

Social Performance Task Force

*Terms of Reference for a Consultant for external evaluation of SPTF asbl
(February 25th, 2022)*

Background of SPTF asbl Luxembourg (the “asbl”)

Following discussions between SPTF Inc, USA and the Luxembourg Ministry of Foreign and European Affairs, Directorate for Development Cooperation and Humanitarian Affairs (MAEE) and the Ministry of Finance (MF), SPTF asbl was set up based on the “Convention entre l’État du Grand-Duché de Luxembourg”, signed by the Minister of Development Cooperation and Humanitarian Affairs, the Minister of Finance and SPTF INC on December 21st, 2018. In 2022, the initial 3-year agreement was extended for a 1-year period, ending December 2022.

SPTF asbl was set up to allow SPTF Inc build an organizational presence in Europe, housed in Luxembourg, reflecting the important policymakers, fund management companies and investor stakeholders based in Europe, and in particular the commitment of Luxembourg as a hub for responsible investment. The parties agreed that coordination with these European-based actors and an active contribution to strategic European events was critical for the increasing awareness, growth and uptake of responsible investment practices and the development of evaluation and measurement standards and tools.

The objectives of the asbl are to build and strengthen partnerships and alliances with the Luxembourg and European initiatives and actors in the responsible finance and impact investing space to influence responsible investments within financial services and to share practice and learnings with the broader impact investing sector in order to help mainstream accountable impact measurement practices and foster credibility for investment funds and asset managers toward their asset owners, their regulators, and all other stakeholders.

To achieve these objectives, six main areas of responsibility were defined:

- I. Formalize coordination with Luxembourg service providers in inclusive finance and impact investment, and ensure ongoing close collaboration between SPTF and the Luxembourg Partners*
- II. Lead SPTF outreach to the investment community (asset managers and asset owners)*
 - a. Strengthen existing relationships with existing investor partners*
 - b. Direct the SPTF Social Investor Working Group (SIWG)*
 - c. Foster new relationships with investors in the inclusive finance and broader impact investment sectors*
 - d. Coordinate the work of global Responsible Inclusive Finance infrastructure initiatives (Cerise, Smart Campaign, MIX, Atlas) and other leading investor initiatives*
 - e. Analyze the experience of the inclusive finance sector to identify how to accelerate impact management to increase positive results*
 - f. Further define concepts and practices that are critical to responsible inclusive finance but not yet understood fully*
- III. Engage the regulator community and policymakers on responsible inclusive finance*
- IV. Conduct outreach to actors on green/environment*
- V. Mobilize resources to support SPTF*
- VI. Provide strategic oversight to SPTF*

Four years into this project the globalization of sustainability considerations for the financial sector confirm the relevance and correctness of these initial considerations.

The Director of the asbl works in close collaboration and complementarity with the US-based team of SPTF Inc. A Board composed of 3 members with experience in social performance management, standards development and practical implementation provides oversight. The Board reviews the execution of the workplan, defines specific strategic updates and oversees the respect of the annual budgets.

Responsibilities of the consultant

1. *Purpose:* The consultant is tasked with assessing whether the asbl has been a well-run initiative to-date from the perspective of its processes and achievements: does it operate transparently, efficiently, and effectively? Additionally, assess whether the asbl has added value; specifically, how have its activities helped improve the SPM practices of the investor and asset manager community and contributed to connect the learnings of the industry to the regulatory and financial market supervisory entities. Finally, where possible, identify whether there is need for SPTF Europe, asbl in the future and what partners and activities would be of value to the industry, to the organization globally and to the Luxembourg government's strategy both for Luxembourg as the center of sustainable finance and the objectives of Luxembourg's Development Cooperation.
2. *Evaluation activities:*
 - a. Review documents. The asbl has the following main documents that the consultant may want to review:
 - i. Documents related to setting up the asbl: the "Convention" and the Concept Note dated February 1st, 2018.
 - ii. The 3-year budget plan as well as the annual reporting of budgets vs realizations.
 - iii. The semi-annual and annual SPTF asbl Activity Reports
 - iv. The SPTF website's Investor Working group page, outlining the monthly investor group calls and created subgroups.
 - v. The evolution of paying memberships from fund management companies and investors
 - vi. The approved Minutes of the 4 annual asbl Board meetings since inception in 2019.

NOTE: Consultant will not be required to review the asbl bank statements and accounting records; an external Luxembourg-based accounting firm (ATWELL) audits the asbl financial activities on an annual basis. These audits are submitted annually to the MAEE and MF.
 - b. Interview stakeholders and partners: The asbl Managing Director will provide a comprehensive list of meetings with Luxembourg-based actors in the inclusive finance sector, the European investors, asset managers and raters and the larger financial sector as well as acquisition calls and meetings to broaden the scope of the investor working group members. A minimum of 15 interviews of partners and stakeholders are to be conducted, including one prospective partner and one already identified potential partner who decided not to partner with SPTF at this stage. In addition to the specific people mentioned below to be interviewed based on the six areas of responsibility outlined above, please use a stratified sample in your interviewee selection process so that you interview people based in different countries and allow to have representation from the variety of stakeholder types. Interview questions must include, but do not need to be limited to, the following:
 - i. How did you learn about SPTF asbl?
 - ii. What do you think the role of SPTF asbl is?
 - iii. Was the support you received from the asbl beneficial? If so, how?

- iv. Can you give any examples of anything your organization is doing because of the cooperation and support by the asbl that you did not do prior to it?
 - v. What would you say were the main outcomes from working with the asbl? For example, did anything get better or worse for your organization or for your clients?
 - vi. Would you like to work with the asbl again? If yes, what would be your specific future area(s) of demand / interest?
- c. Interview SPTF Secretariat members: Interview SPTF Inc Executive Director, as well as Deputy Executive Director and the Managing Director of the asbl.
 - d. Interview the asbl Board members: Interview the two additional members of the Board.
 - e. Interview at least one person from each entity making up the Luxembourg sustainable finance infrastructure: e.g., LuxFLAG, ADA, e-MFP, LoHFT, InFiNe, Arendt.
 - f. Interview the Social Investor Working Group co-chairs.
 - g. Interview AFI to understand engagement with regulator community.
 - h. Interview MAEE and MF.
 - i. Interview e-MFP regarding Green (GICSF) action group.
3. *Evaluation report*: Prepare a report to the attention of the MAEE and MF that presents the findings from the evaluation. At minimum, the report will contain the following elements:
- a. List of documents reviewed and interviews conducted
 - b. Presentation of findings, answering the following questions:
 - i. Are the materials that the asbl provides to investors, asset managers and target stakeholders designed in such a fashion that the asbl's target audience can engage with and benefit from the asbl?
 - ii. Is the governance structure of the asbl adequate to facilitate proper input to and oversight of the asbl's activities?
 - iii. Are there any aspects of the asbl that are functioning particularly well? If so, which ones?
 - iv. What suggestions, if any, do you have for improvement? This can be both at the level of processes (e.g., how it advertises its availability), and at the level of activities which the asbl leads in (e.g., are there any other activities the asbl should engage in to achieve its objective of strengthening capacity and improving SPM, or should it discontinue any of its current activities?).
 - v. How strong is demand for the asbl's activities and in what areas is demand strongest? Do you think there is sufficient demand to warrant continuing the asbl after 2022?
- This evaluation report will be prepared in English. A draft report must be shared with the asbl Managing Director and the SPTF Inc Executive Director to provide opportunity for further feedback and clarification before the consultant finalizes the report. **The consultant will have complete freedom to accept or decline any proposed input from the SPTF Secretariat.**
4. *Joint Meeting with MAEE and MF to discuss the evaluation report*. After the consultant submits the evaluation report to the MAEE and MF, s/he must make time for an online meeting with a staff person at MAEE to discuss the report and answer questions.

Requirements for consultant

At minimum, seven years of experience working in the microfinance sector, with knowledge specific to social performance management and the universe of Luxembourg actors in inclusive finance and impact investment.

Salary

The evaluation is expected to take no more than 17 (non-consecutive) days, budgeted as approximately a half day for launch meetings with SPTF and MAEE, two days for document review, four days to schedule and conduct all the interviews (which may take 30 minutes each), and up to eight and a half days to write the report, including integrating any feedback provided by the SPTF Executive Director and the asbl Managing Director on the draft report, meeting with the MAEE after the report is submitted to discuss and presentation of the final report. Each candidate will propose his/her daily rate to the MAEE / SPTF, and this will factor into the choice of consultant.

Timeline

The evaluation will take place between March and May 2022. The draft report must be submitted to Jurgen Hammer by Friday May 13th, 2022. The final report must be completed and submitted to Paul Weber (Paul.Weber@mae.etat.lu) by Thursday, June 30th, 2022.