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Ref: PO 5366

Date: 14th September 2017

Contract Amendment No: 13

CONTRACT FOR: Business Innovation Facility (BIF) - Management Services

CONTRACT NUMBER: PO 5366

With reference to the contractual letter dated 17th December 2009 (as most recently amended by the letter dated 25th April 2017) whereby your firm was engaged to undertake the services as defined in the Terms of Reference, I confirm that the UK Government wishes to make the following further amendment to the letter of 17th December 2009:

Section 1, Form of Contract

Paragraph 3, Commencement and Duration of the Services

DELETE "and shall complete them by 31st March 2019 (the "End Date") and INSERT "and shall complete them by 31st December 2019 (the "End Date")"

Paragraph 4, Financial Limit

DELETE "shall not, in any circumstances, exceed £ 36,105,514.00" and INSERT "shall not, in any circumstances, exceed £40,108,564"

Section 3, Terms of Reference

Insert the enclosed "Terms of Reference (addendum September 2017) – Company Window Expansion"

Section 5, Schedule of Prices

Insert the enclosed "Schedule of Prices (addendum September 2017) –Company Window Expansion"

2. These amendments relate to the expansion of the company window with an increase of £4,003,050 (excluding VAT) to the Financial Limit of the contract.

3. Please confirm in writing by signing and returning one copy of this letter, within **15 working days** of the date of signature on behalf of DFID that you accept the amendments set out herein.

4. Please note the provision in the contractual letter that the financial limit of the UK Government's liability to the Supplier under this engagement shall not exceed the sum specified unless the amount of any such excess has been agreed by the Department for International Development in writing before the Supplier takes any action which might result in the financial limit being exceeded.

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

Name:

Position:

Signature:

Date:

For and on behalf of
PricewaterhouseCoopers LLP

Name:

Signature:

Date:

CB11 (March 2014)

Business Innovation Facility (BIF) expansion of the Company window Approach

1. Introduction

Between July 2010 and December 2013 the Business Innovation Facility (BIF) operated as a pilot programme in five countries (Nigeria, Malawi, Zambia, India, and Bangladesh). DFID subsequently funded a second scale-up phase of the programme (BIF2) which will run until December 2019 in three countries: Burma, Malawi and Nigeria. BIF is co-funded by DFID's Private Sector Department in London and DFID country offices.

The BIF2 Country-led approach is supplemented by two flexible windows:

- the new Business Partnership Fund, put in place April 2017, which will help grow inclusive business ideas which will reduce poverty and are profitable for pioneering multinational corporations (MNCs) through - a Core Fund offering both technical assistance and grants; a Support Service which will enable DFID staff to utilise external expertise to help develop commercial solutions to poverty issues; and a Business Replication Fund which will disseminate information and practical learning to address development challenges change business behaviour; and
- the BIF Company window, established as a pilot in July 2015, which takes as a starting point markets of interest to multi-national corporations (MNCs), and seeks to improve them in ways which benefit poor men and women using the BIF2 market systems approach.

Building on this pilot, DFID intends to expand the BIF Company window.

2. Scope for this extension and the input required

This amendment represents an additional contribution from the Private Sector Department towards the second phase of BIF to expand the pilot BIF Company window operations which uses individual firms as an alternative entry point into new focus markets in DFID focus countries.

The development and implementation of opportunities through the Company window will continue to be influenced by a number of existing activities which should feed into the approach, namely:

- Building on DFID strategic partnerships
- Engaging with existing programmes. This includes programmes funded or partly funded by DFID, but also other initiatives which engage and support large companies to develop innovative and inclusive business models, where no DFID funding is involved.
- Developing the existing BIF portfolio, for example by engaging companies within a regional supply chain that is relevant to one of BIF's country programmes.

3. Identifying new opportunities

The supplier should identify and develop a small number of new market opportunities through discussion with potential partners; with the aim of selecting at least one further large scale market for BIF to intervene in. As with the pilot phase, ideas would be filtered using BIF's market selection framework (relevance to the poor, opportunities for growth, feasibility etc.). This further pipeline development should include:

- due diligence on potential partners;
- working with partners to help them understand the proposed BIF/market systems approach;
- assess these proposals against agreed criteria;
- undertake initial market system studies using an accelerated version of the standard BIF "Market Analysis and Strategy" approach; and
- advise DFID on whether to proceed to intervene in that market based on assessment against agreed criteria

Once DFID has approved the further markets to intervene in, it is envisaged that these will move into the implementation phase.

4. Implementing identified partners/sectors

The supplier will expand BIF engagement in the focus markets identified in the pilot phase. BIF will provide technical assistance (and if necessary grants), similar to those provided under the rest of the BIF programme seeking to reduce poverty by bringing about lasting change in the way the market works. Initially at least, BIF support should sit alongside the activities of the willing private sector partners from the pilot.

