

CALLDOWN CONTRACT

Section 4 Appendix A

Framework Agreement with: Adam Smith International Ltd

Framework Agreement for: Wealth Creation Framework Agreement

Framework Agreement Purchase Order Number: PO5929

Call-down Contract For:

**DFID's Climate Smart Agriculture (CSA) programme
Management of the Results Facility and Evidence, Learning and Influencing component**

Contract Purchase Order Number: PO6965

I refer to the following:

1. The above mentioned Framework Agreement dated January 2013;
2. Your proposal of 5th December 2014 and the subsequent revised proposals of 23rd and 27th February 2015.

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

Documents

This Contract shall be comprised of this Form of Agreement and the following documents:

Annex A – Terms of Reference
Annex B – Pricing Schedule
Annex C – Service Providers Technical Submission (dated 5th December 2014)
Annex D – Service Providers Commercial Submission (dated 5th December 2014)
Annex E – Service Providers Proposal Annex (dated 23rd February 2015)
Annex F – Priced Workplan

This Contract constitutes the entire agreement between the Parties in respect of the Suppliers obligations for this service and supersedes all previous communications between the Parties, other than as expressly provided for in Annex A and/or Annex B.

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than 20th April 2015 ("the Start Date") and the Services shall be completed by 31st March 2018 ("the End Date"), with options to extend for up to a further two years, unless the Call-down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.
- 1.2 The contract will also include formal review stages at the end of each critical stage (Scoping, Design, Inception) and the end of each year which will enable both parties to track progress against the outputs and overall outcome, which will provide the ability to terminate the contract at these points should the reviews show the objectives are not being met or are unlikely to be met or if Supplier performance is not as expected.

2. Recipient

- 2.1 DFID requires the Supplier to provide the Services to DFID Southern Africa ("the Recipient"). However it is recognised the main beneficiaries of the programme will be the recipients of

funding and technical assistance under the RF and the ELI.

3. Financial Limit

- 3.1 Payments under this Call-down Contract shall not, exceed £18,200,000.00 (“the Financial Limit”) for the initial 18 months of the contract. At the next review point if it is felt by both parties the contract and programme are progressing well and on target to achieve its aims and objectives, as set out in Annex A (“Terms of Reference”) this Financial Limit will be increased to £23,200,000.00. These figures are exclusive of any government tax, if applicable and if further broken down into:

Phase	Fee (£)	Expenses (£)	Total (£)
Scoping			
Design			
Inception			
Implementation			
Totals			

(as more detailed in Annex B Pricing Schedule and Annex F Priced Workplan).

3.2 Grant and Technical Assistance Fund

The remainder of the Financial Limit £14,916,246.00 is intended for grant fund disbursement and supporting technical assistance. Through the design phase Adam Smith International and DFID will agree an indicative split between grant and technical assistance.

The grant fund does not attract a management fee and is envisaged to be managed in the following manner. Just in Time (JIT) payment is a funding mechanism which eliminates the need for any ‘financing fee’ by providing capital funds ‘just in time’ for the Service Provider to transfer those funds to grant recipients.

CSAP will contract recipients of grants (e.g. NGOs, farmers unions, local governing bodies, etc.) on an output basis. Actual payment to grantees will only be made upon attainment of key performance indicators (KPIs) and/or objectively verifiable indicators (OVIs). Resource allocation and output based payment terms will be set through Project Plans (PPs). All PPs and amendments to PPs will be approved by DFID. Each PP will detail a plan for technical assistance, with clear limits on fees and expenses. Technical assistance will be billed on an output basis, per section 3.4, ‘Contract and Performance Management’.

There is a need to release payments in ‘real time’. CSAP grantees are likely to be small organisations serving the poorest and most vulnerable with limited cashflow and working capital. To deliver results on the ground with these recipients, we need to be able to mobilise and scale quickly. This arrangement enables the CSAP to make payments swiftly without jeopardising either project implementation or grant disposal through a lumpy payment profile.

Using the JIT mechanism, the Service Provider will analyse the PPs to determine which grantees are likely to hit which OVIs/KPIs in the next six months. We would then prepare a clear justification for what funds should be transferred to Adam Smith International, prepare an invoice, and then make payments out of this fund to successful grant applicants. DFID must approve all investment decisions utilising RF and ELI grant funds.

