Foreign, Commonwealth & Development Office

CALL DOWN CONTRACT

Framework Agreement with:	**DAI Global UK Ltd**
Framework Agreement for:	**Global Development Delivery Framework (GDD)** **Lot 4 – Economic Development and Trade**
Framework Agreement ECM Number:	**ecm_5810**
Call Down Contract For:	**Nepal in Business (NIB) Business Support Facility (BSF) and Business Environment Reform Facility (BERF)**
Contract ECM Number:	**ecm_6688**

I refer to the following:

1. The above-mentioned Framework Agreement dated 18 December 2023.

2. Your proposal of 11 April 2024

and I confirm that FCDO requires you to provide the Services (Annex A, Terms of Reference), under the Terms and Conditions of the Framework Agreement which shall apply to this Call Down Contract as if expressly incorporated herein.

1. Commencement and Duration of the Services

1.1 The Supplier shall start the Services no later than **15 July 2024** ("the Start Date") and the Services shall be completed by **14 July 2029** ("the End Date") unless the Call Down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.

2. Recipient

2.1 FCDO requires the Supplier to provide the Services to High potential Small and Medium Sized Enterprises (SMEs), Federal and Sub-National government agencies in Nepal. "Recipient").

3. Financial Limit

3.1 Payments under this Call Down Contract shall not, exceed **£9,200,000** ("the Financial Limit") and is inclusive of any government tax, if applicable as detailed in Annex B**.**

4. FCDO Officials

4.1 The Project Officer is:

[redacted]

Foreign, Commonwealth & Development Office

4.2 The Supplier Project Officer is:

[redacted]

4.3 The Contract Officer is:

[redacted]

5. Key Personnel

5.1 The Supplier's Personnel (named in Annex B) cannot be substituted by the Supplier without FCDO's prior written consent.

6. Reports

6.1 The Supplier shall submit project reports in accordance with the Terms of Reference/Scope of Work at Annex A.

7. Special Conditions

7.1 As agreed in the Terms of Reference there will be a breakpoint in **March 2025** to coincide with the normal UK government spending review. FCDO will consider whether to exercise its right to terminate, to suspend or to partially terminate or suspend this contract pursuant to the Framework Agreement Terms and Conditions. The Supplier shall cooperate fully with any break point.

8. Call Down Contract Signature

8.1 If the original Form of Call Down Contract is not returned to the Contract Officer (as identified at clause 4 above) duly completed, signed and dated on behalf of the Supplier within **15 working days** of the date of signature on behalf of FCDO, FCDO will be entitled, at its sole discretion, to declare this Call Down Contract void.

No payment will be made to the Supplier under this Call Down Contract until a copy of the Call Down Contract, signed on behalf of the Supplier, returned to the FCDO Contract Officer.

Signed by an authorised signatory for and on behalf of

Secretary of State for Foreign, Commonwealth and Development Affairs

Name:

Position

Signature:

Date:

Foreign, Commonwealth & Development Office

Signed by an authorised signatory for and on behalf of the Supplier **DAI Global UK Ltd**	Name: Position: Signature: Date:

Documents attached:

- Annex A: Terms of Reference
- Annex B: [redacted]
- Annex C: [redacted].
- Annex D: [redacted]

Annex A

Nepal in Business (NIB) Business Support Facility (BSF) and Business Environment Reform Facility (BERF)

Terms of Reference

Table of Contents

Acronyms

BEK	British Embassy Kathmandu
BERF	Business Economic Reform Facility
BSF	Business Support Facility
CT	Core Team
CSO	Civil Society Organisation
FCDO	Foreign, Commonwealth and Development Office
GDS	Government Digital Service
GDPR	General Data Protection Regulation
GGN	Green Growth Nepal
ICT	Information and Communication Technology
KPI	Key Performance Indicator
MEL	Monitoring Evaluation and Learning
MTR	Mid-term Review
MoEWRI	Ministry of Energy Water Resources and Irrigation
MoICS	Ministry of Industry Commerce and Supplies
NIB	Nepal in Business
NTIS	Nepal Trade Integration Strategy
PMU	Programme Management Unit
SEBON	Securities Exchange Board of Nepal
SEP	Skills for Employment Programme
SME	Small and Medium Enterprise
SRO	Senior Responsible Officer
TOC	Theory of Change
TOR	Terms of Reference

VFM	Value for Money

A. Overview

1. NIB is an 8-year programme that seeks to drive transformational economic growth, promote economic diversification and reduce poverty through addressing some of the key constraints in Nepal's private sector development. The Business Case for NIB was approved in May 2023. NIB aspires to help firms to grow, improve productivity and global competitiveness through providing business development & support services (Component 1), improving access to finance for small and medium enterprises (SMEs) (Component 2), easing policy constraints and driving regulatory reforms (Component 3), and monitoring, evaluation and learning (Component 4). The Services required under this Terms of Reference are for Components 1 and 3 of the programme.

2. The overall budget of the programme is £35 Million. The budget will be split across all four main components, out of which this Terms of Reference will cover two components (1 and 3) with a maximum available budget of £12.5 million, including extension options. The initial contract will be for five years with a maximum budget of £9.2 million. Delivery of this contract will require an adaptive approach. The Supplier must be aware of how programme management and partnerships are different for an adaptive programme and be prepared for how the programme approach will change as areas of intervention evolve. The Supplier will coordinate and collaborate with other FCDO/British Embassy Kathmandu (BEK) programmes, other implementing partners and BEK initiatives.

3. Component 2 is in design and will be delivered through a Development Finance Institution (DFI). Component 4 will cover monitoring and evaluation of the overall programme through the Mid-Term and End-Term Reviews.

B. The Recipient and Beneficiaries

4. The primary recipients of the programme will be high-potential SMEs, federal and sub-national government agencies in Nepal, and relevant institutions with a developmental or supervisory mandate:
   - Growth-oriented SMEs in five key sectors: agro-processing, renewable energy, information communication and technology (ICT), light manufacturing, and tourism;
   - Ministry of Industry, Commerce and Supplies (MoICS);
   - Department of Industry (DOI);
   - Ministry of Energy, Water Resources and Irrigation (MoEWRI);
   - Provincial Ministry of Industry, Tourism, Forest and Environment (Karnali Province);
   - Provincial Ministry for Industry, Tourism and Transport Management (Lumbini Province);
   - Provincial Ministry for Industry, Commerce and Tourism (Madhesh Province);
   - Industry associations at federal and provincial levels;
   - Securities Board of Nepal (SEBON);

- Nepal Rastra Bank (central bank).

5. The ultimate beneficiaries will be job seekers, particularly women and disadvantaged groups who will benefit from access to productive jobs created by the firms supported by the programme.

C. Background and Context

6. **Nepal is not on track to reach the aspired Upper Middle-Income Country status by 2030**, and the private sector struggles to grow and improve productivity. Nepal aspires to be an upper middle-income country by 2030. To achieve this, Nepal must undergo an economic transformation, shifting out of low productivity agriculture, with a stronger private sector creating productive jobs for its increasing workforce. Nepal's development has been atypical for the region as agriculture as a share of economic output has declined, but economic activity has not moved towards higher productivity industries and service sectors.