The proposed approach will be developed in the same format as the Intervention Design Document used by BIF. It is envisaged that interventions can include an element of experimentation and action learning, however, interventions will now become more targeted and should have a greater impact as BIF gets a deeper understanding of the market, and develops the market analysis further (as set out in the Inputs and Outputs sections of the BIF2 Terms of Reference).

BIF can provide the investing firm with subsidy if it is justified but, more crucially, it should seek to identify, understand and address systemic constraints in the market alongside, and as a complement, to the firm's investment.

This Company window approach will complement and exchange experience/learning with the Country-led approach which has shaped the second phase of the programme and which is common to most market systems programmes.

5. Geographical focus

As with the Company window pilot, this expansion should continue to look for opportunities to work in new markets and new geographies (i.e. within DFID priority countries) and if possible new markets in the existing BIF countries (Malawi, Nigeria or Burma/Myanmar) or new countries in the existing BIF markets.

6. Performance indicators

Programme and implementer performance will continue to be assessed against two sets of indicators, in line with the existing BIF programme activities:

- Logical framework targets and projections. Specific targets will be identified for the range of initiatives supported under this window. Some of these might resemble BIF's Country window interventions particularly at outcome level, focussing on the spread of innovations beyond direct recipients of BIF support and the impact level, capturing the effect that BIF interventions have on poor people as producers, employees and consumers. Other targets might look different – for example, where BIF plays a facilitating role, its main output could be to link initiatives with programmes or funders – and therefore might not be adequately captured in BIF's existing logframe. The supplier should identify by end of month 4 of the contract appropriate additional logframe metrics and milestones for these types of interventions to help DFID to monitor and evaluate this company window approach.
- Value for Money indicators. VfM indicators will complement logframe targets and projections and will provide DFID with a clearer view on costs incurred and results achieved. The expansion will follow the same approach to VfM as for the rest of BIF and will use similar, and adapted, VfM metrics.

7. Key outputs and deliverables

Meetings with companies should be arranged as soon as possible after the contract amendment is signed, the supplier is expected to deliver the following outputs over the remainder of the contract:

1. **Further identification reports (by end month 4)** outlining details of engagements with various companies; the results of the due diligence process carried out on them; analysis of their proposals against agreed criteria (identified in the detailed scoping report dated February 2015); the prioritised companies which it is recommended to proceed with; and the proposed approach to any further market studies BIF will commission.
2. **Regular progress on implementation (quarterly)** - A short report feeding back on developments on the pilot partnerships, and once identified any further partnerships: detailing the nature of the interventions undertaken and initial assessment of their progress, further understanding generated about the market and the partner companies role in it (see section 7. Reporting below for further details).
3. **Annual progress reports** (Oct/Nov 2017) and (Oct/Nov 2018) to provide information for the DFID Annual Review and **Final report** (Dec 2019) to provide information for the DFID Project Completion Report.

Alongside these reports, the supplier should consult DFID (at least quarterly) on the delivery of these activities to ensure that the approach is on track.

8. Timing and budget

This contract amendment will be for £4,003,050 (excluding VAT) and will last until December 2019.

Supplier's commercial proposal should include a detailed costing for the period to the end of the BIF project. This should be broken down by inputs from the London-based international team. Estimates for country-based resources should be provided as the scale and scope of the interventions develops. Although the scale and scope of the potential interventions to be undertaken are not completely known, the supplier should propose an estimated budget for each intervention. This budget will be finalised and agreed with DFID at the time the interventions are designed and will be subject to the same budgeting and VfM processes used on the existing BIF programme.

9. Reporting

This extension will be subject to the same reporting obligations as the existing BIF programme, namely:

- Monthly financial reporting
- Short quarterly reports which include: a review of activities undertaken in the past quarter, a review of activities planned for the next quarter, risks and other items of bring to DFID's attention; narrative on overall progress made, opportunities identified, challenges faced, wider developments impacting on the programme and new information and learning relevant to the programme's implementation.
- Contributions to DFID's Annual Reports and Project Completion Report

In addition, certain other information should be reported to DFID as it arises, including:

- Changes in personnel or significant changes in the budgeted/planned allocation of days between personnel, along with CVs for new personnel
- Significant risks arising

10. Contractual accountability

PwC will be contractually accountable to DFID and will report to the PSD Programme Management team for all contractual issues and administrative oversight of the contract.

11. Funding

The funding process is the same as that mentioned in the original ToR. All costs incurred by BIF for general management support, technical assistance, grant finance, etc. must be paid for by BIF and then reclaimed from DFID in arrears. This includes services BIF procures from other suppliers.

12. Duty of Care

All the Duty of Care requirements under the original TORs and the head contract will apply to this contract extension.