

CONTRACT FOR SUPPLIER SERVICES

Section 1 - FORM OF CONTRACT

CONTRACT FOR : **Lot 1 - Monitoring Evaluation & Learning Unit – DFID Nepal Resilience Portfolio (supporting climate smart development and effective disaster risk management)**

PURCHASE ORDER NUMBER : **PO8031**

THIS CONTRACT is made

BETWEEN : The Secretary of State for International Development at the Department for International Development, ("DFID"); Abercrombie House, Eaglesham Road, Hairmyers, East Kilbride, G75 8EA

AND : IOD PARC (trading name of International Organisation Development Ltd) ("Supplier") whose principal place of business, or, where the Supplier is a company, whose registered office is situated at Omega Court, 362 Cemetery Road, Sheffield, S11 8FT

(together "the Parties").

WHEREAS:

- A.** DFID requires the Supplier to provide the services as defined in Section 3 (the "Services") to DFID Nepal (the "Recipient"); and
- B.** the Supplier has agreed to provide the Services on the terms and conditions set out in this Contract.

IT IS HEREBY AGREED as follows:

1. Documents

This Contract shall be comprised of the following documents:

Section 1	Form of Contract
Section 2	General Conditions
Section 3	Terms of Reference
Section 4	Special Conditions
Section 5	Schedule of Prices
IOD PARC Technical Proposal dated 17 th March 2017	
IOD PARC Commercial Proposal dated 17 th March 2017	

This Contract constitutes the entire agreement between the Parties in respect of the Suppliers obligations and supersedes all previous communications between the Parties, other than as expressly provided for in Section 3 and/or Section 4.

2. Contract Signature

If the Original Form of Contract is not returned to the Contract Officer (as identified in Section

4) duly completed (including the applicable Purchase Order Number at the top of Section 1), and signed and dated on behalf of the Supplier within **15 working days** of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Contract void.

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

3. Commencement and Duration of the Services

The Supplier shall start the Services on 01 August 2017 (the "Start Date") and shall complete them by 31ST January 2023 (the "End Date"), contract duration of 5.5 years. Unless this Contract is terminated earlier in accordance with its terms and conditions.

4. Financial Limit

Payments under this Contract shall not, in any circumstances, exceed **£2,916,615** exclusive of any government tax, if applicable (the "Financial Limit").

5. Time of the Essence

Time shall be of the essence as regards the performance by the Supplier of its obligations under this Contract.

For and on behalf of
The Secretary of State for
International Development

Name:

Position:

Signature:

Date:

For and on behalf of
IOD PARC

Name:

Position:

Signature:

Date:

Section 3

TERMS OF REFERENCE

Portfolio Monitoring, Evaluation and Learning Unit for the DFID Nepal resilience portfolio

LOT 1 MEL – PO8031

Introduction

1. These Terms of Reference identify the obligations of THE SUPPLIER contracted to act as a Portfolio Monitoring, Evaluation and Learning (MEL) Unit in support of the implementation of DFID's 'Climate Smart Development for Nepal' and 'Strengthening Disaster Resilience in Nepal' programmes.
2. The MEL will synthesise monitoring data and conduct analysis to help DFID Nepal flexibly manage the programmes, ensuring strong value for money. The MEL will also generate evidence through evaluations on DFID Nepal's disaster resilience and climate smart development programmes, sharing findings and facilitating learning with a range of audiences.
3. The total budget available for the MEL is approximately £3.5 million (inclusive of any applicable taxes) over 5.5 years (July 2017 – December 2022). DFID invites suppliers to set out how they will deliver the outputs set out in this Terms of Reference within the overall budget ceiling, providing demonstration of maximising the effective utilisation of the proposed budget linked to results to be achieved. Value for money will be a key commercial scoring criterion for supplier proposals.
4. This Terms of Reference for the MEL unit is LOT 1 of a two-lot procurement. LOT 2 is for a linked, but separate Policy and Institutions Facility (PIF). **Suppliers are welcome to bid for one or more lots and a distinct proposal will be required for each lot for which a bid is submitted.** Where bidding for both Lots, Suppliers should provide VfM rationale for combining both lots and an added value justification as an annex to the Commercial proposal, to be read only if successful in winning both Lots. Regardless of bidding approach, suppliers should demonstrate how:
 - The proposal will maximise Value for Money (refer to the VfM framework in the BC);
 - They propose to create excellent synergies and complementarities between lots irrespective of the number of suppliers involved;
 - They will ensure effectiveness in monitoring, management and reviews;

- They will ensure excellent relationship management with multiple stakeholders and DFID.

Recipient and Beneficiaries

5. The principal recipient of the MEL unit services will be DFID Nepal. However, the products from the MEL will support DFID partners to programme more effectively and provide evidence and learning to a wide range of stakeholders including the Government of Nepal.
6. Ultimately the beneficiaries of the MEL unit will be poor and vulnerable people in Nepal, who receive benefits from more effective and evidence-based DFID support to strengthen resilience in Nepal.

Timing

7. THE SUPPLIER will provide services for 5.5 years, including a 6 months inception phase in year 1. This contract will be issued for the full duration, however due to the long duration of the programme, the contract will have adequate provision for variation to adapt to changes that occur during the life of the programme, and therefore it will be subject to break points after the inception phase and at the end of year three.
8. There may be an opportunity to extend the contract at the end of year 5 by up to 2 years if the DFID resilience programmes are still in operation, or the programmes enter a new phase of funding. Any extension would be based on a needs assessment by DFID and based on satisfactory performance by THE SUPPLIER. Services could also be scaled-up by up to 50% of the MEL unit budget subject to the requirement of the programme and strong performance from THE SUPPLIER.

Background to the DFID Nepal resilience portfolio

9. DFID is scaling up its efforts to build resilience to natural disasters and climate change in Nepal.
10. Nepal is subject to a wide range of disaster risks and impacts, including both earthquakes and climate related hazards such as floods, droughts and landslides. Disasters cost the government about six percent of its annual development expenditure per yearⁱ. Recent estimates indicate that the negative impact of weather variability is equivalent to around 2% of current GDP per year rising to 5% or more in extreme monsoon flood yearsⁱⁱ. These impacts are expected to increase significantly due to climate change.
11. Natural disasters claimed the lives of more than 27,000 people in Nepal between 1971 and 2007, with an average loss of more than 2 lives per

day due to natural disastersⁱⁱⁱ. The frequency and intensity of climate-related natural disasters has been increasing over recent years and the country was hit by a major earthquake in 2015. There is also increasing vulnerability due to the growing population and increasing economic infrastructure at risk.