7. **Nepal needs to create jobs for a growing labour force**. Nepal's labour force has been growing with half a million new people currently entering the labour market each year. Although the overall rate of population growth has slowed down since 2001, people of 35 or younger make up 70% of the population. The working age population (people aged 15 - 59) increased by 2.7 million between 2001 and 2011. As a result of limited job opportunities (both in terms of quality and quantity), many young people migrate to other countries to find work. According to the 2021 Census, 2.2 million Nepalis are working abroad, of which 81% are male and 19% are female. Most cite limited job opportunities as their reason for leaving Nepal. Remittance has become an important part of society and have played a vital role in reducing poverty.

8. **The private sector can be a strong agent to unlock economic transformation** through generating employment and increasing exports but faces several barriers limiting its growth and economic potential. Only 18% of formal firms have more than 20 employees. Firms in Nepal do not tend to grow as they age, suggesting that they either do not have the capability or are not making investments to take their businesses to scale[1.] The exception are the large business groups that dominate the economy. There is an inverse relationship between the share of sales and firm productivity in Nepal – suggesting that firms with greater market share are the least productive[2]. Nepali firms have limited engagement with global markets or value chains (beyond imports from India). Globally, outward facing firms are normally the most productive in the economy because they can compete internationally. This is also the case in Nepal, where exporting and foreign owned firms are the most productive[3]. However, Nepal has few exporting firms – the share of exporting firms has dropped to between 6-8%. This is limiting the extent to which Nepal's companies are learning from international competition.

9. **In Nepal, private firms face several cross-cutting constraints to growth**. FCDO's internal analysis has identified five top constraints to private sector development: (1) unfavourable business environment; (2) inadequate infrastructure; (3) low firm capabilities and access to skilled labour; (4) anti-competitive

[1] World Bank (2018), Nepal Country Private Sector Diagnostic
[2] World Bank (2016), Nepal Jobs Diagnostic
[3] World Bank (2016), Nepal Jobs Diagnostic

practices; and (5) limited access to finance. These manifest as a series of cross-cutting constraints that are preventing Nepali SMEs from scaling up their operations and taking part in global value chains. This contract seeks to directly address two of the constraints identified: (constraints 1 and 3) and support NIB's intervention for addressing constraint 5 (where needed).

10. **Women's economic empowerment is yet to be realized**. Although female labour force participation rates are high in Nepal, they are low in the formal sector (equivalent to only 20% of firm-based employment). The widespread exclusion of women and people from certain disadvantaged caste and ethnic groups from economic opportunities suggests that there is poor use of talent and skills in the formal labour market. Evidence shows that diversity in workforces, enable businesses to be better managed and more resilient, primarily through innovation and diversity in perspectives & capabilities within teams. A study by McKinsey & Company has found that firms with three or more women in senior management functions score higher in all dimensions of organizational performance[4]. Another McKinsey & Company study finds that if women's participation in the economy was identical to men, it would add approximately $28 trillion to global GDP by 2025[5].

11. **SMEs offer a viable entry point to create jobs and improve productivity and competitiveness**. By working with both small and medium sized firms, NIB will be able to spread its risks and opportunities and drive competition in economic sectors. Failure to diversify economic actors will reinforce status quo and promote elite capture which will foster inequality and undermine Nepal's potential.

12. **BEK recognises and will aim to minimize the potential trade-offs between job creation and inclusivity**. BEK has made a strategic choice of catalysing productive growth rather than holding pattern growth through livelihoods support. NIB is an outcome of this strategic choice and remains conscious about where and for whom jobs are created. The programme is targeted to work in Nepal's poorest provinces with the highest incidence of disadvantaged group and in sectors where there is the greatest potential to create jobs and unlock economic opportunities for women, thereby ensuring inclusive economic growth.

13. **SMEs can play a significant role in supporting energy transition and reducing climate vulnerability**. More than 90% of the energy consumed by SMEs in 2021 was fuelled by polluting and costly petroleum products, coal and traditional biomass[6]. Nepal spent around £2.1 billion on fossil fuels in 2021 which is estimated to increase to around £15.5 billion by 2050 if Nepal does not transition to clean energy[7]. Continuous reliance on fossil fuels will increase the country's economic and climate vulnerability, as most of its foreign currency reserves will be used to import fossil fuels, widening the trade deficit. The energy sector is the largest source of CO2 emissions, accounting for 54% of Nepal's emissions in 2019[8]. SMEs have a role to play in promoting the use of renewable energy, and SME's transition to clean energy sources could be an important step to reduce the country's economic and climate vulnerability by reducing CO2 emissions.

[4] McKinsey & Company, Women Matter: Time to accelerate. Ten years of insights into gender diversity 2018
[5] McKinsey & Company. The Power of Parity: How advancing women's equality can add $12 Trillion to Global Growth. (2015)
[6] Energy Sector Synopsis Report 2021/22, GON/ Water and Energy Commission Secretariat, 2022
[7] Nepal's Long-term Strategy for Net-zero Emissions, Government of Nepal, 2021
[8] Nepal's Long-term Strategy for Net-zero Emissions, Government of Nepal, 2021

D. Programme Objectives

14. The primary goal of NIB is to unlock economic prosperity by driving growth, expanding businesses domestically and internationally, and addressing income poverty in Nepal. The programme aims to democratize access to capital in the underdeveloped SME ecosystem – financial capital, knowledge capital, and social capital – and the programme will do this by financing SMEs, leading interventions to enhance organizational capabilities & productivity, and leveraging FCDO's global network to connect Nepali products & services to international markets. NIB will partner with all levels of government to create a business environment conducive to growth and mobilization of private capital in Nepal. NIB will promote more inclusive business-models and poverty reduction by prioritising jobs for women and people from disadvantaged groups, as well as supporting SMEs across Nepal (including some of the most poverty-stricken and historically ignored parts of the country).

15. The Theory of Change (TOC) is attached in Annex B. The list of assumptions and evidence base supporting each assumption in the TOC are based on FCDO's in- house assessment. They will be reviewed and further strengthened by the Supplier in agreement with FCDO programme team during the inception phase.

16. The programme has the following distinct features:

- **Firm focus**: NIB will work by placing firms at the core of its interventions. They will understand market and government failures limiting firms from growing, creating jobs and enhancing competitiveness in focal sectors. It will take an ambition to mobilize private sector finance to achieve systematic and sustainable improvements and aspire to encourage innovation and achieve scale to amplify results.

- **Holistic approach**: The programme will target multiple constraints limiting the growth of the private sector in Nepal, particularly - firm capability, access to finance and policy bottlenecks. This will be achieved by providing a wider array of complementary business development services, financial products and services and policy interventions. Monitoring, evaluation, and learning will be integral in managing risks and maximizing effectiveness. Where possible, the programme will collaborate and leverage FCDO, government and cross-donor initiatives promoting private sector development. It will also aim to generate evidence and learning products for a global audience base.

- **Phased approach to innovation and adaptation**: While FCDO has broadly identified a key set of interventions that NIB will support based on global and local evidence, it is recognized that solutions will need to be context-specific and tailored to suit local conditions. Variations within the prescribed set of interventions is thus anticipated and is expected to benefit from the knowledge and experience in the Supplier market. Any innovation will need to be supported by a hypothesis based on market failures, building the minimum amount possible to test the problem and the solution, releasing it, learning and measuring what happens, and pivoting accordingly. The programme will have an inception phase of 6 months to deepen the knowledge of market failures, prioritize intervention geographies, sectors and firms and customize prescribed intervention measures to suit the needs of firms of different sizes and across different sectors. Following that, the programme will test, learn and prioritize investments in two adaptation cycles based on value for money (VFM) assessment of the interventions.

