



## **CALL DOWN CONTRACT**

Framework Agreement with: Crown Agents Ltd

Framework Agreement for: **CPG/798/2015 THE CONFLICT STABILITY AND SECURITY FUND**

Call-off Contract For: Improving Public Financial Management and Accountability (PFMA2)

Call-off Contract Purchase Order Number or reference number: PO 7963

I refer to the following:

- 1. The above mentioned Framework Agreement**
- Your proposal of May 2017

and I confirm that DFID requires you to provide the Services as stated in the attached Statement of Requirement and, under the Terms and Conditions of the Framework Agreement which shall apply to this Call-off Contract as if expressly incorporated herein.

### **3. Commencement and Duration of the Services**

3.1 The Supplier shall start the Services no later than **17th October 2017** ("the Start Date") and Services shall be completed by **16<sup>th</sup> May 2021** ("the End Date") unless the Call-off Contract is terminated or extended in accordance with the Terms and Conditions of the Framework Agreement and by contract variation.

### **4. Recipient**

4.1 Authority requires the Supplier to provide the Services to the **Government of Nepal** ("the Recipient").

### **5. Financial Limit**

5.1 Payments under this Call-off Contract shall not exceed £3,030,512.00 ("the Financial Limit") and is exclusive of any government tax, if applicable as detailed in the Framework Agreement and the Statement of Requirements and schedule of Prices and Rates at Appendix B.

**6. Milestone Payment Basis**

6.1 Where the applicable payment mechanism is "Milestone Payment", payments will be made on satisfactory performance of the services, at the payment points defined as per schedule of payments. At each payment point set criteria will be defined as part of the payments. Payment will be made if the criteria are met to the satisfaction of the Authority when the relevant milestone is achieved in its final form by the Supplier or following completion of the Services, as the case may be, indicating both the amount or amounts due at the time and cumulatively. Payments pursuant to clause 15 are subject to the satisfaction of the Project Officer in relation to the performance by the Supplier of its obligations under the Call-off Contract and to verification by the Project Officer that all prior payments made to the Supplier under this Call-off Contract were properly due.

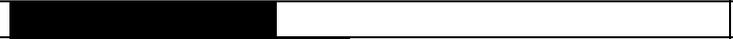
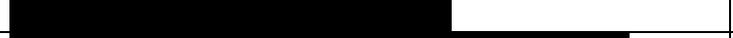
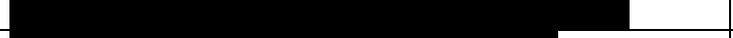
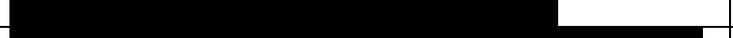
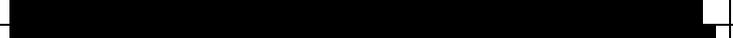
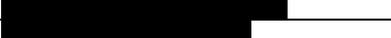
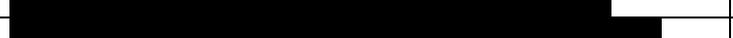
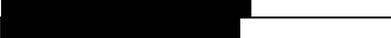
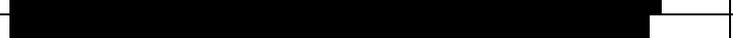
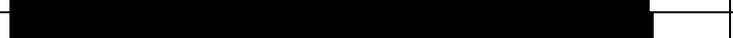
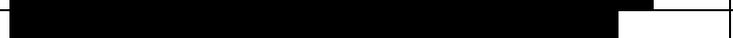
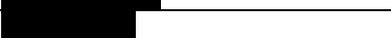
**7. Officials**

7.1 The Authority Project is:   
Department for International Development

7.2 The Contract Officer is:   
Department for International Development

**8. Key Personnel**

8.1 The following of the Staff cannot be substituted by the Supplier without the Calling-Off body's prior written consent:

Title	Name
	
	
	
	
	
	
	
	
	
	
	
	

8.2 Written consent is required prior to the appointment of Staff to any vacant roles. The Supplier should provide their CV and explain their recruitment methodology and how the selection of team members has been tailored to ensure best value.



