

Section 3

TERMS OF REFERENCE

CDC Longitudinal Study: To what extent does CDC activity crowd-in private sector investment?

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Introduction

1. The Department for International Development (DFID) is contracting with an organisation or consortium to design and implement a large-scale, long-term study analysing the impact of CDC on private sector investment activity.
2. This is a novel and complex area of research. It is therefore anticipated that a mixed methodology approach is taken, following significant consultation during design phases. This could include econometric methods, longitudinal survey data, and case studies.
3. These Terms of Reference (TOR) set out guidelines for determination of the scope of work, reporting procedures and timeframe for this large, long term and multi-regional research project. A proposed set of research questions have been outlined at bidding stage. There may be further flexibility to amend aspects including the scope of the study, in consultation with DFID, during the inception period.
4. The contract will be issued to design and deliver the study. The contract will be awarded to organisations or consortia of organisations that will report to the Longitudinal Study Steering Committee set up by DFID.
5. The contracted agents will be ultimately accountable for the design and delivery of the project. For the purposes of this TOR, the contracted agents will be referred to as the *Supplier*, recognising this may be a single organisation or a consortium of organisations.
6. The Supplier will have overall responsibility for project and research management, including any management of subcontractors they commission throughout the lifecycle of the study.

Background

7. In CDC, the UK Government owns a Development Finance Institution (DFI) which supports the building of businesses throughout Africa and South Asia to create jobs and make a lasting difference to people's lives.
8. Successful businesses are vital to drive a country's growth, which provides a sustainable route to poverty reduction. Businesses provide jobs for people to lift themselves out of poverty, and tax receipts enable a country to fund its own public services, reducing dependence on aid.
9. Businesses in many countries in Africa and South Asia are in need of additional investment capital, which they fail to attract in sufficient amounts due to (i) limited long term domestic capital, and (ii) high actual or perceived risks, including political, corruption and currency risks. Institutional investors have additional constraints, such as regulatory restrictions, which hamper investments in these geographies. These

are market failures that DFID aims to overcome through its programmes. Investing through CDC is a significant part of this effort.

10. CDC grows businesses with its own capital and expertise. CDC also aims to crowd in other finance into investments. It aims to invest in ways that are additional, helping to make deals happen that would otherwise not proceed and enabling first time fund managers to launch new funds. Where CDC, either directly or via the funds it invests in, makes a financially successful investment, it aims to provide a signalling effect to other frontier investors. This can contribute to building the evidence base and track record that other investors require to enter the market. Thus CDC attempts both to promote follow on investments, and to create systemic demonstration effects, proving that responsible investing in difficult markets can be financially viable.
11. Effects in mobilising private sector investment can be assessed at three stages across both direct and fund-of-funds investments. Firstly at the transaction stage, in terms of co-investment by private sector institutions; secondly, at the follow-on stage, tracking the progress of ongoing or former investees of CDC (including data upon exit by CDC from investments); thirdly, at the broader, systemic level, effecting changes in investor behaviour and ultimately in economic indicators.
12. As part of its work to test this theory of change, and to provide lessons for development finance stakeholders, DFID intends specifically to commission a longitudinal study analysing the effect of CDC activity on mobilising private investment. This is envisaged to last 10 years (further details under the Requirements section).
13. The study will form one component of ongoing work to assess the impact of CDC – complementing evaluations that are commissioned directly by CDC and further independent evaluations that will be commissioned by DFID and focus on assessing the extent to which CDC investment activities are associated with positive development and economic outcomes, such as job creation, job quality, increases in firm productivity and wider sectoral development.

Objectives

14. This research piece will provide evidence on whether the investment activity of CDC is mobilising private sector investment.
15. The research will analyse what changes, if any, are being seen through time across CDC investment contexts. This will address the question of whether progress on mobilisation is context-specific. Further, the research will analyse to what extent changes seen are attributable to CDC or other factors.
16. It would be desirable to include some assessment of comparators, including other DFIs in this study. However, it is intended that analysis on mobilisation focus on CDC and its impact on private sector investment flows and investor perceptions and behaviours.
17. The expected **output** of the study is data collection and analysis released regularly over 10 years (e.g. every two years). This will, where appropriate, and at minimum at

the study's conclusion, include relevant policy and practice implications and recommendations on what works in investing for development, particularly with regard to mobilising private sector investment.