- **Flexible and adaptive programme management**: The programme's TOC is based on several assumptions that need to be tested and improved over time to achieve the desired outcome and impact indicators. In practical terms, this would mean periodically assessing the key market failures, choice of target sectors, geographies and sectors, intervention measures, external conditions (political economy, business climate etc.) to inform the strategic direction and investment decisions. Building strategic agility and adaptability into the programme's processes and structures will enable delivery partners to change what is done, how it is done, and when it is done, in response to changing needs and lessons learned and also challenges and approaches that have not worked and course correcting interventions as a result as part of a strong learning culture.

- **Support to the wider business enabling environment**: Use of a politically smart and agile approach to programming will enable NIB to be responsive, focused and results-driven in its ambitions to reform the policy & regulatory architecture and address broader market factors constraining private sector development. By working closely with both private sector actors and federal and sub national Governments, NIB will target sectoral constraints to doing business and use local engagement to drive the development and implementation of practical policies. It will seek to build relationships and coalitions to overcome complex and challenging issues and help strengthen SMEs' voice and representation in appropriate policy design and development of market infrastructure.

- **Women's economic empowerment**: NIB will prioritise the creation of jobs for women and adopt a gender-aware approach, shifting the onus onto businesses to act as agents of change. It will understand barriers limiting women from accessing jobs and allow flexibility in the way that businesses may respond to the call to include women. The programme will also encourage beneficiary businesses to be vocal champions of women's economic empowerment.

- **Sustainable business practices:** SMEs can make significant contributions to climate mitigation and adaptation by developing and offering innovative products and services. NIB will support sustainable businesses by facilitating renewable energy generation, energy transition, energy efficiency, climate smart agriculture, and eco-tourism, among others. The programme will encourage SMEs to mobilize climate investments and create climate smart jobs and will provide technical support to help understand and access financial instruments that are linked to sustainability (where available).

E. What Success Looks Like

17. The following are based on the Theory of Change (ToC) in Annex B.

At an **Impact Level**, the programme will:

- Support economic growth and transformation, by supporting priority sectors.

At an **Outcome level**, this contract will:

- Create at least **2,700** (30% for women and disadvantaged groups) **productive jobs** (direct and indirect).
- Support growth and improve productivity and competitiveness of at least **40 SMEs** .
- Improve conditions **for doing business** in target sectors.

18. It is anticipated that the logframe (indicative logframe provided in Annex C) will be further developed and agreed between FCDO and the Supplier as a part of the inception phase and will form the basis for the Monitoring, Evaluation and Learning (MEL) framework.

F. Scope of Work

19. The table below sets out the main activities to be conducted under this contract:

Component Breakdown and Activities	**Budget**
Component 1: Business Support Facility (BSF)	
The facility will deliver a range of business development & support services using a combination of grants and/ or technical assistance to SMEs, prioritized by sectors and geographies, based on an assessment of where transformative growth can be unlocked. BSF will support different instruments and approaches used by the facility to partner with the private sector. The fund will support beneficiary firms to facilitate innovation, risk taking, cost sharing, partnerships and to leverage additional resources to address market failures limiting firm capability. Firms will receive conditional grants (conditions may be increase in revenue, new product development, entry into new geographies etc.) based on a growth strategy developed with the Supplier and their technical experts. Suppliers will be required to prepare a detailed investment strategy during the inception phase that will guide the process through which this pool will be utilized under the BSF. An independent selection committee will assess and approve all interventions based on investment criteria set by FCDO. A robust grant management system	Maximum £6.7million: £4.5 million ring fenced grants to firms. £2.2 million in technical assistance, related costs and management (see paragraph 20 on management)

will be adopted, including conducting due diligence, identifying risks and mitigation measures, identification of conflict of interest and mitigation measures, approval of reimbursable payments to SMEs based on budgets approved by the selection committee. 1) Results based/matching grants can be used flexibly to prepare high-potential firms to access commercial finance from various sources, catalyse product and process innovation, strengthen organizational functions and corporate governance, improve decision making, build staff capacity and incentivize inclusion of women in the workforce. 3) Management training with grants and/or technical assistance. Training could range from soft skills programme for middle management to training in new production systems and processes for supervisors. 4) Business linkage programme with grants and/or technical assistance facilitating productive forward and backward partnerships in domestic and international value chains. 5) Organizational capability programme with grants and/or technical assistance to build collective knowledge and competence. Interventions could use a combination of activities like skills development, business process redesign, continuous improvement plans, health and safety compliance, quality control, inventory and Supplier management, marketing aptitudes and customer relationships, knowledge management, design thinking, adopting climate smart practices etc.[9] Catalysing innovation in creative ways should be built into capability enhancement initiatives to fuel firm growth.	

9 The following documents provide clarity on successful interventions that may support the organisation capability and the market failures in the SME sector in Nepal:

Khan, Mushtaq H., “Knowledge, skills and organizational capabilities for structural transformation.”

Khan, Mushtaq; Mainali, Siddhartha; Neupane, Saumitra; Rana, Shreeya: Roy, Pallavi; Shrestha, Ashlesh, “Characteristics of Better-Performing Nepali SMEs and Implications for Policy”.

Component 3: Business Environment Reform Facility (BERF)	Max £2.5 Million in technical assistance and related costs and management (see paragraph 20 on management)
The facility will help achieve and maximize the programme's ambitions by ensuring policy bottlenecks are identified, prioritised and resolved to improve conditions for doing business in key sectors. The facility will support institutional strengthening and capacity building of Government, industry associations and policy think tanks to support the creation and implementation of key sectoral policies specifically: 1) Technical assistance to support policy dialogue between the public and private sector. Interventions can support analysis, evidence generation, building coalitions influencing and coordination by convening policy makers and businesses together to solve policy bottlenecks. Technical assistance will respond to the needs (reactive) as identified by the stakeholders in point 2 below through a combination of short-term and long-term support. 2) Technical assistance to provide expert advice to the Government, industry associations, Civil Society Organizations (CSOs), policy think tanks, media, and other entities includes technical analysis, problem solving, research, coaching, learning and developing systems focused on targeted policies, processes and practices to help tangible changes in policy implementation. 3) Technical Assistance to the Ministry of Industries Commerce and Supplies at the federal and sub national levels. Provision for embedded technical assistance at the provincial and federal levels during design and implementation of programme(s) for £1 million financial aid (on-budget on-treasury) to MoICS. The financial aid (on budget on treasury) will not pass through this contract and will be managed directly by BEK. FCDO has been engaging with MoICS on the potential programmes that may be supported. The embedded technical assistance will support in the implementation of the programme that receives TA. 4) Conduct a scoping study to identify a potential government entity for future management of the envisioned revolving fund under the SMEFF (component 2). Informed by the study, NIB will take initiatives and explore options to support	

the development of a government institution with the scope and capability to manage this fund in the future.	

20. One core team, encouraged to be made up of or similar to the five positions in section Q, is expected to oversee both facilities and have oversight and responsibility of reporting, management and driving successful delivery of the Contract. Costs of core management are expected to be kept to a minimum and Technical Assistance should be maximised.

21. We expect the Supplier to work closely and collaboratively with other Development Partners and relevant organisations, such as BII, where their objectives align with NIB.