## **9. Sub-contractors**

9.1 Crown Agents have permission to sub-contract with the following organisations;

Team Consult;  
ODI;  
The Governance Group;  
ACCA-Nepal;  
AARC Limited;  
Accountability Lab

## **10. Reports**

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

## **11. Duty of Care**

11.1 Unless otherwise agreed, all Staff (as defined in Section 2 of the Agreement) engaged in connection with the performance of this Call-off Contract will come under the duty of care of the Supplier. The Supplier will be responsible for all security arrangements and Her Majesty's Government accepts no responsibility for the health, safety and security of individuals or property.

11.2 Unless otherwise agreed, the Supplier will be responsible for taking out insurance in respect of death or personal injury, damage to or loss of property, and will indemnify and keep indemnified the call-off Authority in respect of:

- Any loss, damage or claim, howsoever arising out of, or relating to negligence by the Supplier, the Staff, or by any person employed or otherwise engaged by the Supplier, in connection with the performance of the Call-off Contract;
- Any claim, howsoever arising, by the Staff or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-off Contract.

11.3 The Supplier will ensure that such insurance arrangements as are made in respect of the Staff, or any person employed or otherwise engaged by the Supplier are reasonable and prudent in all circumstances, including in respect of death, injury or disablement, and emergency medical expenses.

11.4 The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-off Contract in relation to Duty of Care may be included as part of the management costs of the project, and must be separately identified in all financial reporting relating to the project.



11.5 Where the Call-off Authority is providing any specific security arrangements for Suppliers in relation to the Call-off Contract, these will be detailed in the Terms of Reference/Statement of Requirements.

## 12. Call-off Contract Signature

12.1 If the original Form of Call-off Contract is not returned to the Contract/Project Officer (as identified at clause 7 above) duly completed, signed and dated on behalf of the Supplier within 10 working days of the date of signature on behalf of the Authority, the Authority will be entitled, at its sole discretion, to declare this Call-off Contract void.

For and on behalf of  
The Secretary of State for  
Foreign and Commonwealth Affairs

Name:

Position:

Signature:

Date:

For and on behalf of Crown Agents Ltd

Name:

Position:

Signature:

Date:

Please refer to the call-down Terms and Conditions for Framework CPG/798/2015 - THE CONFLICT STABILITY AND SECURITY FUND .



## Call-down Contract

### TERMS OF REFERENCE

#### Improving Public Financial Management and Accountability programme (PFMA)

##### 1. Introduction

- 1.1. The Department for International Development (DFID) leads the UK's work to end extreme poverty. We're ending the need for aid by creating jobs, unlocking the potential of girls and women and helping to save lives when humanitarian emergencies hit.
- 1.2. We work in Nepal to improve efforts to reduce political instability, boost economic growth and economic inclusion, provide basic services and increase resilience to natural disasters.

##### 2. Objective

- 2.1. The objective of this contract is effective management and implementation of the *Improving Public Financial Management and Accountability* (PFMA2) programme.
- 2.2. PFMA2 will support reforms in government policies, systems and activities to improve PFM and revenue systems, and reduce opportunities for corruption in Government of Nepal (GoN) service delivery sectors that matter most for the poor. It will do this through the delivery of high quality analysis of fiduciary and corruption risks in key sectors in Nepal; support for the development and implementation of tailored sector PFM reform plans and activities; the provision of technical advice and capacity building on fiduciary and corruption risk mitigation and safeguards at the sectoral level; and support for embedded technical assistance and "hands-on" support in sector financial management and revenue administration reforms.
- 2.3. PFMA2 builds on some elements of a previous programme (*Deepening Public Financial Management and Accountability in Nepal*) that supported PFM reforms within specific sectors (such as health, climate change, and peace and justice) and delivered analysis on fiduciary risks across the DFID Nepal portfolio.



### 3. The Recipient

- 3.1. The direct beneficiaries of this contract are GoN ministries and departments working on PFM reforms, especially those focused on improved financial management performance in social sectors. These include, but are not limited to, Ministry of Finance, Financial Controller General's Office, Office of Auditor General, Ministry of Health and Population, Ministry of Environment, Science and Technology, Ministry of Women, Children and Social Welfare, and Central Bureau of Statistics. Citizens of Nepal will benefit indirectly from the improved performance and accountability in social sectors that the project aims to generate.