- 18, The expected **outcome** of the study is that DFID and other international and developing country actors will use quality evidence to develop more effective policies and interventions through DFIs and better mobilise private sector investment. Mobilisation can be a major driver of value for money in interventions through DFIs, and ultimately is necessary for financially self-sustaining capital markets in developing countries.

Research Focus and Questions

- 19, The research is anticipated to focus on two main areas.¹
- (i) **To what extent has CDC successfully mobilised private sector investment at the co-investment and follow-on stages**, including investment through Funds and direct equities loans and other instruments? What (if any) were the limitations?
 - (ii) **What, if any, have been the systemic impacts of CDC on the private sector investment market**, including their influence (if any) on investor sentiment and behaviour as well as broader indicators of activity such as macroeconomic data? What (if any) were the limitations?
20. Specific questions to be the focus of research within the longitudinal study will be developed during the inception phase. However, possible questions and sub-questions that may guide the research are outlined in the tables below. These are intended for alignment only, and it is **not** intended that the supplier attempt to address all questions.
21. The Supplier is further encouraged to consider additional relevant research questions felt to be relevant to the longitudinal study, and to employ innovative approaches and methods to address these. Additional questions should form part of the initial proposal.

¹ DFID will accept proposals with additional focus areas if they are accompanied by a clear rationale and justification. Such proposals will be taken into account as part of the tender evaluation process.

	Questions:	Sub-questions
Co-investment and Follow-on stages – CDC direct mobilisation	<p>1. To what extent have CDC investments been effective at directly crowding-in private sector actors? What contexts in relation to investor type, investment decision making process, geography, sector, instrument and development outcome are most conducive and, why?</p>	<p>Where has CDC achieved higher co-investment ratios, and what are the drivers of this? Similarly, where have investments by CDC been followed by private sector investment at subsequent funding rounds and what are the key reasons for this?</p> <p>To what extent are co-investment and follow-on investment indicative of crowding-in or mobilisation? Can more precise measures help – e.g. does the timing/stage of commitment or type of deal structuring influence mobilisation?</p> <p>Does mobilisation differ across different geographies, including Fragile and Conflict-Affected States (FCAS) and the poorest countries and why? Does it vary between different sectors and investment instruments?</p> <p>Does mobilisation differ across different investor types, for example domestic investors (corporate and institutional), strategic (corporate) investors, institutional investors?</p> <p>To what extent is variation due to differing private sector investment processes, such as investment committee or market entry decision-making? How practically does investor behaviour change manifest itself?</p> <p>What evidence is there, if any, at the aggregate and deal level, of crowding-out of private sector investment by CDC? Where and how does this occur?</p>

Systemic impact on private sector investment – CDC demonstration effects	<p>2. To what extent does the activity of CDC shift perceptions and behaviour within the private sector, and does this lead to greater investment activity?</p>	<p>Do investor attitudes, for example towards a sector or geography, change as a result of CDC activity and how? Does this lead to investor behavioural change?</p> <p>What are the buy factors affecting investment decision-making processes in different contexts (e.g. domestic/international, corporate/institutional investors)? What changes the minds of decision makers and over what timeframe? How does this manifest itself in practical terms?</p> <p>How do structures, types of institutions, key players (e.g. who are the first movers?) and incentives of capital markets structures (e.g. at what stage of country development?) influence any potential demonstration effects?</p> <p>Are some DFIs more effective than others at influencing the private sector and if so why? How does CDC compare to other DFIs?</p> <p>Are there potential trade-offs between CDC objectives - mobilisation vs additionality? How are these trade-offs evident?</p> <p>Is there correlation between lagged CDC activity and sector or macroeconomic outcomes such as the total amount of private sector investment? To what extent is it possible to infer attribution or contribution from such correlations? What are the limitations of this data, and how can these limitations be overcome?</p> <p>What other market signalling can CDC investment activity produce? Are non-price indicators, such as CDC improving governance, or providing access to networks, significant?</p>
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Research Project Delivery

22. It is anticipated that the longitudinal study project would include the following in its delivery:
 - i. **Research Framework and methodology design**
 - Based on programme documentation for DFID's investment through CDC, outline conceptual frameworks and theories of change for

mobilising private sector investment, adapted for different contexts (e.g. direct vs fund investments)

- Design a methodology for testing theories of change at the different stages of mobilisation, and for analysing the link between the conceptual framework of DFI investment and private sector mobilisation
- Determine, with input from DFID, the scope and potential focus areas in terms of geography, sector and instrument
- Define the primary and secondary research methods, timetable, data collection instruments, and test the data collection instruments if required
- Prepare an Inception Report which would detail all the above and a detailed plan for the whole research project.

ii. Generation of empirical evidence

- Collate and analyse existing secondary material on co-investment, follow-on investment and macroeconomic data on private sector investment through desk review of publically available information
- Access additional secondary data through CDC and other stakeholders where possible (with due consideration of commercial confidentiality etc.), with reference where available to international reporting requirements (e.g. to US regulators)
- Conduct primary research with stakeholders and beneficiaries (including the private sector, as well as both private- and public-sector investors) through for example designing and implementing surveys (e.g. on sentiment and behaviour) as well as other primary data collection methods (e.g. case studies, where these fit well with other methods) identified in the inception phase and agreed with DFID, to generate primary quantitative and qualitative data. Suppliers should also consider innovative research methods where appropriate, e.g. if standard approaches prove ineffective at generating useful evidence to answer research questions.

iii. Analysis of direct mobilisation, follow on mobilisation and systemic effect on private sector investment

- Based on the primary and secondary quantitative and qualitative data, and using the methodologies outlined within the research framework, draw conclusions as to what the effect, if any, of CDC on mobilisation has been at the different stages
- Provide a disaggregated view to indicate where CDC has been more (or less) effective in mobilising private sector investment and suggest explanations, including through specific examination of investment decision making processes
- Apply data generated to address further areas of interest, for example as outlined in the Research Focus and Questions table, sections 1 and 2

Research Framework and methodology design

23. The Supplier will **develop a research framework** for the programme. This will include conceptual framework(s), theory of change, refinement of research questions, research design and methods that can be applied to the different markets

and contexts where research is implemented, and enable analysis across contexts. It will seek to build on and advance existing frameworks and theories of change for CDC investment. The framework will inform distinct research questions, develop approaches and identify primary and secondary data collection methods and sources.

24. It is expected that the scope of the research piece include the widest possible range of CDC investment activities and manifestations of mobilisation. This will include analysis of activities over multiple instruments, sectors, and geographies, and will include analysis of a wide range of investor types. If the supplier intends to apply particular focus through case studies, the methodology and rationale for this must be clearly set out and the criteria for and final selection will be made in collaboration with DFID. This is particularly relevant to country-specific studies that should be aligned with DFID's country priorities.
25. Research approaches, methodologies and data collection and analysis methods proposed by the team in the bid submitted during this tender process will be finalized during the inception phase.

Generation of primary evidence

26. Ongoing throughout the lifetime of the contract, there will be a considerable work stream on data collection. This will represent a significant proportion of the project spend. It may require involvement of subcontractors, and will require close engagement with stakeholders including, but not limited to: CDC, other DFIs, private equity fund managers, investee companies, institutional investors, direct investee companies, and investor associations. Data can be categorised according to source, and where possible it would be advantageous to collect it in a publishable form.
 - **Assessment and synthesis of existing evidence** [secondary data] – in-depth review at both the investment and systemic levels
 - **Investment data** [secondary data] from CDC, or directly from other stakeholders, including investees
 - **Sentiment and behaviour data** [primary data] from private sector investors, through direct engagement and associations

Assessment and synthesis of existing evidence (secondary data)

27. Assessment and synthesis of existing evidence will support investigation of the questions outlined in the section on Research Focus and Questions. The Supplier should do this by reviewing and compiling relevant information from publically available sources. This may include publically available research, investment data and macroeconomic private sector investment statistics from a range of origins. Relevant investment data may be recorded at the transaction level, while macroeconomic statistics (e.g. total amount of private sector investment) that may inform econometric analysis may be at the broader market or country level
28. While this will initially take the form of prior data generated before the longitudinal study begins, it may subsequently include new data sets or time series generated independently over the duration of the study.