As part of the design process, ASI will propose a clear financing and management mechanism to DFID. DFID will honour meeting the JIT payments to ASI but will need to approve ASI’s proposed management arrangements for managing the RF & ELI grants and the perceived increased fiduciary risks of disbursing funds to downstream partners. No RF and ELI funds will be disbursed by ASI until DFID has given approval.

3.3 Milestone Payment Basis

Invoice(s) shall be submitted for the amount(s) indicated in Annex B and payments will be made on satisfactory performance of the services as per the detailed process set out in Annex F, at the payment points defined as per schedule of payments.

Annex F – Priced Workplan is included at this stage for indicative purposes and it is agreed that this will be developed, finalised and agreed before each stage commences and at each review point referred to in Paragraph 1.2

With regards the issues of expenses it is agreed this is an Output Based contract and, as such, expenses will be invoiced as part of the milestone or deliverable invoice. To ensure the correct management of expenses and that they are managed in a manner that reflects the policies covering DFID it is agreed the following process and policy will apply. Any changes to this process and policy will require both parties to agree before being implemented.

Process for setting and revising expense rates:

The Service Provider will invoice for expenses on a milestone basis consistent with the output based contract. Since expenses will not be audited on an actuals basis the Service Provider will instead undertake a quarterly review of each major expense line to ensure the rates represent good value for money.

A programme manager will collect a set of information against each major expense line. A sample of what will be measured is included in the table below. The Service Provider also provide a benchmark against other advertised rates (e.g. DFID, UN, WHO, USAID). For each major expense line, the Service Provider will then review a small sample each quarter, such that over the course of a year each major city and all major flight routes are reviewed.

Each quarter the Service Provider will submit to DFID the 'expense rate review' as an annex to the Quarterly Report. If there is significant variance (e.g. +/- 10%) between the rates and the local benchmarking, DFID and Adam Smith International may choose to undertake a review of the rates in question, and adjust rates for the next milestone.

(N.B. in such cases the Service Provider will require some time (e.g. one month) to inform sub-contractors and amend their contracts. Any savings will be returned to DFID; the Service Provider will aim to manage any overspend (e.g. due to an increase in local prices) within the financial limit of the contract, such as by reallocating resources.)

Finally, the Service Provider will operate the contract, and that of any sub-contractors, via their Standard Operating Procedures (SOPs). The SOPs will form part of the Service Provider's contract with sub-contractors; the Service Provider will include provisions on appropriate use of per diems including stipulating that partners cannot take profit on per diems. The Service Provider will primarily book flights through their Programme Management Unit (in Pretoria for at least the scoping and design phases) to ensure flights are economy class direct routes.

Expense line	Examples of what to measure	Qualifications
Per diem (Band 1, 2, 3)	Hotel rates per night, food costs, transportation, communication costs, basic local entertainment (e.g. a movie ticket), etc	Hotels to be suitable for business, including working wi-fi Meal prices do not include alcohol Transportation includes basic economy services
Flights (Regional, International)	Cost of tickets adjusted for seasonal and day of week price differences Cost of airport transfers each side	Economy class only; direct flights or most reasonable alternative Airport transfers include use of Gautrain during work hours, economy taxi after hours, or

		local equivalent
Monthly allowance	Same as per diem, plus basic utilities such as gas, water, electricity	Same as per diem
Office staff salaries	Market rate for office assistants, cleaners, etc	

3.4 Contract and Performance Management

To ensure the contract is performing to its full potential the Service Provider has proposed a series of performance management metrics. These will include Objectively Verifiable Indicators (OVIs) and Key Performance Indicators (KPIs). These will be proposed and agreed at the completion of the Design Phase and the contract will be amended to reflect the agreed metrics and their operation and management. These metrics are defined as:

Objectively Verifiable Indicators (OVIs). An OVI is a binary measure which reflects whether or not something has happened – the release of funds to a fully scoped pilot, for instance.

Key Performance Indicators (KPIs). A KPI is a performance metric – it measures not just if something was done, but how well it was done. To achieve a KPI, a quality measure must be built into a deliverable which can be objectively verified. The milestone payment is not released until the quality metric achieves the desired level.