12. To address these challenges DFID Nepal is taking forward two major new programmes, 'Climate Smart Development for Nepal' and 'Strengthening Disaster Resilience in Nepal'. These two programmes are the core of DFID Nepal's future portfolio on resilience and are central to the DFID Nepal office-wide strategy. The Business Cases for these programmes can be found as part of the procurement package.
13. The 'Climate Smart Development for Nepal' programme aims to accelerate climate resilient and low carbon development. It will help people and businesses to thrive in the context of increasingly severe floods, droughts and landslides under climate change. Community based adaptation planning will ensure that the programme leaves no one behind, especially women and girls. Large scale investments in water resource management will help keep economic development on track. The programme will enhance the productivity of the economy through improved uptake of off-grid renewable energy technologies and improved energy efficiency of brick kilns.
14. The 'Strengthening Disaster Resilience in Nepal' programme will build disaster resilience in Nepal, particularly to earthquakes. The programme will work with urban centres to build and plan more safely; support safer schools; improve national capacity to respond to crises; and ensure that the international community is prepared to respond. The programme will ensure that the UK is able to support a humanitarian response should a crisis hit Nepal over the life of the programme.
15. Both programmes have a strong focus on strengthening government policies and institutions for resilience and on learning and evidence. As a result the programmes share a Policy and Institutions Facility (PIF) and the MEL Unit described in this Terms of Reference.

Objective

16. DFID is seeking a supplier to act as a MEL unit in support of implementation of DFID Nepal's resilience portfolio.
17. Firstly, the MEL unit will be responsible for supporting DFID Nepal to track progress and performance against the Theory of Change and logframe for the two programmes. This will enable DFID Nepal to effectively monitor activity across a wide range of different partners, supporting continuous improvement and adapt programme management.

18. Secondly, the MEL unit will help to generate and share knowledge on disaster resilience and climate smart development in Nepal to a range of audiences, including government stakeholders, development partners, and DFID. It will generate evidence through programme evaluations of selected parts of the portfolio and will also conduct discrete operational research studies. This will support DFID Nepal and wider stakeholders to understand “what works”, for who, how and why, and help deepen the portfolio’s insight into the Nepal context. Linked to this the MEL Unit will have a proactive role in sharing evidence from the DFID resilience portfolio, as well as from programmes implemented by others in Nepal, in order to support multi-stakeholder learning.

Scope of work

19. The MEL unit will be directly accountable to deliver the four below output areas.

- Portfolio monitoring, including performance and value for money
- Evaluation
- Research and analysis
- Learning

20. We anticipate that some of the activities will be implemented by the core MEL team, and some will need to be drawn from a wider pool of call-down expertise or subcontracted by THE SUPPLIER. The MEL unit, however, will be accountable for the quality delivery of all outputs.

21. Resources will also need to be available for quality assurance of MEL evaluation and research outputs. Suppliers should think about drawing in peer review where appropriate. In addition, all evaluation outputs will need to be independently quality assured by DFID’s evaluation review service (EQuALS). This is set out in more detail in the quality assurance section below.

22. During the 6 month inception phase the MEL unit will work closely with the DFID Senior Responsible Officers (SROs) for the ‘Climate Smart Development for Nepal’ and ‘Strengthening Disaster Resilience in Nepal’ programmes to produce a workplan for the 5 years of implementation.

23. DFID Nepal will set up an internal Steering Committee, chaired by the two SROs, to oversee implementation of the two resilience programmes. The MEL will be responsible for providing data and analysis to the Steering Committee on a quarterly and annual basis to inform strategic decision making.

24. Both programmes will conduct an Annual Review by the 1st September of each year of implementation, as per DFID’s corporate requirements. This will be an important moment for the programmes to review performance.

The MEL Unit is not expected to conduct DFID Annual Reviews; this will be led by the DFID resilience team. However, the MEL Unit will be key in providing information and analysis, from the portfolio monitoring and the evaluation and research outputs for Annual Reviews. Quarterly meetings between DFID and the MEL Unit will also be held in September, December, March and June.

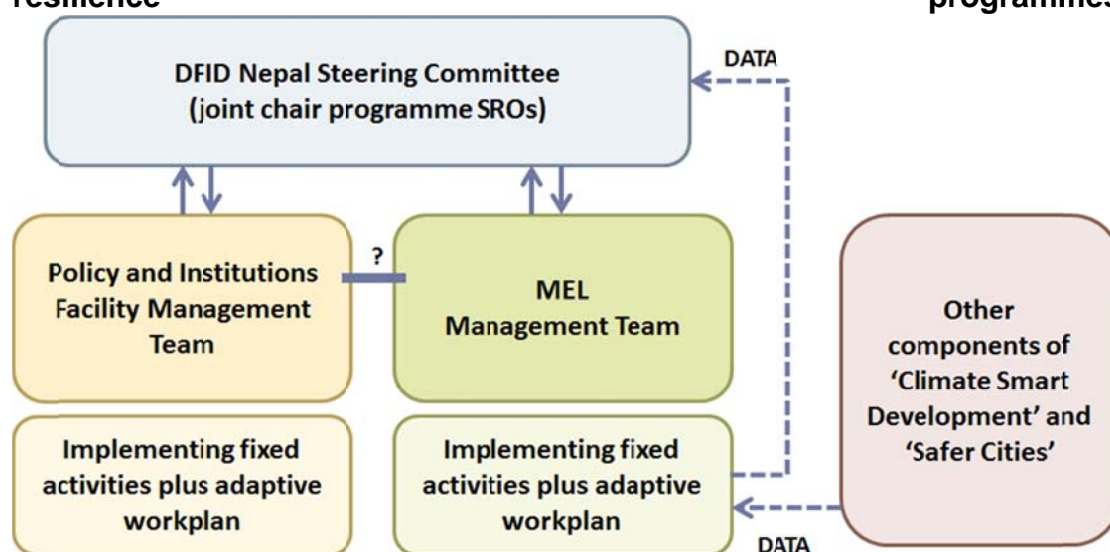
25. The proposed governance and management arrangement for the programme is set out in figure 1 below. The MEL unit will be responsible for collection, synthesis and analysis of evidence from the programme components. The MEL will work in close collaboration with the Policy and Institutions Facility (see box 1 below).