29. In aggregating and comparing data from a range of sources, it will be important to identify the reliability of the information including its limitations and inconsistencies in compilation methodology, and where possible reconcile these to produce a usable data set. Sample populations and size in any aggregated data set will be dependent on the external sources of information.

Investment data (secondary data)

30. Investment data will support investigation of questions such as those outlined in the section on Research Focus and Questions. The Supplier should work directly with stakeholders to extract investment data not already in the public domain.
31. This may involve permissioned access to proprietary data owned by CDC, other private- or public-sector investors, and specific investee firms or funds. This may need to be aggregated for commercial confidentiality reasons.
32. Sample population and size for the implementation and longitudinal research will be dependent on the availability of information. However, it is anticipated that quantitative data collected on capital activity of investors will cover a sample of a minimum of 50 relevant institutions, and that such data be collected consistently where possible over the 15 year period of the longitudinal study.
33. The Supplier is encouraged to employ a longitudinal method for collecting quantitative evidence that retains consistency. However, where over time the Supplier is able to identify additional, relevant sources of data, these should be included and incorporated into research design.
34. Frequency of data collection will vary according to availability. The Supplier is encouraged to collect capital activity data with a minimum frequency of annual where possible, in order to provide the clearest picture of trends over time, as well as to generate usable evidence earlier in the life of the contract.

Sentiment and behaviour (primary data)

35. Investment data collected by the Supplier will support investigation of questions such as those outlined in the section on Research Focus and Questions. The Supplier should work directly with stakeholders to generate primary data.
36. In order to generate primary data, it is anticipated that the Supplier engage in survey design with stakeholders, in order to extract unbiased and complete information relating to the impact on investor perception and behaviour of investment activities of CDC activity.
37. Sampling methods and sample sizes must be robust. It is anticipated that surveys relating to investor sentiment will, where possible, employ a sample of a minimum of 30 respondents for each sub-group of stakeholders. Sub-groups of survey respondents may include, but are not limited to: DFIs, asset owners, investment consultants, private equity investors, other institutional investors and fund managers, commercial banks, family offices, multi-national corporates investing in special opportunities, developing country governments, local businesses in Sub-Saharan

Africa & South Asia and other beneficiaries. Details on samples should be included in the research proposal.

Analysis of mobilisation

38. The Supplier will perform a thorough examination of the primary and secondary data collected over the duration of the study using the methodologies prescribed within the research framework, and draw conclusions as to what, if anything, the effect of CDC activity on mobilisation has been over time.
39. Where possible, the Supplier should provide a disaggregated view to indicate where CDC has been more (or less) effective in mobilising private sector investment and suggest explanations for variation, including through specific examination of investment decision making processes.
40. The Supplier should apply data generated to address further areas of interest as outlined in the Research Focus and Questions table, sections 1 and 2.
41. Throughout the research project, the Supplier should consider any implications the research methods, data collected and analysis carried out may have for the evaluation of CDC's development impact (this will be done in a separate study, see para 13) and other CDC evaluations and communicate these effectively through reporting to DFID.
42. Given that there will be other evaluations of CDC throughout the duration of the Longitudinal Study, the Supplier should ensure that the number of data requests to each organisation involved in the study is minimised. The supplier will be expected to demonstrate a strong ethos of coordination and collaboration with other organisations involved in any aspect of evaluation of CDC.

