had a joint or comparative perspective, and none of them covered issues related to coordination between the contributing bilateral donors and results/outcomes. With the increasing use of trust funds these issues are highly relevant for the Nordic donors. The purpose of the proposed joint evaluation would be to fill this gap of knowledge, including the practice and effects of Nordic trust fund support and coordination.

## **2. Objectives**

The focus of the evaluation will be both accountability and learning. Based on DAC's evaluation criteria, the evaluation will assess the Nordic support to multilateral trust funds, including a comparative perspective and will in particular focus on the anticipated and achieved results of this support. In addition, the evaluation will provide recommendations on the use of this instrument in the future.

## **3. Outputs**

The following outputs are envisaged:

- An Inception Report, including a suggested outline for the main report, a review of the evaluation questions (EQs) in an evaluation matrix and a detailed outline of the evaluation methodology and work programme (not exceeding 20 pages plus annexes)
- Short field trip reports (maximum 5 pages for each field trip)
- A Preliminary Findings Paper (maximum 15 pages)
- A draft Evaluation Report including Executive Summary (not exceeding 40 pages plus annexes)
- A final Evaluation Report including Executive Summary (not exceeding 40 pages plus annexes).

The final approved evaluation report will also serve as the Completion Report, cf. Section 1.01 of the Agreement.

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<sup>4</sup> See <https://www.mopanonline.org>

<sup>5</sup> These papers include Dietrich et al. (2022); Eichenauer and Hug (2018); Reinsberg (2017); Reinsberg et al. (2017); Weinlich et al. (2020).

<sup>6</sup> See e.g. IEG (2011); UN (2022a); UN (2022b).

<sup>7</sup> The Norad evaluation contains an assessment of Norway's contribution to 120 partnerships during the period 2007-2016. See also Riksrevisjonen (2021).

#### **4. Scope of Work**

The focus of the evaluation will be on the use of trust funds from a Nordic donor perspective with focus on the World Bank, the UNMPTF and the African Development Bank. This implies that the perspectives of the multilateral organizations and the recipient countries will only be addressed to the extent that they have direct implications for the perspective of the Nordic donors' support to multilateral trust funds.

The evaluation will contain a comparative perspective in which the engagement and management of the individual Nordic donors' support to the trust funds will be assessed. The approach to this comparison will be defined in more detail in the inception phase of the evaluation, but it is envisaged that the comparison will comprise both quantitative elements (e.g. absolute and relative size of support to trust funds, number of years the support has been provided, and composition of the trust fund support) and qualitative elements (e.g. issues related to management and administration of the trust fund support and engagement in the management of the trust funds).

The evaluation will also assess to which extent the Nordic donors coordinate their financial support and overall engagement in multilateral trust funds, and at which coordination strategies are applied. In addition, it will be explored whether the approach to coordination differs between different multilateral organizations and different types of trust funds. The evaluation will also explore if the trust funds are relevant to Nordic development priorities, to which extent there is documentation about results and how it is reported and if the administration of the funds is cost efficient.

A comparative perspective will also be applied on the various kinds of trust funds. The specific scope of this comparison will be finally decided during the inception phase of the evaluation, but it may encompass comparisons between organizations, between different types of trust funds, including trust funds with different thematic, sectorial and/or geographical focus.

The evaluation will comprise three parts:

- A descriptive part which will cover the whole multilateral trust fund portfolio of the Nordic donors. The descriptive part will provide an overview of the total Nordic support to multilateral trust funds in the World Bank, the African Development Bank and the UNMPTF, including different types of trust funds with which the Nordic countries have engaged (e.g. small and large trust funds; single-donor and different multi-donor trust funds). To the extent information is available, the overview will cover support provided since 2004 and will address questions like overall trends, distribution across multilateral organizations and sectors and similarities and comparisons of the Nordic countries use of trust funds.
- A part which will include an assessment of a sample of jointly supported multilateral trust funds by Nordic donors. This will comprise multilateral trust funds in the World Bank, the African Development Bank, and the UNMPTF, which have received support from at least three Nordic Donors (for AfDB it will be at least two donors) since 2013. Based on this sample of multilateral trust funds, which is expected to comprise app. 100 trust funds this part of the evaluation will address questions like differences in governance and management structures, types of earmarking, donor composition,

anticipated and achieved results, and comparison and coordination between the Nordic donors.