26. There will be scope for the MEL and PIF to work collaboratively on generation and use of research and evidence. The MEL is likely to produce evidence relating to programme performance that will inform the work of the PIF team. Similarly the PIF will generate findings about the wider Nepal context that will inform the MEL's analysis of programme impact.

27. The MEL and PIF will work together, implementing identified operational synergies when both contracts are mobilised, and determine regular cadence with each other to ensure complementarities or opportunities for collaboration are realised throughout the life of the contracts.

28. Your commercial proposal dated 17th March 2017 sets out how THE SUPPLIER will deliver the MEL unit outputs in a way that represents strong value for money. The delivery arrangements and assurance of overall accountability along the delivery chain will be a key element in the successful delivery of the MEL unit.

Figure 1: Governance / management structure of the DFID Nepal resilience programmes



Outputs

29. The required outputs are detailed below. These will be refined and agreed as part of the 6 month inception phase and be linked to the detailed indicative work plan for the first two years of operation with broad milestones for future years in accordance with THE SUPPLIER proposal dated 17th March 2017. For each output area targets and milestones will be agreed during the inception phase for the first two years, and then revisited for outer years.

Output Area 1: Portfolio Monitoring Mechanism

30. The objective of the 'monitoring' output area is for DFID to track progress against the Theory of Change at output, activity and input level, and to collect data to help DFID to monitor value for money. The monitoring output is not expected to independently generate data, but rather work with DFID partners across the two programmes to strengthen their monitoring systems and provide coherent synthesis of monitoring information to DFID.
31. The MEL unit will be responsible for oversight and population of the overarching logical frameworks for the DFID programmes. The MEL will work with delivery partners for each of the programme components to develop reporting formats and data collection tools; receive data from partners; analyse data; and package data for DFID.
32. Details of the programme sub components can be found in box 1 below. This will be complex work, as the DFID resilience portfolio will be working with a range of different delivery partners – Government of Nepal, UN, Red Cross, INGOs and private contracts. These delivery partners will have different monitoring and reporting approaches and cultures. DFID will work with the MEL unit supplier to ensure good working relationships and understanding with delivery partners, but it will be important for THE SUPPLIER to take a supportive and capacity building approach.
33. MEL unit will be responsible for:
- a. Reviewing and refining the logical frameworks of the DFID Nepal resilience programmes (and their sub-components set out in box 1), including generation of baseline data, indicators, and milestone targets.
 - b. Developing and/or strengthening monitoring systems of delivery partners on an on-going basis. Quality assurance of data provided by partners.

- c. Developing a Monitoring Strategy for each of the programme sub-components in collaboration with delivery partners. The strategy will include reporting templates / tools for partners, frequency, and tools for aggregation.
 - d. Helping delivery partners to develop unit cost metrics and tools to collect unit cost data. Collecting unit cost information from partners and packaging this for DFID.
 - e. Helping delivery partners to develop metrics to measure how well they are targeting women and other disadvantaged groups. Collecting gender/social exclusion information from partners and packaging this for DFID.
 - f. Collecting and aggregating results data from programme partners, as per the Monitoring Strategy.
 - g. Packaging data from programme partners and reporting programme performance to DFID at quarterly Steering Committee meetings, and for DFID corporate Annual Reviews.
 - h. Developing and tracking a series of VFM indicators to measure performance of delivery partners. These will include for example unit costs data for key deliverables and selected input costs. Reporting supplier performance to DFID at Steering Committee meetings.
34. Within this output area there will also be flexibility to undertake strategic analysis as opportunities arise. This will allow the DFID SROs to answer questions about the performance of programme delivery on a real time basis during implementation. Data generated by programme monitoring, and potentially evaluations, are likely to identify issues that will be explored further with analysis. Analysis questions will be identified in collaboration with the DFID Steering Committee, but could include on programme performance on value for money and gender/social exclusion.

Box 1: Components within the DFID resilience programmes

The components within the DFID Nepal resilience programmes are set out below.

Strengthening Disaster Resilience In Nepal

- **Component 1: Improvements to urban building and planning in disaster prone urban centres. (one supplier)** This component will provide support to up to 7 urban centres. It will determine how urban centres are affected by the risk of disasters and the impacts on buildings, infrastructure and services. It will develop and implement better local plans and policies to reduce disaster risk, particularly

for the most vulnerable and support critical infrastructure investments.

- **Component 2: Promoting safer schools (one supplier).** This component will work with the Department for Education on their Safer Schools programme and focus on retrofitting schools in areas at high risk of earthquakes, as well as awareness-raising.
- **Component 3: Strengthen system readiness to respond to humanitarian emergencies. (Delivered through a number of partners/suppliers)** This component will support national and international actors to respond to emergencies. This component will strengthen the capacity of first responders, ensuring a system of preparedness through connected logistics and stockpiling, and readiness for cash programming.
- **Component 4: Contingency fund to respond to humanitarian emergencies (delivered through a number of partners/suppliers).** This component will support humanitarian interventions to address life-saving needs should there be a crisis.

Climate Smart Development for Nepal

- **Component 1: ‘Nepal Climate Change Support Programme’ (NCCSP). (Delivered by Government of Nepal – Ministry of Population and Environment and Local Bodies).** The programme helps communities to develop and implement local adaptation plans. The new phase will build upon the successes of the existing programme with a new focus on flood management and urban planning.
- **Component 2: Increased uptake of renewable energy technologies such as solar, mini-hydro and clean cookstoves. (Delivered through Government of Nepal, Alternative Energy Promotion Centre).** The current multi donor national renewable energy programme is due to close in 2017. Under this component DFID will work with Government partners and other donors to lead the design of a new and improved second phase.
- **Component 3: Energy efficient industrial production, with a focus on clean production of bricks. (Delivered by ICIMOD)** The ‘clean bricks’ initiative will improve productivity of businesses and decrease air pollution in Kathmandu while providing building materials for the reconstruction following the earthquake.