Project Management and Governance

43. The Supplier will be responsible for delivery of the research piece, including design, implementation, data collection and analysis. It will also be responsible for monitoring progress and reporting study findings, and ensuring effective partnerships in its operations. Where applicable in the case of any subcontracted components, it will also be responsible for financial, procurement and risk management of the project.
44. **Governance:** The Supplier will report to a Longitudinal Study Steering Group set up by DFID. DFID management for this component will be led by the Private Sector Department team within the Economic Development Directorate, but in close collaboration with other DFID technical leads on research, monitoring and evaluation.
45. During the inception period, the Supplier will also establish a **Technical Advisory Group (TAG)** for the research project, proposing members that must be approved by DFID. This board is likely to include:
 - An independent chair and up to five members involving international experts

- A member from CDC as a major stakeholder in the lessons from the longitudinal study
 - Ex officio members including one member from the lead Supplier and from DFID
46. This group will not make any executive decisions, but will advise the research programme on:
- Strategic direction;
 - Technical advice on design and delivery of components;
 - Technical advice on key outputs;
 - Opportunities and strategies for synthesis and uptake; and will
 - Provide a challenge as well as a Quality Assurance function.

Recipients

47. The study will produce operationally relevant research that is intended to be a global public good. It will be accessible to decision-makers influencing strategic investment, policy and programming to improve development outcomes through Development Finance Institutions. It will also be accessible to practitioners at Development Finance Institutions to provide learnings for their Development Impact functions. The study and its findings will be the intellectual property of DFID, but it is intended that outputs be made public and available online free of charge.
48. Anticipated users of the broader lessons from the research include DFID, CDC, national policy makers in the priority research countries, partners developing global private sector development policy, as well as multilateral DFIs, bilateral DFIs, donors, national governments, civil society organisations, DFID country staff and advisers, the research community and media.

Requirements

Deliverables

49. The research project will have an inception phase of one year, during which priorities will be selected and detailed work-plans will be refined, in line with the proposal set out in the tender. During the inception phase, DFID will expect regular dialogue with the Supplier to give confidence that suitable progress is being made. Deliverables include:

Inception phase (end 6 months):

- **a mid-inception report** that includes:
 - Terms of Reference and members for the Technical Advisory Group (TAG) – this should be operational as early as possible in the process to provide guidance, ideally holding its first official meeting within the first three (3) months.
 - a review of the state of current evidence on relevant issues
 - an overall framing and approach of a potential research agenda
 - required methods for analysis
 - feasibility study with recommended short list of investors and/or countries for focus for the implementation and longitudinal research

- a clear, open and transparent plan for selection of any research partners
- **Organisation of at least four (4) formal meetings** between key DFID staff and the Supplier to discuss the report and the direction of the programme. **Decisions will be taken on final approach selection in collaboration with DFID at these formal meetings.**

Inception phase (end 12 months)

- At the end of the inception phase, the Supplier must submit a **final inception report**. The report (including annexes) will include:
- Detailed **research framework** including: precise questions (based on the guidance provided by DFID) that the research will address directly and indirectly; assessment of existing evidence in respect of these questions; research approach and hypotheses; and research methodology and research methods to be used, including ensuring appropriate research ethics as outlined in the section on Research Ethics below. Draft data collection instruments e.g. surveys, focus group schedules and questions
- **Rationale for selection of priority investors and countries** for implementation and longitudinal research, including details from the feasibility study.
- Details on the **final selection of any research partners**
- Clear **work plan** and **budget for the entire project**, including estimated yearly break-down to be jointly agreed on a yearly basis.
- Demonstration of value for money and efforts to minimise costs as part of a value for money strategy.
- Outline of existing plans/approach to Open Access publishing and data sets in lines with DFID's [Open Access Policy](#).
- Establishment of the Technical Advisory Group with clear Terms of Reference, and planned strategy for engagement
- **At least one synthesis product** on current evidence on CDC mobilisation under the research themes agreed with DFID, highlighting the relative strengths and weaknesses of any evidence presented.