- A third part with an in-depth assessment of a limited number of trust funds among the jointly supported trust funds mentioned above. This part of the evaluation will, similar to the second part, cover the last 10 years. The methodology for selection of trust funds for this part of the evaluation will be defined during the inception phase of the evaluation, and it is envisaged that selection criteria will be for instance thematic, trust fund type and/or sectorial (e.g. humanitarian, peace and transition and/or climate trust funds<sup>8</sup>), based on the analytical approach. This part of the evaluation will go more in depth in addressing issues related to Nordic management of and engagement in multilateral trust funds, including coordination issues and anticipated and achieved results, the trust funds monitoring and evaluation systems, trust fund administration and management issues.

The evaluation will require visits to the Nordic capitals (Copenhagen, Stockholm, Oslo, Helsinki and Reykjavik) as well as Washington DC, New York and Abidjan.

It will be determined in the inception phase to which extent the third part of the evaluation will require additional field visits to those mentioned above. In Appendix 3, the Client has determined a fixed budget of DKK 700,000 net of VAT to cover for the reimbursable expenses related to such additional field visits. With the inception report, the Consultant will include an updated Appendix 3 with a breakdown of the reimbursable expenses related to the additional field visits for the Client's approval.

## 5. Evaluation Questions

The evaluation questions (EQs) to be addressed in the evaluation are outlined below:

### **EQ1: What are the overall trends and relevance of Nordic support to multilateral trust funds since 2004?**

The evaluation will consider the following sub-questions:

- What are the trends in the composition of multilateral trust funds supported by the Nordic countries?
- To which extent are there similarities in the multilateral trust fund support from the Nordic countries?
- To which extent have Nordic donors adjusted their multilateral trust fund support to changing multilateral strategies and priorities?
- To which extent have the Nordic donors adjusted their support to policy priorities and signals from the multilateral system such as those outlined in the UN Funding Compact?

### **EQ2: Which criteria do the individual Nordic donors use when they decide to support, continue and exit multilateral trust funds?**

- The evaluation will consider the following sub-questions:

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<sup>8</sup> For various perspectives on multilateral trust funds and climate finance, see e.g. Michaelowa et al. (2020), Lee et al., (2023), and Skovgaard et al. (2023).

- To which extent and why has greater reliance on multilateral trust funds been a strategic choice of the Nordic countries?
- To which extent are the features of the trust funds (e.g. size; management and administration, number and composition of contributing donors) determining for Nordic support?
- Is support from other Nordic donors a determining factor?

### **EQ3: How are the Nordic donors influencing the multilateral trust funds priorities and management?**

The evaluation will consider the following sub-questions:

- What are the engagement strategies of the Nordic donors?
- To what extent do Nordic donors engage non-financial support to trust funds?
- To which extent and how do the Nordic donors coordinate their engagement in multilateral trust funds?
- To which extent do the characteristics (e.g. size, number of contributing donors, including Nordic donors, sector or thematic focus) of the trust funds facilitate Nordic donor influence in the multilateral trust funds?

### **EQ4: What is the effectiveness and efficiency of the Nordic support for multilateral trust funds?**

The evaluation will consider the following sub-questions:

- How is the quality of the multilateral trust funds' monitoring and evaluation systems?
- To which extent have anticipated (including by Nordic donors) results of the trust fund support been realized?
- To which extent can multilateral trust funds supported by the Nordic countries document results?
- To which extent and how do supported multilateral trust funds meet Nordic principles of local ownership and focus on beneficiaries in their engagement with recipient countries?
- To which extent are there differences in the way the Nordic donors administrate their support to multilateral trust funds and how can these differences be explained?
- To which extent are there differences in the way the Nordic donors administrate their support to multilateral trust funds and how can these differences be explained?
- Is the Nordic multilateral trust fund support cost effective in terms of number of supported trust funds and size of support (e.g. strategic focus vs. proliferation of the Nordic support, transaction costs etc.)?
- Are the administrative costs (overhead costs) of the multilateral trust funds reasonable?
- Is the transparency of administrative and management procedures satisfactory?