Shared component: Policy and Institutions Facility (private sector supplier)

DFID will contract a supplier to act as a Policy and Institutions Facility (PIF) for the DFID Nepal resilience programmes. Over the programme lifetime the PIF will critically assess and take actions to address key constraints to Nepal’s disaster risk and climate change policy and institutional framework.

By building the systems for Government of Nepal to lead on disaster resilience and climate change, the PIF will help DFID Nepal to deliver a sustained and transformational impact on Nepal’s resilience to climate disasters and earthquakes beyond the beneficiaries directly supported through programme activities.

The PIF will take an adaptive approach to the design and implementation of activities. An Inception Phase will be used to identify a series of up to 6 'focus areas' for the PIF to work on during implementation. The broad workplan for subsequent years will be developed, though this will be subject to revision during the programme. We do not envision that all of the focus areas will be taken forward in the main phase or all with the same level of intensity. The PIF will identify strategic opportunities and take advantage of them as they arise.

Output Area 2: Evaluation

35. The main objective of the 'evaluation' output area is to generate learning and evidence that will inform both DFID programming, as well as that of others in Nepal. In contrast to the portfolio monitoring, the evaluation output area will have a greater focus on intended outcomes of DFID programming and whether it is being successful in making a sustainable difference in people's lives.
36. The evaluation output area is expected to focus on components within the DFID resilience portfolio, not be an evaluation of the whole programme/portfolio. Evaluations will focus on providing robust evidence around what works, for whom, how and what conditions are necessary if interventions are to be successful and/or scaled-up.
37. Four evaluations are anticipated in the DFID resilience portfolio, one impact evaluation and three theory-based evaluations (that will not employ quasi-experimental approaches). These will be focused on the areas within the DFID portfolio where there is greatest potential to learn due to evidence gaps, and where evaluation can support scale-up and replication in future programming and policy.
38. Specific evaluation questions will be set based on consideration of the Theories of Change for components and key assumptions, and will be framed by the OECD DAC evaluation criteria (relevance, effectiveness, efficiency, impact, and sustainability).
39. It is envisioned that the MEL unit will be responsible for the design and management of evaluations in consultation with DFID. However, it is anticipated that additional skills and resources will need to be brought-in. For example, data collection may be sub-contracted, and/or additional specific technical or methodological expertise sourced. The skills and requirements for the core team within the MEL unit are described below; this will be complemented with the methodology provided in THE SUPPLIER proposal dated 17th March 2017 in terms of utilising relevant, additional resource and expertise.
40. During the inception phase DFID will work with the MEL to agree in more detail which components of the programme will be evaluated and how.

We do not expect all components of the programme to be evaluated to the same level of resource and duration, and a key part of the Evaluation Strategy will be mapping out the pacing of evaluations.

41. Across all evaluations it will be important to bring in a gender responsive and social exclusion lens. This will look different for each evaluation, but should be factored in from the design phase of each evaluation.

42. MEL will be responsible for:

- a. Development of an Evaluation Strategy to set out how the programme will take forward (b) and (c) below. The scope of the evaluations may be subject to change based on the outcome of the inception phase.
- b. An evaluability assessment of the Nepal Climate Change Support Programme (within the first 3 months of the inception phase). Based on the recommendations of the assessment, the MEL will commission an impact evaluation of community based adaptation interventions under the Nepal Climate Change Support Programme¹;
- c. Three theory-based evaluations generating learning and evidence on the 'safer schools', 'renewable energy' and 'urban resilience' components. These evaluations will use mixed methods, and be aimed at tracking progress against component Theories of Change. These are initial ideas will need to be discussed with partners, and the scope and duration will need to be refined during the inception phase.

43. Examples of some of the evaluation questions that this package of evaluations could address, against the OECD DAC criteria include:

National Climate Change Support Programme

- What is the impact of NCCSP and Local Adaptation Planning (LAPAs) in reducing the vulnerability of communities to the effects of climate change? What are the impacts particularly for women and socially excluded groups? **(Impact)**
- How sustainable are the impacts of the LAPA programming? What are the major factors which influence the achievement or non-achievement of sustainability? What are the necessary conditions for scaling-up the NCCSP further? **(sustainability)**

¹ Should an impact evaluation not be deemed feasible by the evaluability assessment, an alternative evaluation approach will be agreed between DFID and THE SUPPLIER as part of the inception phase Evaluation Strategy.

- How has the NCCSP contributed to Government of Nepal leadership, capacity and implementation on climate change adaption **(effectiveness)**?

Safer schools

- To what extent and how has the programme, which brings together the three pillars for comprehensive school safety, made the schools resilient to disasters? **(impact)**
- How have safer schools influenced wider community and household awareness and preparedness to disasters? What were the major factors influencing this positively or negatively? **(effectiveness)**
- To what extent are benefits of the programme likely to continue beyond the programme? How credible are the routes to maintaining sustainability in the programme? What would be the necessary conditions for scaling-up the programme? **(sustainability)**
- Was the delivery approach cost-efficient? Was the programme implemented in the most efficient way compared to alternatives? **(efficiency)**

Renewable energy

- To what extent has the programme increased the uptake of renewable technologies by households and firms? What factors have been most important in positively or negatively increasing uptake of renewables? **(impact)**
- Was the delivery approach cost-efficient? Was the programme implemented in the most efficient way compared to alternatives? **(efficiency)**

Urban resilience

- Has the programme contributed to better urban buildings and planning in the target urban centres? **(impact)**
- To what extent has the programme strengthened the capacity and influenced the incentives of urban local governments to implement disaster resilience policies and plans? What factors have influenced this positively or negatively? **(effectiveness)**
- To what extent are the benefits of the programme going to be sustained after the programme? **(sustainability)**

- How cost-efficient were the activities of the programme? How might the programme be replicated cost-efficiently in other urban centres by others (**efficient**)?