Research Programme Deliverables:

50. The key deliverables over the ten year period (2017-2027), following both the one year inception phase and nine (9) years of the implementation component are:
 - The implementation of **methodologically rigorous and high quality research and generation of policy relevant evidence** on whether CDC is effective in mobilising private sector investment. This includes:
 - Empirical research into priority investors and countries that includes primary and secondary data collection, research, longitudinal studies and publically available data sets on the mobilisation impact, if any, of investments made by CDC.
 - Research into the direct impact CDC has/has not been able to have on investor capital activity
 - Research into the systemic impact CDC has/has not contributed to in terms of investor sentiment, as well as examination of how this may lead to demonstration effects

- Econometric analysis relevant to the question of whether and how CDC activity is associated with positive macroeconomic outcomes (e.g. total amount of private sector investment)
 - High quality publications, where possible externally peer reviewed, and research outputs in other formats on the issues and questions set out above. It is anticipated that at least 15 separate outputs be published for a project of this size.
 - Short summaries with infographics, allowing high-level findings to be more easily digested by users
 - Recommendation pieces that provide policy advice based on the research output
- Research outputs should be presented in clear, succinct and accessible language with infographics; and with new findings situated within the context of the existing body of research evidence. Publications and research outputs should be made available, where possible, in accordance with [DFID Research Open and Enhanced Access Policy](#).
 - It is expected that interim research, data, and recommendations be published intermittently throughout the period of the research, with the first releases to take place once useful learnings have been attained.

Supplier

51. The **Supplier** will be responsible for the overall management and delivery of the project. The Supplier may consist of multiple contracted agents.
52. The team responsible for delivering this programme must be multidisciplinary including, but not limited to skills in the following disciplines: research, investment, finance, economics, econometrics, statistics, and project management.
53. The Supplier will be expected to have a strong track record (expertise and experience) in:
 - Successful management and delivery of large, complex multi-disciplinary and multi-country research projects;
 - Quantitative and qualitative research methodologies and methods, including implementation research alongside development programmes, longitudinal research and analysis, and assessment and measurement of impact;
 - Concepts and state-of-the-art evidence on drivers of investment flows in developing countries, and other issues underpinning this research project. including areas of development finance, capital markets, economic empowerment and behaviour change;
 - Producing high quality research publications in peer-reviewed journals and other research outputs;
 - Ability to translate evidence into policy relevant guidance for development practitioners;
 - Undertaking research in developing countries, in particular Sub-Saharan Africa and South Asia; and understanding of effective and appropriate engagement in fragile and conflict-affected situations;
 - Demonstrated experience or knowledge related to use of new technologies in research, monitoring and data gathering; and

- Demonstrated experience in financial and technical management, and administration of research programmes (including monitoring and evaluation, duty of care and management of fiduciary risk).
54. The Supplier is expected to have extensive networks and credibility among relevant stakeholders, in particular the investor community.
55. The Supplier will nominate an **Executive Director** to:
- Provide managerial and intellectual leadership to the programme
 - Develop strategic research plans and generates reports for the programme
 - Be accountable for the programme delivery of outputs; and
 - Develop and maintain relations with relevant stakeholders.
56. It is expected that s/he will be an internationally respected researcher with a strong track record in leading multi-country research programmes. S/he will have:
- A strong publication record on one or more areas of development finance and capital markets
 - Demonstrated knowledge and expertise in multi-sector aspects of investment activity, particularly in developing countries
 - Experience in managing complex multi-country research programmes, with skills in project management
 - Experience in research to policy linkages and impact of research
57. Given the long duration of the study, it is anticipated that this role may not be filled by the same named individual for the entire period. However, it will be the responsibility of the Supplier to ensure that the role is filled throughout. It is anticipated that, barring exceptional circumstances, the role of Executive Director be conferred to an individual with a minimum service period of three (3) years.

Environmental Considerations

58. The Supplier should ensure due consideration is given to the environmental impact of all work undertaken to deliver this component, both in terms of minimising any direct negative impact, and the extent to which research findings contribute to positive environmental management.
59. Specific attention to minimising operational impacts on the environment and global climate of those undertaking the research should include ensuring individuals travel by economy class, and reducing carbon footprint through for example, using recycled paper and minimising printing waste.

Timeframe, Payments and Budget

60. The contract value for this work is up to a maximum of £3,200,000 excluding VAT. The contracted work for the longitudinal study is expected to take place **over 10 years**, with a potential extension for a further 5 years. This timeframe would permit research to follow a typical investment from origination to exit (8-10 years), with additional subsequent years to allow for lagged impacts to be realised.

61. The project will have a 12 month inception phase followed by a 9 year implementation phase. Transition from inception to implementation will be subject to DFID approval of the Inception Report and detailed implementation proposal.
62. DFID may decide, in consultation with stakeholders, to extend the project up to an additional 5 years, and beyond that if deemed to be useful. It is anticipated that data collection and analysis of investments for up to an additional 5 years could provide additional significant evidence. However, the decision about whether or not to invest in the last phase of longitudinal research will be directly informed by the evaluation of outputs from the study, as will any further extensions. This additional research would enable capturing longer term outcomes and particularly to track changes in investment activity, which often takes long periods to undergo significant change.
63. Payments under this contract will be strongly linked to performance and delivery of the deliverables and outputs. DFID will establish a performance-based payment plan for this study, where payment is released on acceptance of programme deliverables/outputs and/or the achievement of KPIs (i.e. Payment by Results). Suppliers should propose an output-based payment plan that provides an incentive for strong performance and reflects appropriate risk-sharing of non-delivery of outputs.

Contractual and Reporting Requirements

64. A contract will be issued for the full intended project duration (ten years). However, there will be two formal break points in the contract, when DFID retains the right to terminate the contract or adjust the budget and scope of activities:
 - (1) At the end of the inception phase. Progression to the Implementation phase will be dependent on effective delivery of Inception phase outputs, satisfactory performance of the Supplier, finalising and agreeing KPI's and DFID's agreement to work-plans and any revised costs for the Implementation period.
 - (2) A review will be carried out at mid-term of the Implementation Period, currently estimated during the fifth year. Continuation of the study will be dependent on the evaluation's assessment of progress towards outputs and outcomes, value for money and DFID's judgement of the supplier's performance. Proposed rates should be fixed for the first 5 years, with indicative rates included for the remainder of the programme. A clear breakdown of how rates have been calculated should be included and there will be scope to renegotiate rates beyond Year 5, as needed, at that breakpoint.
65. In both cases, DFID will use reports and their judgement of the Suppliers' performance to take a formal decision whether or not to proceed with the study or terminate the contract, or reduce budget or scope. If judged inadequate, concerns will be shared in writing and formally discussed.
66. DFID reserves the right to scale back or discontinue this study at any point (in line with our Terms and Conditions) if it is not achieving the results anticipated. Conversely, we may also scale up and/or extend the programme by up to 5 years (subject to internal DFID approvals) should it prove to be having a strong impact and have the potential to yield better results

67. The Supplier will maintain regular dialogue with DFID's programme management team to ensure compliance with all terms and conditions set out in the contract, as guided by DFID's Procurement and Commercial Department; best practice financial management, including timely and accurate financial forecasting and invoicing and cost control; and effective contract management, including early notification on any proposed changes to the contract, before formal agreement is sought from DFID's contract office.
68. All reporting requirements will be agreed between DFID and the Supplier on agreement of the contract.

UK Aid Branding

69. Partners that receive funding from DFID must use the UK aid logo on their development and humanitarian programmes to be transparent and acknowledge that they are funded by UK taxpayers. Partners should also acknowledge funding from the UK government in broader communications but no publicity is to be given to this Contract without the prior written consent of DFID.

Transparency

70. 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.
71. 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/>

Digital Principles for Partners and Suppliers

72. DFID expects all partners and suppliers who manage aid programmes with a digital element to adhere to the global [Principles for Digital Development](#). If any proposal contains a digital element this must be costed separately within the proformas and are subject to approval by DFID's digital team.

Ethical Principles

73. It is a requirement that all partners DFID commission and fund comply with the Ethics Principles. Partners will be required to include consideration of ethical issues and a statement that they will comply with the ethics principles.

Duty of Care

74. The Supplier is responsible for the safety and well-being of their Personnel (as defined in Section 2 of the Contract) and Third Parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.
75. The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.
76. This Procurement may require the Supplier to operate in a seismically active zone and is considered at high risk of earthquakes. Minor tremors are not uncommon. 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).
77. This procurement may require the Supplier to operate in conflict-affected areas and parts of it are highly insecure. Travel to many zones within the region will be subject to travel clearance from the UK government in advance. The security situation is volatile and subject to change at short notice. The Supplier should be comfortable working in such an environment and should be capable of deploying to any area required within the region in order to deliver the Contract (subject to travel clearance being granted).
78. The Supplier is responsible for ensuring that appropriate arrangements, processes and procedures are in place for their personnel, taking into account the environment they will be working in and the level of risk involved in delivery of the Contract (such as working in seismically active, dangerous, fragile and conflict-affected environments). The Supplier should ensure their personnel receive the required level of training and, if appropriate, complete a UK government approved hostile environment training course (SAFE)[1] safety in the field training prior to deployment.
79. As the countries/areas of work involved in this intervention are currently undetermined, DFID is not in a position to be able to provide a Duty of Care assessment at this point. On this basis, DFID assumes that this programme will be rated as 'Medium/High' risk. Therefore, as part of their SQ response, bidders will be asked to submit a 'generic' response to provide assurance to DFID that they can manage DoC responsibilities in even the most challenging of environments.
80. During the programme, it is DFID's expectation that any contracted supplier will provide a full Duty of Care assessment for each potential country/area of work where in-country ground work is expected to be necessary.

81. If the programme activities take place in medium or high risk locations, DFID will share available information with the Supplier on security status and developments in-country where appropriate.
82. Tenderers must develop their SQ Response and ITT response (if invited to Tender) on the basis of being fully responsible for Duty of Care in line with the details provided above and should confirm 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.

If bidders are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, or if DFID deems the arrangements proposed by bidders to be materially insufficient, the SQ will be viewed as non-compliant and excluded from further evaluation.

Duty of Care risk Matrix.

No	City	Security Category		
		Overall Security	Violent Crime and Disorder	Terrorism
1	Afghanistan	5	4	5
2	Angola	4	4	2
3	Bangladesh	3	3	3
4	Benin	2	2	3
5	Burkina Faso	3	3	4
6	Burma (Myanmar)	2	2	1
7	Burundi	4	4	4
8	Cameroon	2	3	2
9	Central African Republic	4	4	3
10	Chad	4	4	4
11	Comoros	2	2	2
12	Cote d'Ivoire	3	4	1
13	Democratic Republic of the Congo	4	5	2
14	Djibouti	3	3	2
15	Equatorial Guinea	2	2	2
16	Eritrea	2	1	2
17	Ethiopia	3	2	3
18	Gambia	2	2	2
19	Ghana	3	3	1
20	Guinea	3	4	1
21	Guinea-Bissau	3	3	2
22	Haiti	3	4	1
23	India	2	1	3
24	Kenya	5	5	4
25	Kyrgyzstan	2	2	2
26	Laos	1	1	1
27	Lesotho	2	2	1
28	Liberia	4	4	2
29	Madagascar	2	3	1
30	Malawi	3	3	2
31	Mali	3	2	4
32	Mauritania	3	1	4
33	Mozambique	3	3	3
34	Nepal	2	2	1
35	Niger	4	4	4
36	Nigeria	4	4	4
37	Occupied Palestinian Territories	3	3	4
38	Pakistan	5	5	5
39	Papua New Guinea	4	5	1
40	Rwanda	2	2	3
41	Sao Tome and Principe	2	2	1
42	Senegal	2	2	3
43	Sierra Leone	3	3	2
44	Solomon Islands	2	3	1
45	Somalia	5	2	5
46	South Africa	4	4	2
47	South Sudan	4	4	4
48	Sudan	4	3	4
49	Swaziland	1	2	1
50	Tajikistan	2	2	2

Duty of Care Table Key

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