### **EQ5: What lessons can be learned for future Nordic support to multilateral trust funds?**

The evaluation will consider the following sub-questions:

- Which trust fund features are required in order to best advance on Nordic development priorities?

- How can Nordic donors best organize and ensure coordination in their support for multilateral trust funds?
- Which strategies should Nordic donors apply in view of the characteristics of the trust funds and opportunities for synergies?

## 6. Approach and Methodology

The evaluation must be carried out in accordance with the MoFA/Danida evaluation guidelines (January 2018)<sup>9</sup> and be based on DAC's evaluation criteria and quality standards<sup>10</sup>. The following evaluation criteria will in particular be applied in the evaluation: relevance, coherence, effectiveness and efficiency, while sustainability and impact will be given less emphasis.

A number of methods will be applied in the three parts of the evaluation, including literature and document reviews, quantitative analyses, and interviews with representatives from both the Nordic donors and the multilateral trust funds as well as with other stakeholders. The risk of positive bias should be considered in selection of interviewees, and in the use of interview information, triangulation of data sources etc. It is expected that interviews will be conducted as a combination of physical and virtual interviews. Physical interviews will take place in the Nordic capitals, and in New York, Washington DC and Abidjan. Other interviews and potential follow-up interviews may be virtual. It may also be considered to make surveys as in the Norwegian evaluation from 2019.

All three parts of the evaluation will contribute to addressing the five evaluation questions. It is expected that the first and second part of the evaluation will rely on available data and document reviews, while the third part of the evaluation covering the small sample of multilateral trust funds will also collect various kinds of quantitative and qualitative data, including conducting interviews with various stakeholders.

The evaluation will not make separate evaluations of the individual trust funds but will, as far as possible, rely on existing reviews and evaluations of the funds. This will also apply for assessments of results, which will be based on available monitoring and evaluation information as well as supplementary interviews. Similarly, it is not expected that the evaluation will make in-depth assessments of the administration of each fund, but rather to assess the administrative costs in light of contextual factors and the transparency of management processes, based on information available.

The assessment of the Nordic engagement in multilateral trust funds will also, where relevant, draw on international experience and academic literature.

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<sup>9</sup> See: Evaluation Guidelines (Danida/MoFA, 2018), [http://www.netpublikationer.dk/UM/evaluation\\_guidelines\\_january\\_2018/Index.html](http://www.netpublikationer.dk/UM/evaluation_guidelines_january_2018/Index.html)

<sup>10</sup> <http://www.oecd.org/dac/evaluation/daccriteriaforevaluatingdevelopmentassistance.htm>

## 7. Timing and Reporting

A tentative schedule for the preparation and implementation of the evaluation is as follows:

Activity	Date/period	Responsible
Contract signed	December 2023	ELK and ET (Evaluation Team)
Inception phase	January-March 2024	ET
Draft Inception Report for discussion with EMG and ERG	Beginning April 2024	ET, EMG and ERG
Final Inception Report	End April 2024	ET
Main evaluation phase	May-July 2024	ET
Preliminary findings paper for discussion with EMG and ERG	August 2024	ET, EMG and ERG
Draft Evaluation Report submitted for discussion with EMG and ERG	October 2024	ET, EMG and ERG
Final Evaluation Report	November 2024	ET

The final approved evaluation report will also serve as the Completion Report, cf. Section 1.01 of the Agreement.

## 8. Management

Danida's Department for Evaluation, Learning and Quality (ELK) will coordinate and manage the evaluation in collaboration with the other Nordic evaluation departments.

It is envisaged that an Evaluation Management Group (EMG) will be established with the evaluation departments of the five Nordic countries as members. It will also be considered to establish an External Reference Group (ERG), which could include international experts, staff members of Nordic multilateral missions and multilateral departments. The ERG will have an advisory role.

### Evaluation management (ELK, EMG)

The ELK will

- Have the overall responsibility for the management of the Agreement.
- and Manage the evaluation process and coordinate with the other Nordic evaluation departments.

- Organise and chair the meetings of the EMG and ERG. The EMG and ERG will work with in person meetings, e-mail communication and/or video-conferencing.
- Facilitate the dissemination of the evaluation after its completion.

The EMG will:

- Have the overall responsibility for the management of the evaluation and is expected to follow the various steps of the evaluation process.
- Provide oral and written feedback to the various deliverables of the evaluation, including the draft Inception Report, field visit reports, preliminary findings, and the draft Evaluation Report.
- Approve all deliverables of the evaluation, including all final reports.

### Evaluation Team (ET, the Consultant)

The Evaluation Team (ET) will carry out the Assignment based on the Agreement and will:

- Prepare and carry out the evaluation according to the terms of reference, the approved Inception Report, the OECD-DAC Evaluation Quality Standards and the Danida Evaluation Guidelines.
- Be responsible to the management for the findings, conclusions and recommendations of the evaluation.
- Ensure that quality assurance is carried out and documented throughout the evaluation process according to the Consultant's own Quality Assurance Plan (as described in the tender).
- Report to ELK regularly about progress of the evaluation.
- Organize and coordinate meetings and studies, and other key events, including debriefing sessions and/or validation workshops if relevant.

### Composition of ET

The ET must consist of a core team of consultants:

- Team Leader, international senior evaluation specialist;
- Senior Specialist on evaluation of bilateral and multilateral development assistance;
- Specialist on evaluation of bilateral and multilateral development assistance.

Additional subject matter specialists may be attached to the team.

The Team Leader is responsible for the organization, quality assurance and reporting of the work of the team. The Team Leader will participate in meetings of the ERG and in one dissemination workshop.

### Evaluation Reference Group (ERG) (to be determined)

The ERG will:



- Provide oral and written feedback to the various deliverables of the evaluation,

Other key stakeholders may be consulted at strategic points in time of the evaluation either through mail correspondence or through participation in stakeholder meetings/workshops.

## **9. Budget**

The total budget for the Services is a maximum of DKK 4 million net of VAT. The budget shall include all fees and reimbursable expenses required for the performance of the Services, including surveys, field trips, participation in ERGs and one final dissemination workshop. The budget shall include that the team leader will travel to Copenhagen to participate in three meetings (discussions of draft inception report, preliminary findings paper and draft evaluation report) and in the final dissemination workshop.

The Client has determined a fixed budget of DKK 700,000 net of VAT to cover for the reimbursable expenses related to the additional field visits that the Client and Consultant determine in the inception phase, cf. 4 Scope of Work.

It is the responsibility of the Consultant to ensure that the products and outputs specified above and all other tasks specified (by the Client or the Consultant) are performed within the framework of the financial proposal.

The cost of quality assurance (QA) must be included in the Consultant's overhead.

ELK will cover the expenditures incurred for preparing the final Evaluation Report for publication.

## **10. Eligibility**

The OECD-DAC evaluation principles of independence of the Evaluation Team will be applied. In situations where conflict of interest occurs, candidates may be excluded from participation, if their participation may question the independence and impartiality of the evaluation. In other words, any firm or individual consultant whose independence and impartiality may be questioned will be excluded from participation in the tender.

Tenderers are obliged to carefully consider issues of eligibility for individual consultants and inform the Client of any potential issues relating to a possible conflict of interest.<sup>11</sup>

## **11. Requirement for home office support**

The Consultant's home office shall provide the following, to be covered by the Consultant's overhead:

- General home office administration and professional back-up.

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<sup>11</sup> See: Evaluation Guidelines (Danida/MoFA, 2018), annex 1.

[http://www.netpublikationer.dk/UM/evaluation\\_guidelines\\_january\\_2018/Index.html](http://www.netpublikationer.dk/UM/evaluation_guidelines_january_2018/Index.html)

- Quality assurance (QA) of the Services in accordance with the quality management and quality assurance system described in the tender. Special emphasis should be given to quality assurance of draft reports prior to the submission of such reports. ELK will request documentation for the QA undertaken in the process.