Output Area 3: Research and analysis

44. The objective of the 'research and analysis' output area is to strengthen the context knowledge base in which the programmes and components are working in Nepal. The MEL unit will produce context and political economy analysis. The aim is to generate evidence that will inform on-going programme implementation, and the design of future programming. The MEL unit will develop feedback loops to ensure that research and analysis informs the decisions of implementing partners and the DFID Nepal Steering Committee.
45. Indicatively we expect the MEL to produce 3 – 5 research outputs (of no more than 20 pages) per year.
46. The MEL will need to develop strong working relationships with the PIF (see box 1 above). The PIF will identify constraints to Nepal's disaster risk and climate change policy and institutional framework. It is likely that there will be opportunities for the MEL to produce research products to inform the work of the PIF.
47. It is envisioned that the MEL will be responsible for the design and implementation of research produced under this output area. Where specialist expertise is necessary the MEL unit may need to draw in additional skills and resources.
48. MEL will be responsible for:
 - a. Conducting research to improve DFID's understanding of the context in which we are implementing programmes. For example this might include data on the severity and impact of disasters on our beneficiaries, and participatory research to generate beneficiary feedback.
 - b. Political economy analysis of sub-national contexts where the programme is working in Nepal (with focus on urban areas).
 - c. Research papers/ studies as identified in the annual workplan. The number and depth of studies will vary by year depending on the opportunities that arise. An indicative workplan will be developed during the inception phase.

Output Area 4: Learning

49. The objective of the 'learning' output area is to ensure that evidence generated under output areas 1 – 3 is used by a series of priority audiences identified during the inception phase. Audiences will include for example DFID Nepal, DFID advisory cadres, other Development Partners in Nepal, the Government of Nepal, NGOs, and the international research community.
50. The priority audiences will vary somewhat between the disaster resilience and climate change programmes. This will be mapped out during the inception phase. On the disaster resilience side it will be important to work with the Nepal Risk Reduction Consortium and the partners working under each of its flagship areas. For the climate change key partners will be the Ministry of Population and Environment and the Nepal Climate Change Knowledge Management Centre.
51. The aim is to produce high quality products that will be used by the priority audiences, build networks and sharing platforms to ensure that products reach audiences, and ultimately for the evidence to be used to inform design of policies and programmes.
52. MEL will be responsible for:
- a. Developing and implementing a Communications and Outreach Strategy. This will include analysis of the priority audiences, including how they consume information, key learning objectives for each audience and priority actions.
 - b. Packaging evidence generated under output areas 1 -3 into formats identified in the communications and outreach strategy. For example this may include policy papers, academic journal articles, video and photo media, blogs, and other material for social media.
 - c. Facilitating meetings, workshops and other events to connect priority audiences in Nepal. This would include for example facilitation of donor working groups. We expect the MEL to hold as least one major knowledge sharing conference per year.
 - d. Developing and using a series of key performance indicators to measure knowledge uptake.

Quality Assurance

53. THE SUPPLIER will provide quality assurance of outputs delivered under the four output areas, ensuring peer review for key research and evaluation outputs intended for publication. THE SUPPLIER will draw on

part time expertise from within their wider organisation or professional network for peer review.

54. As per DFID's Evaluation Policy, all evaluation products will need to be independently reviewed by DFID's evaluation quality assurance service (EQuALS). We would expect this to include:

- a. NCCSP impact evaluation evaluability assessment (after 3 months)
- b. Evaluation strategy at the end of the inception phase (after 6 months);
- c. Detailed evaluation terms of reference; and
- d. Final evaluation reports.

55. All evaluation products will need to be successfully reviewed through this process in order to be classified as sufficiently rigorous enough to be termed evaluations.

Required outputs from the inception phase

56. During the inception phase THE SUPPLIER will work in close collaboration with the SROs for the 'Climate Smart Development for Nepal' and 'Strengthening Disaster Resilience in Nepal' programme to design a workplan of activities for the 5 years of implementation. This will require detailed activities for years one and two, and a high level look at activities for remaining years, to be refined with DFID as appropriate. It will also require intensive engagement with a range of different stakeholders, including but not limited to DFID partners.

57. The following outputs will be delivered under the inception phase:

- a. Impact evaluation evaluability assessment for the NCCSP (after 3 months)
- b. Workplan and Budget for the 5 years of implementation. This should include output targets and milestones (end 6 months);
- c. Monitoring Strategy – as detailed under output area 1 (end 6 months);
- d. Evaluation Strategy – as detailed under output area 2 (end 6 months);
- e. A paper setting out the opportunities for research under output area 3 (end 6 months);
- f. Communications and Outreach Strategy – as detailed under output area 4 (end 6 months).

58. THE SUPPLIER will produce an Inception Report to summarise the recommendations under inception outputs (a) – (f) above. The Inception Report will set out how the MEL unit will achieve the objectives under each output area and consider risks to programme delivery over the life of the contract. It will also set out how THE SUPPLIER will deliver the outputs and the processes for being in additional resources should they be required from other partners or individual experts.
59. The evaluability assessment for the NCCSP impact evaluation should be completed within the first three months of the inception phase. This will enable DFID and THE SUPPLIER to review and consider the feasibility of this evaluation which in turn will influence the shape and content of the inception phase Evaluation Strategy. DFID is currently supporting an independent review of the NCCSP to support the set-up of the next phase. This will be an important source for the evaluability assessment, but intensive engagement with a range of stakeholders will also be important too. The wider Evaluation Strategy delivered at the end of the inception phase is expected to be a detailed document which includes information on the overall evaluation process as well as any baselines.
60. During the Inception Phase the MEL unit will facilitate a series of workshops / meetings with the implementing partners of the wider programme components. It will be the responsibility of the MEL to help implementing partners to understand the role and responsibilities of the MEL during the programme lifetime. The MEL unit will have a responsibility to proactively engage with implementing partners during programme implementation as well as the inception phase.
61. MEL will hold a workshop with the DFID SROs at the end of the inception phase to discuss the recommendations of the Inception Report and to agree the workplan, budget and output milestones for the main phase.

Delivery and Partnerships

62. DFID have signed a contract with a single supplier (THE SUPPLIER). Who will bring together a team of experts with relevant experience, expertise and understanding to deliver the full range of output of the MEL Unit. As described earlier, we envisage a core team with some key skills, complimented with THE SUPPLIER modality for drawing down and accessing a wider set of expertise and resources at key stages during the contract.

Skills and expertise required

63. Delivery of the MEL outputs will require a range of skills and as such a diverse team will be required. The MEL will be led by a core team who

will work full time on this programme. The core team will be led by a team leader, who will be based in Kathmandu. The core team will be able to draw on a wider (part time) pool of resources from within THE SUPPLIER's resources or through institutional relationships. The MEL will also be able to subcontract resources to support programme delivery as required.

64. DFID's preference is for a small core team of full-time personnel with the right expertise, rather than a larger team of part-time team members. However we recognise that there are many ways to deliver this Terms of Reference and accept THE SUPPLIER delivery model, particularly in terms of bringing in additional expertise over the life of the contract dependant on the shape of outputs as detailed within proposal dated 17th March 2017.

65. The team leader should demonstrate skills and experience of managing programmes of a similar size and complexity. We expect the team leader to demonstrate expertise in leadership and programme management. Familiarity with climate smart development, disaster resilience, evaluation methods and learning is desirable.

66. The core team should include individuals who demonstrate the following skills:

- a. Strong knowledge and understanding of the economic, political and social context of Nepal or similar contexts;
- b. Technical expertise in climate change resilience, renewable energy and disaster resilience is essential. Expertise in infrastructure/ engineering, urban development and in political economy analysis is highly desirable;
- c. Strong and up to date evaluation expertise, particularly on the design and management of evaluations;
- d. Economics or statistics, including design and implementation of quantitative research methods and data analysis. Expertise in econometrics and design of impact evaluations;
- e. Expertise on qualitative and participatory approaches to evaluation and research;
- f. Monitoring development programmes, including development of monitoring systems, logical frameworks, data collection and value for money analysis;

- g. Capacity building/ technical assistance with government partners in developing countries, for example on the implementation of M&E systems;
 - h. Learning and communications. This should include development of communications / knowledge strategies as well as IT and graphic design skills required to develop attractive products.
 - i. Expertise in gender and social exclusion, ideally with reference to Nepal or similar contexts.
67. Resources will be set aside for quality assurance of the outputs delivered by the MEL team. Individuals providing quality assurance will need to demonstrate expertise across the output areas – in monitoring, evaluation, technical research and learning.
68. THE SUPPLIER will also be able to draw on a range of expertise from a wider team, which may be part time. For example the core team could draw on this expertise to quality assure research outputs, or for short term research assignments as part of the workplan.
69. DFID strongly encourages any international suppliers to partner with Nepal based organisations, as local contextual knowledge and understanding is crucial.
70. THE SUPPLIER proposal dated 17th March 2017 details how their team leader, core team and wider institutional network will enable them to meet the programme requirements. With details of professional networks that would allow them to sub-contract additional resources in an efficient manner.

Programme Management

Payment mechanisms, reporting requirements and DFID coordination

71. DFID encourages payment-by-results approaches where appropriate. Proposed methodologies for contract payments have been clearly set out in THE SUPPLIER's proposal dated 17th March 2017. Including inception outputs and payment milestones against them.
72. THE SUPPLIER has considered Key Performance Indicators (KPIs) in their proposal (dated 17th March 2017) on how outputs will be achieved (indicative, not fixed). THE SUPPLIER will also be expected to work in compliance with jointly agreed contract management KPIs with DFID. These will be further developed and refined as part of the inception phase.

73. During the inception phase DFID will work closely with THE SUPPLIER to refine the outputs to be delivered during the main phase and the payment approach for them.
74. It is expected that the MEL will conduct and make available to DFID a statutory external audit of the MEL bank account for each of the financial years in which funds are paid.
75. During implementation of the main phase MEL will meet with the SROs of the DFID resilience programmes (at minimum) on a quarterly basis for a progress meeting. The MEL unit will be required to produce quarterly narrative and financial reports, as well as a workplan for the next quarter. At the end of each year MEL will organise a workshop to present progress against the MEL output areas. THE SUPPLIER will also be subject to formal contract performance reviews as part of the DFID overall annual review.
76. The central point of contact during programme implementation will be the SRO for the 'Climate Smart Development for Nepal' programme. Financial and progress reports should be submitted to the Climate, Evidence and Resilience Senior Programme Manager in DFID Nepal. The DFID Nepal SRO and Programme Manager will be the interface between the MEL Unit and the Steering Committee.
77. A client bank account must be opened and used for MEL project fund disbursements. The name and purpose of the account must be communicated to the banking provider and the DFID funds must be segregated from other funds and cannot be considered as resources at the disposal of THE SUPPLIER.
78. It is expected that THE SUPPLIER will provide advance funding from their own resources which will be reimbursed by DFID based on a payment methodology. THE SUPPLIER will be responsible for monitoring and forecasting all spending and be fully accountable to DFID for all expenditure.
79. Exchange Rate Fluctuation – THE SUPPLIER confirm exchange rate risk has been priced for within their accepted bid and there will be no subsequent claims associated with this. (as per clarification email Siddique/Weir dated 15/06/17) Unless by exception whereby a significant Macroeconomic shift impacts on delivery (which can be fully justified and substantiated and considered unforeseen at the time of bidding), at which point negotiation on a way forward will be undertaken on a case by case basis.

Risk Management

80. This will be in accordance with THE SUPPLIER's detailed assessment of risk, and how they propose to manage risks over the duration of the contract as detailed within proposal dated 17th March 2017. With the passing of the constitution in Nepal in 2015 there is potentially significant local government restructuring and elections due in 2017. This will have implications for the work of the MEL Unit so will be important for suppliers to reflect on this potential uncertainty.

Security and Duty of Care

81. DFID Nepal will not take responsibility of personal security of THE SUPPLIER. 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.
81. Regarding information security, THE SUPPLIER is responsible for not sharing sensitive information with any parties other than DFID.
82. 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.
83. 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.
84. 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 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 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).
85. THE SUPPLIER proposal dated 17th March 2017 has been developed on the basis of being fully responsible for Duty of Care in line with the details provided above. They have confirmed therein 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; and
 - they have the capability to manage their Duty of Care responsibilities throughout the life of the contract.
86. The subjective assessment of Duty of Care is placed at Annex 1 to this Terms of Reference. Please note that this risk assessment will be re-examined at the point of transition between the design phase and the implementation phase. If at any stage there are concerns that THE SUPPLIER cannot manage Duty of Care then they may be precluded from operating in that region. The ability of THE SUPPLIER to manage Duty of Care shall remain a pre-condition of the contract.