22. Adaptation cycles: The implementation period will have two adaptation cycles which will allow FCDO and the Supplier to assess what works and what doesn't within the prescribed set of interventions and to prioritize the right mix over time. The first implementation period will commence from the end of the inception period and last until year three and the second implementation period will commence from year four until year five (adaptation cycle 1 and 2). Any scale up will take place in years six-seven under a contract extension (subject to approvals).

Phase	**Inception**	**Adaptation -Cycle 1**	**Adaptation -Cycle 2**	**Outer Years (subject to FCDO approval and extension post mid-term review)**
Time	6 Months	6 Months – Year 3	Year 4 – Year 5	Year 6 – Year 7
Market failures	Deepen understanding of key market failures limiting firm productivity, innovation, organizational capabilities and job creation	Test a mix of interventions across priority sectors, geographies and targets firms	Prioritize sectors, geographies, firms and intervention measures	Scale up working models, competitive sectors and partnerships in focused geographies
Sector	Identify and prioritize baseline targets	Identify competitive and scalable sectors/sub sectors	Exit from low performing sectors /sub sectors	Focus on 2 key sectors, informed by lessons learned during earlier phases of implementation

BDS Interventions	Identify and prioritize investment/intervention windows based on target firm segment size/maturity and sectors	Test interventions and prioritize based on VFM	Discontinue interventions offering low VFM	Focus investments on the most effective and low-cost interventions
BERF Interventions	Deepen understanding of sectoral policy bottlenecks, regulatory ambiguities & inconsistencies, political economy, key partners and stakeholders and space to operate	Prioritize constraints in the policy & regulatory architecture governing the competitive sectors/sub-sectors, test interventions and assess results		Scale up working models in focal sectors

- **Sectors**: The programme will focus on the following key sectors: light manufacturing, renewable energy, tourism, agro-processing and ICT. These will be prioritized by sub sectors during the inception phase and during implementation as a part of the programme's adaptive strategy. Suppliers are encouraged to consider the sectors identified in the Nepal Trade Integration Strategy (NTIS) 2023. Suppliers will also be required to identify strategies to increase the participation of women in the sectors to meet the outcome targets.

- **Geography**: NIB will focus on Madhesh, Lumbini and Karnali provinces. It will also work in emerging growth corridors, such as the Pokhara- Bhairahwa corridor (connecting Gandaki and Lumbini provinces) the Dhangadi- Attariya corridor (connecting Karnali and Sudurpaschim provinces) and the Ithari-Biratnagar corridor (connecting Madhesh and Koshi provinces).

- **Partners**: For the BSF, primary partners are expected to be businesses (domestic and international), business support service providers, and industry associations. Partners for the BERF could include federal and sub-national government agencies, associations, relevant institutions with a developmental mandate and/or supervisory mandate in specific sectors, businesses, media, development partners, policy think tanks, Civil Society Organizations (CSOs) who have a role and interest in business enabling environment and enterprise development.

- **Sustainability**: The core focus of the programme is to create and sustain jobs. This will happen only when beneficiary firms can sustain, improve productivity and competitiveness and generate returns over time. Sustainability of businesses is therefore critical to achieve the programme's sustainability. Since the programme will innovate to address challenging market failures, a failure rate of 10% is anticipated during the programme's life. In addition, the programme will support firms that provide environmentally friendly products and services. It will help firms to use environmentally friendly and resource-efficient technologies and practices to increase productivity and reduce their carbon footprints, where applicable.

- **Coordination**: Despite differences in delivery models, all components of the programmes are envisioned to be highly complementary. The BSF is expected to create a pipeline of investable deals/companies for the SMEFF (Component 2), which in turn would link to the BERF and MELF to provide policy inputs and monitoring and learning data. The Supplier and the delivery partners of the SMEFF will be expected to work in partnership with joint indicators in the programme logframe. In addition, coordination with (but not limited) to the following FCDO programmes is anticipated: Green Growth Nepal, BEK's Evidence and Knowledge Hub, Resilience Adaptation and Inclusion in Nepal (RAIN) and Sahakarya.

G. Value for Money (VFM)

23. VFM will be assessed continuously during the programme lifecycle and the VFM assessment framework will be fully developed in the inception phase considering FCDO's four Es approach - Economy, Efficiency, Effectiveness and Equity. Indicators will include, but are not limited to the following:

Economy	Unit costs of inputs and outputs
	Cost of programme management, including overheads
Efficiency	Number of job-creating SMEs with improved performance, size, productivity and competitiveness
	% resources leveraged from the private sector
	Gains/savings from improvement in policy environment
Effectiveness	Cost of job created
	Growth, export and FDI contribution of target sectors
Equity	% of jobs created for women and DAGs
	Economic contribution of SMEs

H. Budget

24. The initial budget will be up to £9.2 million with the possibility to increase up to an additional £3.3 million, subject to FCDO approval. The budget breakdown below is indicative and may be amended depending on the context and progress in delivering programme results.

Financial Year	Business Support Facility (million)	Business Environment Reform Facility (million)
2024/25	£1.00	£0.50
2025/26	£1.20	£0.50
2026/27	£1.50	£0.50
2027/28	£1.60	£0.50
2028/29	£1.40	£0.50
Total	**£6.70**	**£2.50**

I. Term

25. The initial contract will be for a period of 5 years from 2024-2029, with the option to extend for an additional 2 years, subject to FCDO approval.

26. Any extension shall be at FCDO's discretion and dependent upon the agreement of FCDO and other relevant stakeholders, periodic reviews, budget availability, and satisfactory performance.

J. Break Points

27. A break point will be in March 2025 to coincide with the normal UK government spending review. FCDO will consider whether to exercise its right to terminate, to suspend or to partially terminate or suspend this contract pursuant to the Framework Agreement Terms and Conditions. The Supplier shall cooperate fully with any break point.

K. Mid-term and End-term Reviews

28. An independent Mid-Term Review (MTR) will be conducted in year 4 and End-Term Review (ETR) will be conducted if the contract is extended, each through independent contracts (Component 4). The MTR will help to make a decision on extending the programme in the outer years. The ETR will help to assess the effectiveness of the programmes in meeting programme objectives. Continuation after reviews will be dependent on satisfactory performance and availability of funding. The Supplier shall cooperate fully with any reviews.

L. Scale Up and /or Down

29. FCDO reserves the right to scale down the value and/or scope of the contract or to discontinue this programme at any point. Scaling down is at FCDO's discretion. Scaling down may be triggered by a variety of events/reasons including (but not limited to):
    - A change in regions' economic or political environment.
    - A change in the political landscape/legislation.
    - A change in FCDO or HMG's priorities.
    - Budgetary constraints.
    - Dissatisfaction with Supplier performance.

    Scaling down may take various forms, such as (but not limited to):
    - Decrease of programme value.
    - Decrease or change of programme scope (such as thematic scope or geographic scope).
    - Decrease of programme duration.
    - Withdrawal or decrease of support from certain countries/regions.
    - Reduction of FCDO's ability to deliver programme funds.

30. FCDO may also scale up the programme. Any scaling up should be mutually agreed between FCDO and the Supplier.

31. Scaling up may be requested by FCDO subject to internal approvals as a result of various events/reasons, including (but not limited to):
    - The programme proves to be having a strong impact and has the potential to yield better results, dependent on budget and ongoing effectiveness of the programme.
    - There is a change in FCDO or HMG's priorities, including a change in geographical, or thematic focus.
32. Scaling up may take various forms, including (but not limited to):
    - Increasing the funding amount of one or more components/categories or adding funding for new components to support programme delivery.
    - Increasing or changing the programme scope (such as thematic scope or geographic scope).
    - Increasing the programme duration.
    - The Supplier will need to demonstrate capacity and continued capability to scale up.

M. Inception Period

33. An Inception period will take place following contract award, which will last no longer than six months. It is envisaged that this inception phase is used by the Supplier to refine approach, in consultation with FCDO, Government of Nepal, development partners, the private sector and other key stakeholders.

34. The Inception period will include but not be limited to the following milestones:

1	Within two months of contract signature, a fully operational programme office, including the mobilisation of requisite core staff and establishment of the programme in suitable premises (mobilisation).
2	An investment strategy for the BSF (Component 1) that is based on detailed mapping, analysis and prioritization of key sectors/sub sectors, geographies, firm/ organisation capabilities, political economy and business support services. The strategy should cover eligibility criteria, sourcing strategy, partnership approach (e.g., pilot and scaleup) and interventions, investment terms and conditions, selection process, portfolio management, M&E and post investment process, reporting mechanism, among others. An investment strategy for the BERF that is based on identification of priority sectors/sub sectors, geographies, key public and private sector stakeholders, political economy and sectoral issues and constraints. The strategy should cover issue scoping approach, partnership models (e.g., pilot and scaleup) and interventions, decision making process, engagement model, M&E and post investment process, reporting mechanism among others.
3	Discuss and finalise the indicative logframe indicators for each programme component.
4	Design of the Monitoring, Evaluation and Learning (MEL) framework linked to the logframe, disaggregated data collection, a clear governance plan.
5	A programme adaptation strategy that draws from the MEL framework, decision making conditions, process, timeline and stakeholders.
6	A detailed implementation plan that sets out the key activities, milestones and financial plan for the implementation phase; detailed workplan and budget (disaggregated by quarters) for the first three years and the payment milestones for the first year, and the process for developing and agreeing milestones for subsequent years. All activities must be clearly linked to progress towards milestones and achievement of outputs and outcomes and logframe. Budgets should be presented using FCDO's standard budget template.
7	A gender strategy to meet the programme targets and strengthen women's economic empowerment.
8	A green strategy to meet the programme's international climate finance targets.
9	Development of the detailed operating procedures and systems necessary for the management of the programme, fund management and reporting to BEK.
10	Plans outlining procurement, safeguarding, due diligence, financial management and reporting following international best practices.
11	A detailed risk identification and risk mitigation strategy, including of consortium partners or sub-partners.
12	Approach to due diligence covering how assessment of beneficiary firms will be conducted and maintained to ensure that safeguarding requirements, code of

	conduct and transparency requirements are fulfilled during the programme's lifecycle.
13	Value for Money (VFM) plan, outlining the measures that will be taken to maximise VFM, and the indicators that will be used to measure VFM during implementation.
14	Implementation strategy for the Business Environment Reform Facility, including technical assistance to relevant government agencies.
15	Exit Strategy
16	Delivery Chain Mapping
17	Final Inception Report for both components. Inception Report submitted three weeks before the end of the inception phase. It should include refined implementation approach and methodology, workplan for year 1, and timeline for the delivery of outcomes covering the contract period. FCDO will conduct an inception review at the end of the inception period, which will look at the refined delivery strategy and methodology, pipeline of projects, ways of working and refined logframe. If FCDO deems that sufficient progress has not been made, or that the Supplier's performance at inception phase has not been satisfactory, FCDO may exercise its rights to terminate the contract.

35. The Supplier will provide monthly updates and two reports (Report 1 and 2) to the FCDO for approval during the Inception Period.
    a. Report 1 will be submitted by end of month 3 and will include milestones 1-8 as set out above.
    b. Report 2 and Final Inception Report will be submitted by the end of month 6 and will include milestones 9-17 as set out above.

N. Management Arrangements

36. The Supplier will be responsible for the implementation of BSF and BERF for this programme. This will include all activities under the Inception Period and day to day implementation of the programme, including:
    a. Handling the disbursement of and accountability for FCDO funds, including through quarterly reporting.
    b. Close and effective working relationship with Component 2.

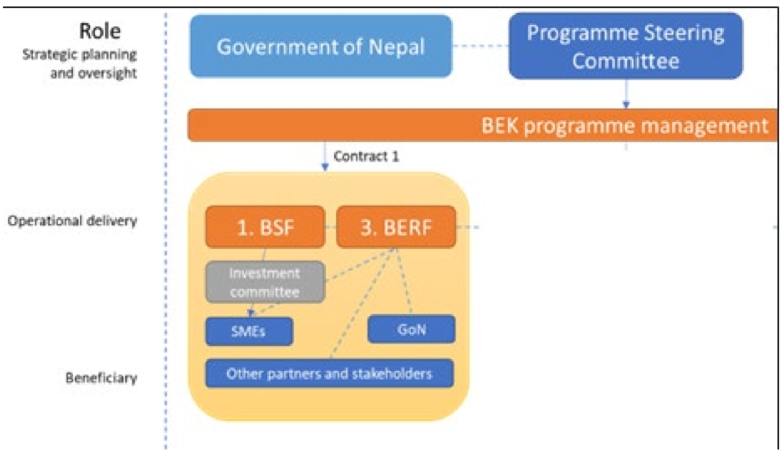
37. The Supplier will report to the FCDO Programme Management team, headed by the Senior Responsible Officer (SRO). The team will comprise of in-house FCDO resources and Evidence and Knowledge partners. A Steering Committee comprised of Government of Nepal, FCDO and the

implementing partners will provide project oversight and strategic direction and will meet at least every six months. We expect the Supplier to serve as the Secretariat for the Programme Steering Committee, providing support for meetings and information as required. In their proposals, Suppliers should outline in detail their proposed management and governance structure, inputs, personnel and days. Management arrangements should reflect the flexible, adaptive and consultative approach.

38. Learning from previous BEK programmes means that we will institute a second tier in the governance structure including a Delivery Board to deal with more day-to-day operations and to ensure close engagement between FCDO and the Supplier and Ministry of Finance and relevant line ministries and sub-national entities.

39. Suppliers involving one or more partner (such as a consortium/sub-contractors/downstream partners) should ensure that the choice of contract/agreement model used will reflect the degree of risk associated with delivery of the project intervention and have in place an approach to deliver each area of requirements and quickly manage and/or deflect any risks. Appropriate due diligence of downstream partners will also be required on a mandatory basis to assure FCDO of the capability of such partnerships.

40. The table below sets out the management arrangements for this ToR. There will be a two-tier governance structure comprising of a Programme Steering Committee that will provide strategic oversight to the programme and the Programme Delivery Board will manage the day-to-day operations of the programme.



41. FCDO encourages bids from groups of economic operators (such as consortia, or a supplier with delivery partners / sub-contractors) comprising a combination of national and/or international organisations. A lead supplier of any group of economic operators must be identified who will have overall management and financial responsibility and will be expected to set out an approach to determining the most effective way of drawing upon the range of expertise provided within the group.

O. Payment Model

42. Payment will be in arrears and paid in accordance with clause 22 ‘Payments and Invoicing Instructions’ of the Standard Terms and Conditions.

43. Post Inception, the Supplier will be required to submit 12-monthly workplans and cost estimates, broken down at activity level, output and outcome milestones deliverables. These will be submitted to FCDO for review and approval.

Inception:

44. All (100%) of approved expenses will be reimbursed quarterly on an actual expenditure basis.

45. All (100%) of fees (staff pay) will be linked to achievement of milestones, paid quarterly. Inception phase milestones should be based on the expected deliverables as outlined in the above section M.

Implementation:

46. In Year 1 of implementation, 90% of total fees will be paid quarterly upon successful delivery of output milestones.

47. The milestones will be proposed by the Supplier (in alignment with the logframe - see annex C) and refined and agreed by both parties in the inception phase and if needed annually thereafter, with final approval from FCDO.

48. Milestones will be broken down and set clearly by component and subject to full and final approval by FCDO. The milestone will be paid if successfully achieved and satisfactory delivery is accepted by FCDO.

49. 10% of total fees will be linked to KPIs and the KPIs will be assessed bi-annually (see KPI Table, scoring and related payment methodology below in this section O). The 10% will be retained from each quarterly invoice and paid bi-annually in the quarter following which the KPI assessment is complete.

50. From year 2 onwards 80% of total fees will be paid quarterly upon the same output milestone payment basis detailed above for Year 1 (paragraphs 46-48). As the programme progresses more outcome (versus output) milestones may be expected.

51. 10% of total fees linked to KPIs paid upon the same basis as detailed above for Year 1 paragraph 49).

52. 10% of total fees will be linked to achievement of annual outcome milestones in line with the indicative logframe to be finalised during inception (refer to the outcomes in the logframe at Annex C). 10% of total fees will be retained from each quarterly invoice for payment in the quarter following which the annual assessment is complete.

53. If any milestone (output and/or outcome related) is below standard or there is a dispute over the quality, then timely feedback will be provided, and a deadline for the Supplier to improve the deliverable to the required standard and for full payment to be made if deemed appropriate.

54. If any milestone (output and/or outcome related) cannot be met or has only partly been met and completion is not possible due to unforeseen circumstances and justified factors beyond the Supplier's control FCDO should be informed as soon as the Supplier is aware of this. FCDO will seek to make a payment proportionate to what has been achieved.

55. Indicative KPIs are as follows, to be reviewed, refined and finalised by FCDO during Inception (and if FCDO consider review necessary at any point in the Contract duration to ensure that the KPI's and methodology are fit for the programme):

KPI TABLE

KPI criteria	**Weightage**	**Rating 0-5**	**Max possible score**	**Assessment**
Submit one month before (1 March) start of next reporting year proposed annual workplan that are well aligned with the NIB outputs, outcomes and impacts laid out in the logframe and need no more than 1 round of FCDO comments to finalise.	10		50	
All programme reports are submitted on time (monthly, quarterly and six-monthly reports due within 15 days following month and Annual Report on May 15th). All reports should be concise, well-written in Plain English, and need no more than 1 round of FCDO comments to finalise.	15		75	
Robust cost control in line with the contract for both fees and expenses, including accuracy (within a variance of +5%/-5%) of quarterly forecast and utilisation of agreed budget to be submitted to FCDO on or by 20th of each month.	15		75	

Robust management of Grant funding to the SMEs as per the Scope of Work (pg. 11) above.	15		75	
A measure of timely deployment of staff identified in the bid and prompt replacement, if required for performance or availability reasons. Ensuring stability of key personnel during implementation.	10		50	
Effective engagement between FCDO and the Supplier as measured by monthly programme boards, regular communication with FCDO and early escalation of identified and potential risks, resolution of challenges, and close oversight by FCDO including approval of any changes to the workplan.	15		75	
Adaptive management behaviours and collaborative partnerships (e.g. Building flexibility in design of workplans and interventions) and practices (e.g. Learning feedback loop in the design of workplans and identifying what is not working, collaborative working with related programmes, changing delivery strategy	20		100	

and approaches in responses to changing context) are evidenced. • Supplier's management team ability to respond effectively and adapt to the changing contexts or requests within the agreed timeline.				
Total Score	**100**		**500**	

KPI SCORING METHODOLOGY & RELATED PAYMENT

Description	Score
Excellent Performance - Proactive Supplier with outstanding delivery, innovation and execution, meeting or exceeding responsibilities and requirements with no improvements needed.	**5**
Good performance - Proactive Supplier delivering efficiently and effectively meeting responsibilities and requirements with little improvement needed.	**4**
Satisfactory - Supplier delivering efficiently and effectively. Very few improvements needed.	**3**
Less than Satisfactory - Some responsibilities and requirements are delivered efficiently and effectively. Some improvement needed.	**2**
Underperformance - Some responsibilities and requirements met but significant improvements needed.	**1**
Serious under performance - Not meeting responsibilities or requirements. Immediate and major changes needed.	**0**

In line with the maximum possible total score of 500, the payment structure shall be as follows:

Total Score	**Payment %**
400 and above	100% of the 10% retained fees
200 to 399	80% of the 10% retained fees

100 to 199	40% of the 10% retained fees
99 and below	10% of the 10% retained fees

P. Monitoring and Reporting

56. The Supplier will be responsible for developing and implementing a detailed MEL Framework for the two components, linked to logical framework milestones and targets, describing data requirements, data sources, data collection and analysis, and how monitoring and evaluation will be undertaken. Programme data will be used to strengthen delivery of results, and/or enable programme adaptation and changes in strategy with time.

57. FCDO will undertake a formal Annual Review each year and conduct periodic monitoring visits to assess the performance of interventions on the ground. FCDO will also conduct a Programme Completion Review at the end of the programme.

Reporting Requirements

58. The Supplier will be responsible for reporting progress and finances to FCDO. This includes progress on downstream partnerships. The main formal reports will be the following although these may be amended by mutual agreement between FCDO and the Supplier:
    a. Fortnightly two-hour meetings with FCDO throughout the inception, implementation, and closure phases (Katmandu working hours, mostly in person but some hybrid or online will be required). The frequency and duration of these meetings may be adjusted at FCDO's discretion. The Supplier will provide a short progress report (max 3-4 pages) in advance of the meeting.

    b. Proposed Annual Workplan and annual spend forecast for the year ahead **within 1 month** of start of new fiscal year starting Year 2. In year one, this will be developed in the inception phase, see page 20. This is the basis for the monthly and quarterly reviews.

    c. Between quarterly, 6 monthly and annual report, brief monthly reports, submitted within two weeks after the reporting month end. These reports will include updates on:

        i. Brief report (two A4 size page) on the progress towards achieving quarterly milestones

   ii. Financial update including forecasting variance.
   iii. Progress Annual Review Recommendations, if needed.
   iv. Risk register, including risk assessments and mitigations.