### 4. Scope

#### *Programme objectives and components*

- 4.1. At the outcome level, the programme will support reforms in government policies, systems, and activities that will contribute to improved accountability and effective functioning of Nepal's social sector PFM systems and revenue. The programme consists of two outcomes, for which the Service Provider will be responsible:

**Component 1:** Analysis of fiduciary and corruption weaknesses in key sectors for GoN and DFID Nepal, and the provision of advice to either (a) put short term safeguards in place or (b) provide advice to the GoN to remedy and mitigate assessed weaknesses (such as the development of sector financial management improvement plans, or risk assurance frameworks).

**Component 2:** Flexible and responsive technical assistance and capacity building that will (a) design and implement specific assignments identified in sector financial management improvement plans; and (b) identify, propose, and implement reform assignments (based on technical and political analysis) around emerging windows of opportunity, or 'orphan' needs not addressed through other PFM programmes that are of systemic benefit, or which strengthen harmonisation between central and sector reform efforts.

- 4.2. The total value for these two components will be within a range of [REDACTED]

#### *Service Provider requirements:*

- 4.3. The key requirements for the contracted Service Provider will include the ability to:
- Operate in Nepal from the outset of the programme.
  - Provide (or secure services to provide) high quality PFM, fiduciary risk, revenue and financial accountability advice and analysis, as well as political economy analysis in these areas.
  - Provide (or secure services to provide) high quality sector-specific analysis and technical advice on these topics.
  - Build and sustain strong working relationships across GoN, including within sectors and with core central economic entities/central PFM agencies.



- Build synergies between DFID Nepal sector programmes, with a specific view to identifying opportunities to promote reforms across sectors.
- Demonstrate commercial capability and an applied VfM approach.
- Demonstrate flexibility and responsiveness to changing contexts (i.e. political, bureaucratic, environmental, security) in programme and operations.

#### *Coordination and collaboration between partners*

- 4.4. DFID is currently providing technical assistance, capacity building support, and financial aid to GoN through programmes in the following sectors: local governance, health, climate change, renewable energy, government statistics, peace and security, skills, and rural infrastructure. Over the past 24 months, these programmes have involved elements of PFM improvements including risk analysis, reform plans, or specific reform assignments. The Service Provider is expected work with these programmes, and to build on the existing PFM reform measures that support more efficient, effective and accountable sector financial management performance. This will require the development and fostering of strong relationships across a broad range of GoN ministries and departments in close coordination and alignment with sector programme priorities. Emphasis will be placed on identifying common PFM reforms for implementation within sectors that are harmonised across sectors, boosting and reinforcing positive outcomes at a system level.
- 4.5. Coordination will also be required with actors involved in PFM reforms at central/national levels. A focus will be placed on alignment between sector reforms with GoN PFM reform priorities (articulated in the Public Financial Management Reform Plan Phase 2) and activities already underway, supported by other implementers, with the goal of supporting overall harmonisation of GoN PFM reform efforts. This will require effective coordination with other key development partners active in the PFM space, including in particular, the Asian Development Bank, USAID, and the World Bank.
- 4.6. PFMA2 will prioritise a flexible, iterative approach to implementation that balances ongoing responsiveness to GoN needs (both planned and rapid-response) with proactive identification and capitalising on emerging opportunities for strategic reforms. This approach is based on the experience of recent interventions in Nepal and is judged to be a necessary response to the difficult PFM reform environment in country. It also builds on extensive recent evidence on institutional reforms such as the work on problem driven iterative adaptation (PDIA).



### *Geographical coverage*

- 4.7. In all areas of the project, the Service Provider will work with sector partners at the required level of implementation. This will be largely based in Kathmandu central ministry/department units but may also include work in deconcentrated or other sub-national units of sector ministries/departments, dependent of the nature of the specific assignment.

### *Methodology*

#### A. Inception Phase

- 4.8. This programme is designed to support reforms that improve PFM performance and accountability in GoN sectors that matter for the poor. It will take place in coordination with other donors and other PFM reform initiatives underway. Although it is based around the provision of a clear set of technical inputs and deliverables, flexibility will be needed in terms of timing and approach, especially as part of the work relates to as-yet-unidentified assignments that will emerge from the ongoing work of the programme and from the development of financial management improvement plans (FMIPs). Flexibility in selection, timing, prioritisation and approach to assignments will be required to deal with the high likelihood of ongoing political instability, varying levels of levels of political will for certain reform initiatives, and the changing context of reform. In the face of wider institutional weakness, it may be necessary to delay, reprioritise or drop certain activities. This is anticipated to be less of a factor with regard to Component 1, where many of the activities can be largely confirmed during the initial stages of the project. However, activities under Component 2 (especially those based on the Service Provider's analysis of potential/emergent opportunities) will likely require a phased approach to identification, timing and delivery.
- 4.9. With this in mind, the SP will be required to undertake a 3 month inception phase to develop and submit updated work plans and budgets for the first year. These will be developed with the lead DFID Adviser/SRO and Programme Manager in the relevant sector and signed off by the lead DFID Governance Adviser and Programme Manager for PFMA2.
- 4.10. Progress to the Implementation Phase will be dependent on the successful and satisfactory completion of the Inception Phase, including delivery of the outputs noted above and the agreed workplan and budget for the first year of implementation.<sup>1</sup> Progress from one year to the next will be dependent on the satisfactory performance of the Service Provider in the previous year, agreement on the workplan and budget, and DFID's decision to continue this support.



4.11. There remains considerable political instability and uncertainty in the delivery context in Nepal, including around the implementation of the Nepal Constitution 2015, the restructuring of the state, and functions of the new federal system of government. Supporting the emerging PFM needs of sectors during this transition will demand a flexible response by DFID. Dependent on context demands, and supplier performance, DFID may consider scaling up the range or timeframe of activities under this contract.

B. Implementation phase

4.12. Subject to the approval of the inception phase report, detailed work plans and budget, and the above-noted conditions, the Service Provider will move to full implementation of the programme after 3 months. The Service Provider will be expected to deliver a set of outputs and indicative activities, to be agreed and finalised after discussions with DFID Senior Responsible Owner (SRO) and DFID sector programme teams and GoN counterparts:

5. **Outputs/Deliverables**

5.1. The SP will be expected to deliver the following key outputs:

***Inception Phase***

Tangible deliverables will be required from the Inception Phase. These should include<sup>2</sup>:

- An inception phase work plan (within 1 week);
- Re-confirmation (and if necessary updating) of the project Outputs with DFID (within 2 weeks);
- Detailed first quarter and first annual work plans per sector in consultation with sector Adviser(s) and PFM adviser, with corresponding budgets (within 4 weeks);
- Standard procedures for engaging sector Adviser and programme teams on assignments over the lifetime of the programme;
- Standard process (e.g. including sources and systems of analysis, feasibility assessment) for the 'opportunity spotting' assignments under Component 2 on emerging areas of reform<sup>3</sup> (within 2 weeks);
- Process for ongoing cross-sector learning both across assignments undertaken by programme team and for policy learning among DFID sector programmes;
- An interim programme M&E system (within 2 weeks);
- An Inception Phase Report to be submitted immediately on completion of the Inception Phase, that draws on programme learning from the current PFM programme portfolio within DFID Nepal (within 1 week).



### ***Implementation Phase***

- The completion of key analytical studies to provide the evidence for reform plans, which may include:
  - Analysis of existing national and sectoral public finance management reform activities and plans, including through District and Village level information collection, and, if required, third party monitoring;
  - Assessments of fiduciary performance against Public Expenditure and Financial Accountability (PEFA) standards and benchmarks. This will also involve undertaking requisite Fiduciary Risk Assessments (FRA) and Annual Statements of Progress (ASP) at national and sectoral level, completing Public Expenditure Tracking Surveys, (PETS), vulnerability to corruption analysis, procurement analysis, sectoral budget analysis; analysis of GoN sectoral trimester financial management reports; Monitoring of PFM systems, Audit report analysis (including analysis of external audit reports from the Nepal Office of the Auditor General)
- Supporting national partners to develop and strengthen Financial Management Improvement Plans (FMIPs) or activities, or comprehensive and costed plans for their sectors.
- Proposing sub-projects/assignments around PFM issues, based on fiduciary, corruption and political economy analysis for DFID approval, identifying targeted reforms, likely partners and demonstrating a link to the overall programme results framework, objective and annual workplan;
- Identifying and generating cross-sector learning on PFM risks, challenges and reform opportunities that have a broad benefit to Nepal's PFM system across sectors of focus.
- Providing or arranging technical support for GoN partners to implement PFM reform plans in sectors. This may include training of government officials, procurement of goods/services, or embedded advisory expertise but will not include direct funding to GoN.
- Support for the piloting of capacity building reforms/implementation of sectoral FMIPs that will involve the provision of technical support and the procurement of equipment (including software and hardware) and facilities improvements.

The bidder should elaborate a schedule of deliverables based on the outline above. This will be used to define payment for the supplier in an output based contract.



## **6. Value for Money**

- 6.1 As an integrated approach to PFM reform across the sectors in which DFID Nepal works, this programme is designed to achieve synergies (e.g. through cross-sector learning; clustering of risk assessments) and value for money for the UK taxpayer. Units costs are expected to reflect these savings in both inception and implementation phases. Savings are also expected to be generated through the increased use of Nepali expertise over the lifetime of the programme.
- 6.2 It is expected that the Service Provider will over the lifetime of the programme increase the use of Nepali expertise as far as possible, limiting the requirements for long or short term international consultancy support to cases where national capacity is not available. This is considered to be an important measure of the programme's Value for Money (VFM); repeated use of experts and the related building of capacity and expertise of national consultants so that in the outer years of the programme there is a tapering of the use of international consultant days towards more use of national expertise, thus driving down the expense related to the largest programme cost driver (international fees). The SP will be expected to demonstrate this through reporting over the lifetime of the programme.
- 6.3 SP performance on VFM will also be assessed during the Annual Review process. In the bidding process, it is expected that the SP will explicitly reflect how they will demonstrate VFM during programme implementation, with particular focus to programme results, suggested methods of measurement (metrics), and monitoring approaches. These measures will be scored during the procurement process and a finalised VFM approach will be agreed during the inception phase.

## **7. Constraints and dependencies**

- 7.1. The PFMA Management Team will be expected to plan with sufficient flexibility (both in terms of timing of assignments, and in prioritisation/sequencing of work) to accommodate unexpected changes resulting from persistent political instability in Nepal, as well as holiday periods.
- 7.2. The supplier must be self-supporting and responsible for their own activities. It should not rely on DFIDN transport, offices, facilities or logistical or administrative support.



## 8. Implementation Requirements

8.1. The SP will provide technical leadership and administrative support for the implementation of the programme. The SP will be responsible for all procurement, contracting, financial administration, accounting and audit relating to the use of programme funds. The SP will be responsible for the following tasks:

- Technical leadership in the design and delivery of agreed outputs and activities;
- Planning – facilitating the drafting of sectoral, quarterly and annual work plans (including proposed procurement activities), costs and budgets;
- Financial management including procurement (all procurement of facilities and equipment will be managed by the Service Provider); contracting; contract administration; payments; accounting and audit (the Service Provider will maintain all of the financial records and accounts relating to programme expenditures). A quarterly statement of expenditure, in the agreed DFID format, will be submitted to DFID Nepal. In the event that implementation of discrete programme components are devolved to third parties, the Service Provider will put in place audit and/or due diligence procedures acceptable to DFID;
- Monitoring, evaluation and lesson-learning to assess progress with implementation. These assessments will be supplemented by updated risk analysis, together with suggested risk mitigation measures;
- Quality assuring the work of sub-contract service providers;
- Logistical support such as arranging visit programmes for experts, attendance at overseas' training events, organising workshops and learning events;
- Progress reporting, including the preparation of routine physical progress reports and financial reports;
- Aid coordination: supporting DFID efforts to coordinate with other stakeholders working on PFM reform;
- Robust financial and procurement systems for both core and sub-contractors that meet DFID's requirements;
- Proven systems to ensure compliance and quality of sub-contracted work;
- High quality management services that enable the above



## 9. Staffing requirements

- 9.1. The Service Provider will provide an appropriate level and mix of staffing to deliver the programme. It is anticipated that this will include a full time, resident Team Leader with experience of working in Nepal or similar context; suitable administration support and a pool of national and international experts with relevant expertise outlined below from which to draw expertise to deliver assignments. Ability to conduct political economy analysis and monitoring and evaluation should also be included in the skillset of the team. The team will also require experience of operations and/or delivering reforms in a range of social service sectors (e.g. health, climate change, security and justice, local government).
- 9.2. The Project Team Leader should have expertise in areas relevant to PFM, corruption, government accountability and revenue. S/he should have cross sector project management experience in the areas of policy development and influence, and capacity building. S/he should have strong experience in leading and managing large and complex TA programmes or projects in challenging environments, with a good understanding of the political, policy and administrative context in Nepal.
- 9.3. The SP should use expertise (national and international) and human resources that are familiar with sector and central level PFM dynamics in Nepal. It is expected that this expertise will be strengthened over the lifetime of the programme through repeated use of experts familiar with the sector/ministry/department/agency etc and through the pairing of national and international expertise to build capacity.
- 9.4. The team needs to demonstrate capacity to provide and contract expertise on the thematic areas mentioned below:
  - 9.4.1. **PFM and public sector accountability:** Policy development, integrated planning and institutional capacity building of government sector ministries/departments and other GoN stakeholders on PFM and accountability reforms. In-depth knowledge of PFM and administrative reform issues in Nepal, especially social sectors. Technical experience in accounting, reporting, budgeting, audit (external/internal), financial management information systems; sectorial expertise as it relates to PFM; and fiduciary risk assessment.
  - 9.4.2. **Corruption and fraud:** Analysis of fraud and corruption risks; drivers and effects of corruption (including sectoral specific dynamics); development of short-term safeguards and medium-term mitigation measures; fraud audit; assurance frameworks; follow-the-money methodologies.



- 9.4.3. **Political economy analysis:** Research and analysis (detailed and/or rapid 'everyday political analysis') of political economy concerns, including of formal and informal structures/institutions; focus on underlying interests, incentives and institutions; application of PEA insights to shape politically feasible reform strategies.
- 9.4.4. **Governance:** Institutional analysis of government organisations/departments, design and implementation of capacity building programmes and strengthening institutional policies and systems.
- 9.4.5. **Revenue and tax administration:** Policy development, integrated planning and institutional capacity building of government revenue sector; experience of analysis in revenue sector; policy development and administration reforms related to revenue sector (e.g. tax, customs, tariffs); sequencing of revenue administration and policy reforms; tax advisory/professional capacity building.
- 9.4.6. **Monitoring and Evaluation:** Monitoring and evaluation of development interventions in a range of sectors, with a focus on PFM and accountability programmes. Deploying mix-method techniques, ability to analyse complex data, and develop innovative mechanisms of disseminating results.

## 10. Reporting and Co-ordination

- 10.1. The Service Provider will be responsible for all coordination with DFID, including on outputs delivered by other experts and partners attached to or sub-contracted. The Service Provider will be responsible for coordination across sectors of operation (involving DFID programme teams as well as GoN counterparts).
- 10.2. Reporting will be as follows:
- For programme reporting, coordination, management and technical matters, the SP will report to the DFIDN Senior Responsible Owner (SRO).
  - For financial management and day to day management issues, the SP will report to the DFID Programme Manager.
- 10.3. The SP will submit quarterly progress reports to DFID. These will summarise progress made that quarter against agreed Work Plans. Monthly meetings with DFID to monitor progress will also be organised by the supplier. The SP will submit Annual Reports at the end of each 12 month period, detailing how the programme is performing against the agreed Annual Work Plan, Programme Strategy, as well as against key indicators. Progress against agreed VfM measures/metrics/indicators will also be assessed as part of the Annual Review process.