UK Aid Branding and Transparency

87. Transparency, value for money, and results are top priorities for the UK Government. DFID has a duty to show UK taxpayers where their money is being spent, its impact, and the results achieved. DFID has guidance on the use of its logos, which will be shared with THE SUPPLIER as necessary.
88. 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/>

Key documents

Programme documents

- DFID Climate Smart Development business case (attached separately)
- DFID Disaster Resilience business case (attached separately)
- DFID Climate Smart Development logframe (attached separately)
- DFID Disaster Resilience logframe (attached separately)

DFID evaluation guidance

- ☐ DFID Evaluation Strategy 2014-2019
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/380435/Evaluation-Strategy-June2014a.pdf

- DFID Evaluation Policy:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/204119/DFID-Evaluation-Policy-2013.pdf
- OECD, Guidelines for Project and Programme Evaluations. Available: -
<https://www.oecd.org/development/evaluation/dcdndep/47069197.pdf>
- THE SUPPLIER Commercial & Technical Proposal dated 17th March 2017

Other

- DFID's Approach to Value for Money
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/49551/DFID-approach-value-money.pdf
- DFID Nepal internal value for money guidance (attached separately)

Annex 1 – Duty of Care

SUMMARY RISK ASSESSMENT MATRIX DFID Nepal

DFID Overall Project/ Intervention Summary Risk Assessment Matrix

Project / intervention Title: **DFID Nepal**

Location: **NEPAL**

Date of assessment: **August 2016**

Assessing official: OSM, RMO

Note that this risk assessment will be re-examined at the point of transition between the design phase and the implementation phase

Theme	DFID Nepal Risk score	
	Kathmandu and Pokhara	All other parts of Nepal
OVERALL RATING ^{iv}	2 – Low Risk	2 – Low Risk
FCO travel advice	1	1
Host nation travel advice	n/a	n/a
Transportation	3	3
Security	2	2-3
Civil Unrest	2	3
Violence/crime	2	2
Terrorism	2	2
War	1	1
Hurricane	1	1
Earthquake	4	4
Flood	2	3
Landslide	1	4
Medical Services	2	3 ^v
Nature of project	2	

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

ⁱ MoHA (2010). Ministry of Home Affairs Economic Survey, 2010. Government of Nepal, Kathmandu.

ⁱⁱ IDS- Nepal, PAC, GCAP (2014). Economic Impact Assessment of Climate Change In Key Sectors in Nepal. Kathmandu. Final Technical Report. IDS- Nepal, Kathmandu

ⁱⁱⁱ ADB (2014)

^{iv} The Overall Risk rating is calculated using the MODE function which determines the most frequently occurring value.

^v This is categorised as 4 in remote hill/mountain districts.

Section 4

SPECIAL CONDITIONS PO8031

1. DFID Officials

1.1 The Contract Officer is:
Department for International Development

Telephone:

1.2 The Project Officer is:

1.3 DFID Nepal

Telephone:

In the Project Officer's absence:

DFID Nepal

Telephone:

2. Key Personnel

The following of the Supplier's Personnel cannot be substituted by the Supplier without DFID's prior written consent:

IOD PARC - Programme Team Leader
Rupantaran Nepal – Thematic Manager
IWMI – Thematic Manager
PSA – Thematic Manager
LTSI – Thematic Manager
IOD PARC – Thematic Manager
IOD PARC - Thematic Expert
IOD PARC – Programme Manager
IOD PARC – Workstream Manager

3. Sub-Contractors

The Supplier has DFID's consent to appoint the following sub-contractors:

- LTS International
- International Water Management Institute
- PSA Project
- Rupantaran Nepal

as identified in your Commercial proposal dated 17th March 2017.

4. DFID Statement of Priorities and Expectations for Suppliers

In line with the Statement of Priorities and Expectations attached at Appendix A, throughout the life of the Contract the supplier shall demonstrate to DFID that they are meeting these expectations.

5. **Insurance**

The Supplier is required to maintain the following Insurance cover as confirmed in proposal clarification response dated 13th June 2017

6. **Procurement**

Clause 9 of Section 2 shall be deleted and replaced by the following provisions:

- 7.1 Subject to Clause 7.4 the supplier shall be required to manage the procurement process.
- 7.2 The supplier shall procure goods and equipment through one of three different mechanisms.
 - 7.2.1 through the supplier's own Procurement processes;
 - 7.2.2 through a sub-contracted Procurement Organisation;
 - 7.2.3 Sub-contracted through the DFID appointed Goods and Equipment Procurement Framework, DPSA <http://www.dpsa.org.uk/>
- 7.3 The supplier will ensure that procurement of goods and equipment shall:
 - 7.3.1 be undertaken in accordance with procedures defined and agreed in writing by DFID
 - 7.3.2 follow open, fair and transparent processes;
 - 7.3.3 achieve 'Value for Money', defined as the optimum combination of whole-life cost and quality to meet requirements in a fully transparent manner. The procurement may be subject to audit;
- 7.3.4 be carried out using strict Due Diligence processes that ensure the protection of DFID's interests and reputation, with particular emphasis on anti-terrorism, anti-corruption and fraud throughout the supply chain;
- 7.3.5 be on the basis that the ownership in Equipment shall vest in DFID, and shall be so marked
- 7.4 Where the total value of the Equipment is less than 50% of the Financial Limit or the current EU Threshold (£111,676), whichever is less the Supplier may, subject to DFID's prior written consent, procure such Equipment.

7. **Limitation of Liability**

The Supplier's limit of liability shall be as provided for in Clause 36 of Section 2.

8. **Reports**

The Supplier is required to submit project reports to the Recipient through the Project Officer at the address shown in Clause 1.3 of Section 4 in accordance with the Terms of Reference at Section 3. Reports should be presented in the format to be agreed with the Project Officer during the Inception Period.

8. **Variations to Workplan**

In addition to the Standard Terms and Condition 39.1, "Variations" - Any revision to the agreed Milestones and/or Workplan must be formally amended to ensure robust control and financial management. This will be managed between IOD PARC and DFID Nepal and reported on regularly at progress meetings, with formal incorporation captured in the next subsequent amendment by PCD, thus allowing work to proceed on the ground without causing delays to activity timelines. Any such instance of this must be agreed with the DFID Project Officer before implementing any change.

9. **Medical Insurance**

The Supplier is responsible for ensuring adequate and appropriate medical insurance cover before beginning work overseas under a DFID contract for services. The Supplier's fee is deemed to include an element to cover the cost of medical insurance.

It is not the responsibility of the local DFID office, British Embassy or High Commission to meet the cost of the Supplier's medical care nor to make arrangements for evacuation in a medical emergency, although they will provide assistance if they can. On arrival, the Supplier should report to the DFID local office, British Embassy or High Commission with details of medical insurance arrangements in case of a medical emergency.

10. Branding

- 10.1 The Supplier will collaborate with DFID and proactively look for ways to build support for development and raise awareness of DFID's funding. The Partner will explicitly acknowledge DFID's funding, in written and verbal communications about activities related to the funding, to the public or third parties, including in announcements, and through use, where appropriate, of DFID's "UK aid – from the British people" logo ('UK aid logo') in accordance with DFID standards for use of the UK aid logo, unless otherwise agreed in advance by DFID and in all cases subject to security and safety considerations of the Partner.
- 10.2 The Supplier will provide a visibility statement of how and when they will acknowledge funding from DFID and where they will use the UK aid logo, which should be approved by DFID. The Supplier will include reference to this in its progress reports and annual reviews.
- 10.3 Suppliers may use the UK aid logo in conjunction with other donor logos, and where the number of donors to a programme or project is such as to make co-branding impractical, acknowledgement of funding from DFID should be equal to that of other co-donors making contributions of equivalent amounts to the programme or project.

Appendix A

DFID Statement of Priorities and Expectations for Suppliers

This Statement sets out the expectations that DFID has of external organisations with which it works, alongside standard elements of good practice. It outlines the activities and behaviours we expect organisations we work with which include policies and practices relevant to DFID and wider HMG priorities. DFID is committed to acting responsibly and with integrity, being transparent and accountable, focusing on poverty and development impact and continually improving value for money.

Partner organisations should demonstrate commitment to poverty reduction and to DFID's priorities including work undertaken in fragile or conflict affected states, for girls and women, youth engagement, climate change and wealth creation.

DFID expects partner organisations to:

1. Act responsibly and with integrity by:
 - a. making available a statement of compliance with key legislation and international principles on labour, social and environmental matters;
 - b. demonstrating commitment through actively seeking and making a positive contribution to development, social and environmental sustainability through its business activities;
 - c. pursuing and adhering to anti-discrimination policies, with particular attention to girls and women;
 - d. applying risk management processes that assure a zero tolerance approach to tax avoidance, corruption, bribery and fraud throughout the supply chain;
 - e. engaging supply chain partners in a way that is consistent with DFID's treatment of its suppliers or partners (when pricing, in subsequent service delivery, or in partnership agreements), and demonstrating this to DFID where required;
 - f. building local capacity by proactively seeking ways to develop local markets and institutions;
 - g. safeguarding the integrity and security of their systems, for example, as per the HM Government Cyber Essentials Scheme¹;
 - h. ensuring that UK Government funding provided is not used in any way that contravenes the provisions of applicable terrorism legislation.
2. Be transparent – in relation to organisational practices and the use of government funding by:
 - a. publishing a statement of how delivery on social and environmental values are articulated;
 - b. making available a list of relevant policies together with a description of measures of how these are put into practice (e.g. supplier codes on fraud & corruption, due diligence);
 - c. demonstrating commitment to ethical codes of conduct, for example through membership/signatory of codes, both directly and within the supply chain, e.g. conventions, standards or certification bodies (such as ETI, UNGC, Global Reporting Initiative, Extractive Industries Transparency Initiative), as appropriate;
 - d. publishing reports as a minimum on an annual basis, on environmental, social and governance performance (including but not limited to improving the lives of girls and women, Environmental, or Sustainability Reports).
 - e. Publishing DFID funding data in accordance with the International Aid Transparency Initiative (IATI) standard

¹ as per the HM Government Cyber Essentials Scheme
<https://www.gov.uk/government/publications/cyber-essentials-scheme-overview>

3. Be Accountable - whether in every day and exceptional situations by:
 - a. developing and implementing policies that address the need for remedy and redress if things go wrong, in line with the UN Guiding Principles on Business and Human Rights² ;
 - b. actively seeking to promote the involvement of people in the business decisions that affect their lives.
4. Support DFID priorities and objectives by:
 - a. sharing innovation and knowledge to maximise overall development impact in ways that do not adversely impact competitive advantage;
 - b. supporting wider HM Government Policy initiatives including the support of SMEs, prompt payment, Human Rights and modern slavery issues and the support of economic growth in developing countries.
5. Improve Value for Money – demonstrate and continually strive to improve value for money in all that they do by:
 - a. actively seeking to maximise international Aid or Development results whilst maintaining or reducing costs throughout the life of the programme;
 - b. budgeting and pricing realistically and appropriately to reflect programme requirements and risk levels over the life of the programme;
 - c. being honest and realistic about capacity and capability;
 - d. accepting that DFID works in challenging environments, acting to manage uncertainty and change in ways that protects value with government funding;
 - e. proactively pursuing continuous improvement to reduce waste and improve efficiency in internal operations and within the supply/delivery chain;
 - f. incorporating fair but not excessive rewards;
 - g. implementing a transparent, open book approach which enables scrutiny on value for money choices;
 - h. avoiding the use of restrictive exclusivity agreements;
 - i. providing assurance that the policies and practices of supply/delivery chain partners and affiliates are aligned to the expectations outlined in this statement;
 - j. applying pricing structures that align payments to results and reflect an appropriate balance of performance risk;
 - k. Accepting accountability and responsibility for performance, with timely identification and resolution of issues ensuring lessons learned are shared.

² https://www.unglobalcompact.org/issues/human_rights/The_UN_SRSG_and_the_UN_Global_Compact