d. Between 6 monthly and annual report, quarterly reports submitted within two weeks after the reporting month end. These reports will include updates on:
   i. progress against annual delivery plan and milestones, including where progress did not go as planned and challenges.
   ii. narrative summary of achievements
   iii. results reporting at output and outcome level, including narrative assessments.
   iv. risk register, including risk assessments and mitigations.
   v. VfM indicators
   vi. financial report monitoring quarterly spend and forecasts.
   vii. updates on staffing and assets

e. Between annual report, 6-monthly reports submitted within two weeks after the reporting month end. These reports will include updates on:
   i. review progress against annual delivery plan and milestones, including where progress did not go as planned and challenges.
   ii. review of milestone schedule
   iii. progress on sustainability outcome
   iv. narrative summary of achievements,
   v. results reporting at output and outcome level, including narrative assessments.
   vi. risk register, including risk assessments and mitigations.
   vii. VfM indicators
   viii. financial report monitoring including quarterly spend and forecasts,
   ix. updates on staffing and assets

f. Annual reports, submitted within a month and half (45 days) months after the annual reporting period in FCDO's format. It will include updates on:
   i. progress against delivery plan
   ii. progress against previous annual review recommendations
   iii. results reporting at an output and outcome level, including narrative assessments.
   iv. strategic and tactical recommendations for delivery approach in subsequent years
   v. risk register, including risk assessments and mitigations.
   vi. issues, lessons learnt and recommendations.
   vii. results against VfM indicators
   viii. staffing and assets
   ix. financial reporting

g. Annual Audit report of programme carried out by the independent auditor. The Supplier will submit within 3 months of the end of the reporting year.
h. Project Completion Report (PCR) within a month and half (45days) after the contract ends.

Q. Key Requirements

59. Suppliers must consider:

Strategic approach:

i. Designing interventions based on the Theory of Change and Scope of Work covered in this ToR to achieve the programme impact and outcomes. Approach and interventions should draw from global and local evidence.
ii. Undertake programme adaptation to maximize VFM over the programme lifecycle.

Indicative Three-Year strategy, work plan and budget for the inception and first adaptation cycle: Budgets should be broken down by Component and include timelines of key activities. The work plan should detail indicative activities and interventions, milestones, a logframe and budget.

Leadership and technical team (core team): Indicative positions to be presented are Programme Director, Team Leader, Deputy Team Leader, Monitoring Evaluation and Learning Lead, Government Partnerships Lead, Private Sector Partnerships Lead, and Funds Manager. The team will also have financial sector expertise. All positions must have relevant experience and qualifications. To ensure effective implementation of the programme, Key Personnel named in the contract will be Programme Director and Team Leader at a minimum. Any changes to the core team should be minimised where possible and will need to be approved by FCDO.

Programme partners: Working with consortia/sub-contractors/partners must contribute to and add value to achieving the programme ambitions.

Monitoring, Evaluation and Learning plan: A logframe based on the TOC that draws on the three-year strategy, including a full set of objectively and quantitatively verifiable indicators for measuring progress against impact, outcome and output, including means of verification and risks and assumptions. The plan should also cover how the Theory of Change and its underlying assumptions will be assessed throughout implementation, and how programme adaptation will influence the TOC and vice versa. MTR and ETR in Component 4 will review the programme MEL.

Inclusion strategy: Steps envisioned to achieve the programme's ambition on strengthening economic empowerment for women and disadvantaged groups.

International Climate Finance (ICF) strategy: Opportunities to support SMEs to develop sustainable business practices, mitigate and adapt to climate risks and leverage climate finance to meet ICF targets.

R. Other Requirements

Modern Slavery

60. FCDO is already taking action against modern slavery through current programming, and we are working to expand our reach and scale-up successful country office and centrally managed programmes. A large number of our programmes operating through country offices look at addressing the underlying vulnerabilities of people at risk of modern slavery, with a particular focus on those within indirect supply chains.

- Strengthening evidence base of effects of laws, policies, practices on workers in high-risk industries including migrant garment and domestic workers
- Advocacy and common understanding of corrective legal, policy and procedural measures
- Information campaigns among employers
- Training and awareness programmes for direct employees and supply chain employees
- Organising workers to protect themselves and access services
- Sensitising labour recruiters on accountability for fair recruitment

UK Aid Branding

61. As part of this funding agreement, the Supplier will acknowledge funding from the UK government, in written materials and verbal statements and through use of the UK Aid logo on assets purchased with this contribution. Please refer to the UK Aid branding guidance for further information on how to acknowledge funding from the UK government.

62. As part of the reporting requirements for this funding agreement, the Partner may be asked to provide evidence of the branding in use, including photographs of the logo in the field and examples of communications materials. Branding Guidance and details of how to access the UK aid logo files can be found here: https://www.gov.uk/government/publications/uk-aid-standards-for-using-the-logo

Transparency

63. Transparency, value for money, and results are top priorities for the UK Government. FCDO has a duty to show UK taxpayers where their money is being spent, its impact, and the results achieved.
64. FCDP has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. FCDO requires Suppliers receiving and managing funds, to release open data on how this money is spent, in a common, standard, re-usable format and to require this level of information from immediate sub-contractors, sub-agencies and partners. It is a contractual requirement for all Suppliers to comply with this, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this to FCDO – further information is available from: http://www.aidtransparency.net

Delivery chain

65. FCDO is expected to report to central government on the levels of contracted work being allocated to SMEs and other sub-contracted organisations. It is now a requirement to provide details regarding the levels of direct and indirect departmental SME spend with major Suppliers to the cross-government SME Small Business Policy team working on this initiative. FCDO is also interested in gathering details of the

organisations working within the delivery chains of directly contracted partners. As part of the contractual compliance checking process, Suppliers will be required to submit returns providing these details, as a minimum on an annual basis. They will also be required to map out full delivery chains.

Digital Spend

66. The UK government defines digital spend as 'any external-facing service provided through the internet to citizens, businesses, civil society, or non-governmental organizations. The Government Digital Service (GDS), on behalf of the Cabinet Office, monitors all digital spend across government and FCDO is required to report all spend and show that what we have approved meets with GDS Digital Service Standard. In FCDO, this applies to any spend on web-based or mobile information services, websites, knowledge or open data portals, transactional services such as cash transfers, web applications and mobile phone apps. Plans to spend programme funds on any form of digital service must be cleared with FCDO in advance and must adhere to the following principles:
    - Design with the user
    - Understand the existing ecosystem.
    - Design for scale
    - Build for sustainability.
    - Be data driven.
    - Use open standards, open data, open source & open innovation.
    - Reuse & improve.
    - Address privacy & security
    - Be collaborative.

The Supplier must ensure to highlight any digital aspects including potential budget assigned to these interventions, licenses/permissions required and sustainability of investment.

Fraud and Corruption

67. FCDO has zero-tolerance approach to corruption. The Supplier will need to put in place a comprehensive risk management system appropriate to the context and consistent with FCDO's own methodologies. have full responsibility for monitoring and putting in place mitigation strategies, policies and procedures for preventing fraud and corruption. All suspected cases of fraud must be reported immediately to FCDO.

Safeguarding Considerations

68. Do No Harm - FCDO requires assurances regarding protection from violence, exploitation, and abuse through involvement, directly or indirectly, with FCDO Supplier(s)s and programmes. This includes sexual exploitation and abuse but should also be understood as all forms of physical or emotional violence or abuse and financial exploitation.

69. The Supplier(s) must demonstrate a sound understanding of the ethics in working in this area and apply these principles throughout the lifetime of the programme to avoid doing harm to beneficiaries. In particular, the design of interventions including technical assistance should recognise and mitigate the risk of negative consequences for women, children, and other vulnerable groups. The Supplier(s) will be required to include a statement that they have duty of care to informants, other programme

stakeholders and their own staff, and that they will comply with the ethics principles in all programme activities. Their adherence to this duty of care, including the reporting and addressing of safeguarding incidences related to the Supplier(s)'s activities, should be included in both regular and annual reporting to FCDO.

70. Safeguarding risks should be included in the risk matrix that the Supplier(s) develops. As part of the Supplier(s)'s role in monitoring of projects, the Supplier(s) should report to FCDO any safeguarding issues it becomes aware of during the implementation of projects by the Government of Nepal and other stakeholders.

General Data Protection Regulations (GDPR)

71. Please refer to the details of the GDPR relationship status and personal data (where applicable) for this project as detailed in Appendix A and the standard clause 33 in section 2 of the contract.

Duty of Care

72. FCDO or British Embassy Kathmandu will not take responsibility of personal security and well-being of the Supplier or the downstream partners. The Supplier will be responsible for Duty of Care of the staff contracted on the programme.

73. Regarding information security, Suppliers are responsible for not sharing sensitive information with any parties other than FCDO.

74. The Supplier is responsible for the safety and well-being of their personnel and third parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.

75. FCDO will share available information with the Supplier on security status and developments in country where appropriate. A security briefing by FCDO Nepal is available to all Supplier personnel on request. All such personnel must register with their respective Embassies to ensure that they are included in emergency procedures.

76. This programme will require the Supplier to operate in a seismically active zone which is at high risk of earthquakes. Following the earthquakes in April and May 2015 several aftershocks have been felt and continue to occur. Earthquakes are impossible to predict and can result in major devastation and loss of life. There are several websites focusing on earthquakes, including http://geology.about.com/library/bl/maps/blworldindex.htm. The Supplier(s) should be comfortable working in such an environment and should be capable of deploying to any areas required within the region to deliver the contract.

Foreign, Commonwealth & Development Office

Supporting information / Annexes

Annex A:

FCDO/British Embassy Kathmandu (BEK) Overall Project/ Intervention Summary Risk Assessment Matrix

Project / intervention Title: **BEK**
Location: **NEPAL**
Date of assessment: **February 2023**
Assessing official: PSM Rajeswori Shrestha
Signed Off by: Deputy Head of Mission/PSO
Note that this risk assessment will be re-examined at the point of transition between the design phase and the implementation phase.

Theme	**BEK/FCDO- N Risk score**	**Comments if any**
OVERALL RATING 10	3	
FCDO travel advice	N/A	Travel Advice Latest updated 21st January 2023
Host nation travel advice	N/A	http://nepal.gov.np:8080/NationalPortal/view-page?id=113
Transportation by: (i) Air	4	Transport by air and road both carry substantial risks in Nepal, particularly during the monsoon period. All air carriers from Nepal have been refused permission to operate air services to the EU due to safety concerns. See Air travel.
Transportation by: (ii) Road	4	Car and motorbike accidents are one of the biggest causes of injury and death overseas. If possible, avoid travelling at night. Always travel in a well-maintained vehicle with seatbelts. See Road travel
Security	2-3	Depending on the area you are travelling to. See Safety and Security
Civil unrest	2-3	Depending on the area you are travelling to.

Theme	**BEK/FCDO- N Risk score**	**Comments if any**
Violence/crime	2	There's a low rate of serious crime in Nepal. However, you should take sensible precautions. See Safety and Security
Terrorism	2	Terrorists are likely to try to carry out attacks in Nepal. See Terrorism
War	1	
Hurricane	1	
Earthquake	4	Kathmandu valley and western part of Nepal most vulnerable.
Landslides	4	High risk during monsoon season especially in hills/mountains region. See Monsoon season
Flood	4	High risk during monsoon season especially in Terai region. See Monsoon season
Medical Services	3	Depending on the area you are travelling and remoteness.
Nature of Project/ Intervention	3	Depends on location of the project and visit sites.

1 Very Low Risk	2 Low Risk	3 Medium Risk	4 High Risk	5 Very High Risk
Low		Medium	High Risk	

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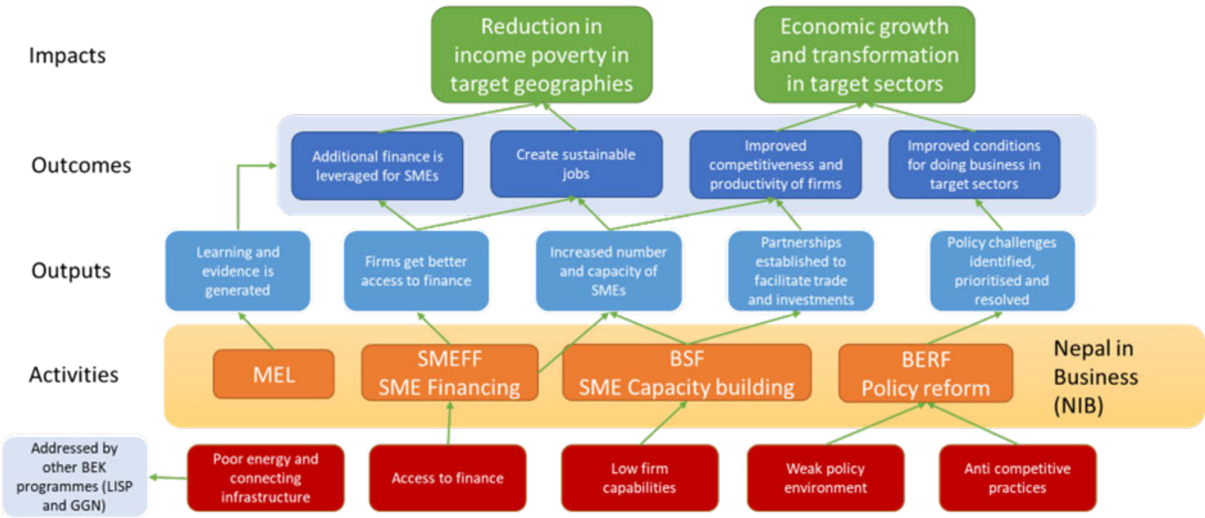
Annex B: NIB Theory of Change



Annex C: Indicative Logframe

NIB_Indicative Logframe_Feb21 202

Annex D: Business Case

Business Case _Nepal in Business_Redacted

Appendix A: of the Terms of Reference (Annex A)
Schedule of Processing, Personal Data and Data Subjects

This schedule must be completed by the Parties in collaboration with each-other before the processing of Personal Data under the Contract.

The completed schedule must be agreed formally as part of the contract with FCDO and any changes to the content of this schedule must be agreed formally with FCDO under a Contract Variation.

Description	Details
Identity of the Controller and Processor for each Category of Data Subject	The Parties acknowledge that for the purposes of the Data Protection Legislation, the following status will apply to personal data under this contract. 1) The Parties acknowledge that Clause **[33.2 / 30.2** Protection of Personal Data**]** and **[33.4 / 30.4]** (**[**Section 2 of the contract **])** shall not apply for the purposes of the Data Protection Legislation as the **Parties are independent Controllers** in accordance with Clause 33.3 in respect of the following Personal Data Necessary for the administration and/or fulfilment of this contract.
Subject matter of the processing	
Duration of the processing	
Nature and purposes of the processing	
Type of Personal Data [and Special Categories of Personal Data]	
Plan for return and destruction of the data once processing complete.	**(UNLESS requirement under EU or European member state law to preserve that type of data)**