- 10.4. Annual Reports will be used by DFID to undertake Annual Reviews, in line with standard DFID requirements. The SP will support these reviews, including through preparation of background documents, organising meetings and other logistic support. An audit of procurement will form part of these Reviews.
- 10.5. The Service Provider will submit financial reports which will include an annual forecast of expenditure (the budget) disaggregated monthly in accordance with DFID's financial year April to March. This should be updated monthly and any significant deviations from the forecast notified to DFID immediately. DFID Nepal expects monthly forecasting deviation to be not more than ■■■. The SP will be required to highlight and slippages or changes to forecasts as early as possible to DFIDN.
- 10.6. In addition, the service provider will also be required to provide annual audited statements for the duration of the contract.

## **11. Transparency**

DFID has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. DFID 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 DFID – further IATI information is available from;

<http://www.aidtransparency.net/>

## **12. Timeframe**

- 12.1. The selected Service Provider will work to the following timetable:
- Mobilisation and deployment of team: Within 30 days of signing the contract.
  - Inception report: Within three months from the date of signing the contract and with deliverables as per the above outline.
  - Technical Assistance period: 17<sup>th</sup> October 2017 – 16<sup>th</sup> May 2021.
- 12.2 The contract will be issued for the Technical Assistance period mentioned above. There will be a break clause at 3 months from the date of signing of the contract. If necessary, for achieving the intended programme goals, DFID may consider for an extension of contract.



### **13. Duty of Care**

- 13.1. DFID Nepal will not take responsibility of personal security of suppliers. They have to be responsible by themselves. DFID Nepal has a Risk Management Office (RMO) available to provide security briefing and information to the supplier as per their request.
- 13.2 Regarding information security, suppliers are responsible for not sharing sensitive information with any parties other than DFID.
- 13.3 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.
- 13.3 DFID will share available information with the supplier on security status and developments in country where appropriate. A security briefing by DFID 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.
- 13.4 This Procurement 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 a number of 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 in order to deliver the contract (subject to travel clearance being granted).
- 13.5 Tenderers must develop their Tender on the basis of being fully responsible for Duty of Care in line with the details provided above. They must confirm in their Tender that:
- they fully accept responsibility for Security and Duty of Care;
  - they understand the potential risks and have the knowledge and experience to develop an effective risk plan;
  - they have the capability to manage their Duty of Care responsibilities throughout the life of the contract.



## 14. Background

- 14.1. The programme will support and influence reforms in government policies, processes and activities to improve PFM and revenue systems, and reduce opportunities for corruption in GoN service delivery sectors that matter most for the poor.
- 14.2. Accountable systems of PFM (both expenditure and revenue) are needed in key sectors in Nepal to enable more efficient and effective delivery of services to the poor and to support Nepal's self-financed exit from poverty. For instance, very low capital budget expenditure limits the delivery of pro-poor services and infrastructure. Poor budgeting processes result in the non-strategic use of sector resources and missed opportunities to prioritise scarce resources effectively. Serious accountability constraints in PFM systems also increase the risks of wastage, mismanagement or corruption and the marginalisation of in-need populations.
- 14.3. By improving the performance of PFM systems in social sectors this intervention will thus contribute to enhancing the effectiveness of expenditure in social sectors and their contributions to poverty reduction in Nepal. Improvements to revenue administration and policy will support the GoN to better budget around the use of its own resources, reducing over time the reliance on external assistance in social sectors. In light of the fiduciary and corruption environment in Nepal, the focus on improved accountability in sector PFM systems will reduce opportunities for corruption, safeguard UK funds, and protect the use of development funds in critical areas such as health, security and justice and disaster resilience for the purpose – and people – for whom they are intended.

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i. To clarify, this refers to a 'break clause'. If the inception phase objectives are not delivered to a high quality, we retain the right to end the contract, without proceeding to the full implementation phase.

ii. Note that tasks may not be limited to those set out in the TORs. A final task list and timings will be agreed once the contract is awarded. Times indicated reflect required delivery date after the Inception Period has concluded.

iii. An outline process should be developed during the Inception Phase but will be revisited during implementation to be refined based on evolving experience.