Each KPI and OVI comes with a milestone payment attached equivalent to 1/nth of the payment due under Project, which is in itself 1/nth of the payment due under the Output.

Performance during the Scoping and Design Phases will be managed through the following Key Performance Indicators:

KPI/OVI	Description	Completion upon	Risks	Indicative timing
OVI	Submission of a draft final scoping report to DFID-SA.	Submission via email of a draft final scoping report to DFID-SA	Delay of project start impedes mobilisation	May 11, 2015
KPI	A scoping report that demonstrates the following: 1. Production of a sound evidence base clearly setting out the need, demand and relevance of the RF and ELI in Sub-Saharan Africa – including on the political, social, institutional and economic environment. 2. At least three potential delivery mechanisms have been identified and set out, and options for implementation have been analysed.	No objection provided to CSAP within 5 business days of submission, or, Submission of a revised document integrating DFID's written feedback	Delay of project start impedes mobilisation Stakeholders not available for consultation DFID unable to attend meeting or provide feedback within 1 week	May 15, 2015

	3. Key stakeholders – including RECs – have been consulted and potential strategic partners identified.			
OVI	Submission of a draft final high quality design report	Submission via email of a draft final design report to DFID-SA	Delays in scoping phase result in delay in design mobilisation Stakeholders not available for consultation	July 13, 2015
KPI	<p>A final design report that demonstrates the following:</p> <ol style="list-style-type: none"> 1. At least two options for the RF and ELI interventions have been designed and presented to DFID for consideration; 2 Through a facilitated consultation process with DFID and other key stakeholders agreement has been reached on the most favourable design for the RF and ELI; options and delivery are consistent with DFID smart rules and good programme management practice; 3 Development of an updated CSA Logical Framework which has been presented and discussed with DFID; 4 Includes OVI's/KPI's for Inception and Implementation phases which have been presented and discussed with DFID; 5 Production of a disbursement profile for the duration of the contract. 	<p>No objection provided to CSAP within 10 business days of submission, or,</p> <p>Submission of a revised document integrating DFID's written feedback.</p>	<p>Delay of project start impedes mobilisation</p> <p>Stakeholders not available for consultation</p> <p>DFID unable to attend meeting or provide feedback within 2 weeks</p>	July 17, 2015

4. DFID Officials

4.1 The Project Officer is:

DFID Southern Africa,
255 Hill Street, Arcadia,
Pretoria,
South Africa.

Tel:

4.2 The Contract Officer is:

Senior Procurement Manager
DFID
Eaglesham Road
East Kilbride
G75 8EA

5. Key Personnel

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

Name	Designation
	Senior Manager
	Team Leader
	CSA Technical Expert
	Deputy Team Leader
	RF Lead
	ELI Lead
	Communications Manager
	Fund Manager
	Economist
	M&E Manager
	M&E Lead
	Project Director

6. Reports

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

7. Duty of Care

All Supplier Personnel (as defined in Section 2 of the Agreement) engaged under this Call-down Contract will come under the duty of care of the Supplier:

- I. 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 whilst travelling.
- II. The Supplier will be responsible for taking out insurance in respect of death or personal injury, damage to or loss of property, and, to the extent that such relates to death, personal injury or damage to or loss of property, will indemnify and keep indemnified DFID in respect of:
 - II.1. Any loss, damage or claim, howsoever arising out of, or relating to negligence by the Supplier, the Supplier's Personnel, or by any person employed or otherwise engaged by the Supplier, in connection with the performance of the Call-down Contract;
 - II.2. Any claim, howsoever arising, by the Supplier's Personnel or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-down Contract.

- III. The Supplier will ensure that such insurance arrangements as are made in respect of the Supplier's Personnel, 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.
- IV. The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-down 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.
- V. Where DFID is providing any specific security arrangements for Suppliers in relation to the Call-down Contract, these will be detailed in the Terms of Reference.

8. Call-down Contract Signature

- 8.1 If the original Form of Call-down Contract is not returned to the Contract Officer (as identified at clause 4 above) duly completed, signed and dated on behalf of the Supplier within 5 working days of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Call-down Contract void.

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

Name: Nick Hyde

Position: Senior Procurement Manager

Signature:

Date: 21 April 2015

For and on behalf of

Name:

Position:

Signature:

Date: