

Mid term review of  
The Developing Business Service Markets Project (KATALYST),  
Phase 2,  
November 2010, Bangladesh

*Terms of Reference*

**1. Background**

In 2003 the Katalyst project entered into Phase 1 under a co-financing agreement between DFID, Swedish SIDA and SDC and an overall budget of 30 Mio CHF with the aim to alleviate poverty and stimulate sustainable pro-poor growth by improving the competitiveness of selected sectors in which the poor participate as producers, employees and consumers.

Katalyst Phase 2 started in March 2008 with CIDA and EKN joining DFID and SDC as donors - whereas SIDA left the consortium – increasing the phase budget to 50.6 Mio CHF for a 5 year phase ending March 2013. Based on the successful piloting of its market development approach with considerable impacts on job creation and incomes in Phase 1, Katalyst Phase 2 was designed putting emphasis on scaling-up of these experiences with a strong pro-poor focus.

The change from Phase 1 to Phase 2 and the findings of the Annual Review carried-out in February 2009 prompted considerable strategic re-orientations of the project, as well as adjustments in management structures and processes. Key features of this process were the following:

- **Rationalisation of the project portfolio:** Markets have been consolidated into sectors, while reducing the number of sectors. Accordingly, the management structure has been adjusted by reorganizing separate market teams into multi-disciplinary sector teams making optimal use of cross-sector functions and synergy potential and working along comprehensive sector strategies.
- **Focus on scale:** Instead of local markets as in Phase 1, Katalyst takes a national, sector-oriented market development approach, focussing more on up-scaling than on piloting of smaller interventions.
- **Addressing weaknesses in gender and ESRB:** Phase 1 identified 'Gender' and 'ESRB' as being under-addressed in project implementation. In order to strengthen these issues in a more integrated way Katalyst has established a specialist 'Gender and ESRB Unit' which broadens the mandate of the previous Better Business Unit.
- **Changes in M&E:** Katalyst has experienced significant challenges in terms of achieving an M&E system combining the key functions of project steering, learning and accountability for results within the context of a broader international discussion on M&E in market development projects.
- **Strengthening influencing mandate:** As part of Phase 2 and in line with long term sustainability, Katalyst decided to dedicate considerable resources to its influencing

mandate at sub-national, national and international levels. Not least for this purpose a separate communications unit has been established which works closely with all other organizational units and delivers target group specific products.

Most of the above issues are being addressed since the Annual Review 2009 and are reflected in the new organizational structure (see Annex), whereas the Donor Consortium considered a separate review mission for the M&E related issues (incl. LogFrame) at the beginning of the year 2010 necessary. This mission will specifically take into account the current discussions around the DCED standard while focussing on Katalyst and donor-specific needs in terms of M&E.

All the above developments take place in a Bangladeshi context characterised by steady economic growth, despite the economic crisis, and a new government putting high importance on sections of the economy, in which Katalyst is active (agriculture, urban development, SME development).

Market and private sector development continues to stand high on the donor priority list in Bangladesh with major projects, such as the DFID co-funded Bangladesh Investment Climate Fund (BICF), the WB co-funded South Asian Enterprise Development Facility (SEDF) or the USAID funded Poverty Reduction by Increasing the Competitiveness of Enterprises (PRICE) Project. New players have shown considerable interest in Katalyst experiences and consider a possible collaboration in the future. Particularly the European Commission has signalled interest proposing a new 30 Mio Euro project for the coming years with 3 implementation options, two of them considering a support to Katalyst Phase 2 and/or a possible Phase 3.

## 2. Objectives of the assignment

As outlined above Katalyst is currently at an important stage having gone through a considerable transition from Phase 1 to Phase 2 impacting its future development. The MTR is an opportunity to review this transition and make recommendations for future orientation. The main objectives of the review process are the following:

- **Objective 1:** To assess project achievements, strategic orientation and organisational fitness to deliver according to objectives specified in the Project Document for Phase 2 and recommendations of the Annual Review 2009.
- **Objective 2:** To analyse possible scenarios for Katalyst beyond 2013 (phase end)
- **Objective 3:** To make recommendations for remaining period of Phase 2 based on objectives 1 and 2.

More specifically, the review should address the following key issues/questions:

Objective 1:

- **General Market approach and portfolio:**
  - *Are the Katalyst market approach and current portfolio coherent with the project's objectives of contributing to sustainable pro-poor growth Bangladesh (incl. gender and ESRB perspective)?*

- *Are the different sectors, cross-sector services and products making appropriate use of their synergy and leverage potentials?*
- *What is the evidence for (a) actual impact achieved and (b) likelihood of achieving scale?*
- *Does the current organizational structure and intervention delivery support project efficiency (decision-making processes, etc.) and effectiveness?*
- *How is the project positioned within the landscape of private sector and market development in Bangladesh and to what extent does it make use of potential linkages and synergies with other programmes or initiatives?*
- **Transition from Phase 1 to Phase 2:**
  - *What are Katalyst's achievements in terms of scaling-up from Phase 1 to Phase 2?*
  - *Is the balance between piloting and scaling-up activities and the overall conceptualization for the scaling-up strategy adequate and effective?*
- **Roles of market system actors: :**
  - *To what extent do roles and capacities of private and public market actors contribute to sector sustainability?*
  - *To what extent is capacity development and knowledge transfer to project partners (co-facilitators, etc.) taking place?*

Objective 2:

- **Future scenarios:** *Outline possible future scenarios and key steps and milestones that need to be taken/achieved during the latter part of the current project phase. Make a preliminary strategic assessment of such scenarios, which may include:*
  1. *Katalyst Phase III*
    - *Feasibility of an EC involvement according to options 1, 2 and 3 of the EC project fiche*
    - *Katalyst in a similar set-up as at the moment with fewer professional persons,*
    - *Katalyst as fund manager (implementation outsourced, funds, quality insurance and M&E managed by Katalyst, team size about 10 people)*
  2. *Katalyst Phasing Out*
    - *'Privatization' of Katalyst as independent facilitator*
    - *No additional phase*
  3. *Others*

Objective 3:

- Design a road map for scenario 1 to 3 considering:
  - Strategic orientation of the remaining phase II
  - Need for change /adaptation of Katalyst
  - Implications for resources need (international long-term and short-term staff, local staff, etc.)

Issues related to financial management and M&E (incl. LogFrame) are contents of separate reviews. The former will be part of a follow-up on the light touch audit carried-out in March 2009 and the regular audit due by November 2010, whereas the latter will be analysed by a separate review mission between February and March 2010. It is considered important that the M&E report will serve as an important input into the MTR, but the MTR team should not revisit the topic on general issues and mainly focus on the implementation of the recommendations.

### **3. Methodology**

#### **3.1 Composition of the review team**

The review team will be made up of two international consultants - one of them being assigned as team leader - and one national consultant with at least 10 years of relevant professional experience (market development, private sector development, etc.). The international consultants should be experienced project managers, have experience with multi-donor projects and preferably be familiar with the Bangladeshi development context.

The review team should be in a position to bring in a 'fresh' perspective, whereas at the same time it is considered important to guarantee the team access to 'historic' project knowledge (Phase 1, strategic decisions for transition to Phase 2, etc.). For the latter, a special 'neutral' advisor working with the team may be considered.

#### **3.2 Period of review**

The review period is tentatively scheduled to take place in October/November 2010 according to the time allocation below.

#### **3.3 Tentative activities**

- Study of project related documents
- Consult and discuss results of the Katalyst self-assessment
- Review the programme's processes and results by visiting a number of key interventions and interviewing key stakeholders:
  - Donor Consortium (DFID, CIDA, EKN, SDC)
  - KATALYST project staff
  - Project partners (co-facilitators, BMOs, private sector companies, MoC, etc.)
  - (Commercial) service providers and beneficiaries representative of the viable market dynamics catalysed by the project
  - External actors (private sector, GoB, donors, etc.)
- Present findings and recommendations to Donor Consortium and Katalyst team
- Identify issues that would need further investigation.

### 3.4 Time allocation

The total number of days required from the Core Team Members will be approximately 20 days, which includes finalising the report. The time allocation is proposed as follows:

Date	Activities
October	1 week of Katalyst self-assessment
2 days	International travel
4 days	Document review, initial meetings with donors and Katalyst management (distance work and in situ)
5 days	Field visits in different areas
1 day	Write up and team internal discussions
1 days	Meetings and discussions with partners
2 days	Synthesize and write up
1 days	Results sharing workshop
4 days	Finalise reports following comments from donors and partners

## 4. Deliverables

- A workshop at the end of the mission to present and discuss the findings, recommendations etc. to Katalyst management and staff
- A workshop at the end of the mission to present and discuss the findings, recommendations, etc. to the Donor Consortium and other relevant stakeholders / key persons (MoC, EU, etc.).
- A mission report of no more than 30 pages plus annexes, including an executive summary of no more than three pages. This should include the consultants' findings and recommendations as well as identified issues that would need follow-up.

## 5. Documents to be provided to reviewers

- Project documents for Phase 2, incl. ProDoc, business plans, semester and annual reports, sector studies, comprehensive sector strategies, etc.
- Various guidelines and manuals as developed by the projects
- Reports and recommendations from Annual Review 2009, M&E Mission 2010
- PRS, Joint Cooperation Strategy Bangladesh (JCS), EC project fiche
- Other relevant documents

## 6. Reporting and Logistics

- The consultants will report to the Donor Consortium. The contact for the purpose of coordination and liaison with the donor consortium will be the Chair of the Donor Group. The KATALYST Project Team contact is Goetz Ebbecke, General Manager of Katalyst.

- Katalyst, in consultation with the Donor Consortium, will develop a programme for the consultants team.
- Katalyst will prepare the basic documentation for the consultants.
- Katalyst will facilitate contacts, internal transport and accommodation.

## **7. Budget**

The consultants team will be contracted by DFID and SDC and the consultants fees will be defined as per DFID/SDC norms and criteria.