



Foreign, Commonwealth & Development Office

CALL DOWN CONTRACT

Framework Agreement with: Niras Group (UK) Ltd

Framework Agreement for: Global Development Delivery Framework (GDD) - Lot 1 – Climate and Nature

Framework Agreement ECM Number: 5773

Call Down Contract For: Forest Governance, Markets and Climate Phase 2 – Programme Management Strategy and Support Team (PMSST)

Contract ECM Number: 7373

I refer to the following:

1. The above-mentioned Framework Agreement dated 18 December 2023;
2. Your proposal of 28 November 2024

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

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than 1 April 2025 (“the Start Date”) and the Services shall be completed by 31 March 2030 (“the End Date”) unless the Call Down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.

2. Recipient

- 2.1 FCDO requires the Supplier to provide the Services to the FCDO (the “Recipient”).

3. Financial Limit

- 3.1 Payments under this Call Down Contract shall not, exceed £87,993,285 (“the Financial Limit”) and is inclusive of any government tax, if applicable as detailed in Annex B.

4. FCDO Officials

- 4.1 The Project Officer is:

REDACTED

- 4.2 The Contract Officer is:

March 2024



Foreign, Commonwealth & Development Office

REDACTED

5. Key Personnel

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

REDACTED

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

- 7.1 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 will indemnify and keep indemnified FCDO 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 FCDO 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

March 2024



Foreign, Commonwealth & Development Office

- 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 **15 working days** of the date of signature on behalf of FCDO, FCDO will be entitled, at its sole discretion, to declare this Call Down Contract void.

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

Signed by an authorised signatory
for and on behalf of
Secretary of State for Foreign,
Commonwealth and
Development Affairs

Name: REDACTED

Position: REDACTED

Signature:

Date:

Signed by an authorised signatory
for and on behalf of the Supplier
Niras Group UK Ltd

Name: REDACTED

Position: REDACTED

Signature:

Date:

Annex A: Terms of Reference

**Call Down Title: Forest Governance Markets and Climate (FGMC)
Phase 2 – Programme Management and Support Team (PMSST)**

TERMS OF REFERENCE

**FOREST GOVERNANCE MARKETS AND CLIMATE – PHASE 2
(FGMC2)
PROGRAMME MANAGEMENT STRATEGY AND SUPPORT TEAM
start 2025 - end 2030**

Table of Contents

PART 1: REQUIREMENT	3
A. Introduction and Context.....	3
B. Objectives	6
C. The Recipients: Clients and Beneficiaries	8
D. Scope of Work	9
E. Requirements.....	11
F. Budget and Time Frame	18
G. Team Structure.....	20
PART 2: CONTRACT MANAGEMENT.....	24
H. Operational Model	24
I. Payment and Performance.....	25
J. Contract Management.....	26
K. Division of Tasks and Responsibilities	28
L. Governance and Oversight	30
M. Reporting Requirements	32
N. Financial Management	34
O. Risk Management.....	36
P. Other Requirements.....	37
PART 3: ANNEXES	i
Annex 1: Country profiles for producer and “Alliance” countries	ii
Annex 2: Requesting Access to the FGMC Knowledge Management System	xxv
Annex 3: Coherence across PMSST and TAPM roles.....	xxvii
Annex 4: FGMC2 Accountable Grants Scheme	xxx
Annex 5: FGMC2 Approach to MEL.....	xxxviii
Annex 6: FGMC2 PMSST Performance KPIs	xlvi
Annex 7: Schedule of Processing, Personal Data and Data Subjects	liii

Key Acronyms

BC	Business Case
BE/BHC	British Embassy/British High Commission
FCDO	Foreign, Commonwealth Development Office
FGMC	Forest Governance, Markets and Climate
ICF	International Climate Finance
KPIs	Key Performance Indicators
MEL	Monitoring, Evaluation and Learning
MOU	Memorandum of Understanding
ODA	Official Development Assistance
PMSST	Programme Management, Support and Strategy Team
TA	Technical Assistance
TAPM	Technical Assistance Portfolio Manager
ToC	Theory of Change
TOR	Terms of Reference
VfM	Value for Money

PART 1: REQUIREMENT

A. Introduction and Context

1. **The aim of the Forest Governance, Markets and Climate (FGMC2) programme** is to reduce the illegal and unsustainable use of forest resources, while benefitting poor, forest-dependent people, especially Indigenous People and Local Communities. It promotes sustainable growth in developing countries, supporting them to trade their way out of poverty by changing the way forest products are bought and sold across the globe, establishing forest stewardship to reverse forest and biodiversity decline.
2. FGMC2 builds on a successful first phase (FGMC1: 2011-24) which provided evidence and strong foundational partnerships that drove governance reforms and improved forest stewardship. **FGMC2 doubles the scale and ambition of the programme for the next 10 years** to work with more producer countries and engage with more consumer markets compared to its predecessor. In addition to addressing illegal logging, the programme will also consider other risks to forests such as commodities, mining, and opportunities such as forest carbon. Ministers have approved funding for the first tranche.
3. **FGMC2's programme vision is that by 2035** there will be no major international outlets for illegal forest material and that regional and domestic trade in illegal forest products will be significantly reduced. Rights for local communities and Indigenous People will be clarified and respected, and sustainable multiple use forest management practises that incorporate carbon values will be operational in the productive forest areas across 16 partner countries, representing over 360million ha of primary forests (roughly 40% of tropical forests).¹
4. It will contribute to deliver the Glasgow Leaders Declaration's ambition to halt and reverse forest loss by 2030 and the FCDO's White Paper commitments to tackle illegality in trade and secure forest tenure reforms including in SE Asia, the Congo Basin and the Amazon.
5. The programme focus is on **forest land stewardship** establishing governance arrangements and rules-based systems (outcomes) and the changed behaviour of key actors as a result of the implementation and enforcement of those rules (impact). The ultimate benefits to forest, environment and people are captured at the super-impact level.
6. FGMC1 experience demonstrates the importance of **robust governance foundations** if lasting change is to be secured. These foundations enable a fair and formal set of rules and system reforms that underpin the distribution of forest benefits. In particular, they must recognise the rights of Indigenous People and Local Communities (IPLCs) as well as the urgency of addressing the threats to climate, eco-system services and biodiversity from mismanagement of forests. They must be credibly enforced and overseen through independent monitoring, effective traceability systems, and transparent government and business processes that reduce the scope for corruption and elite capture.

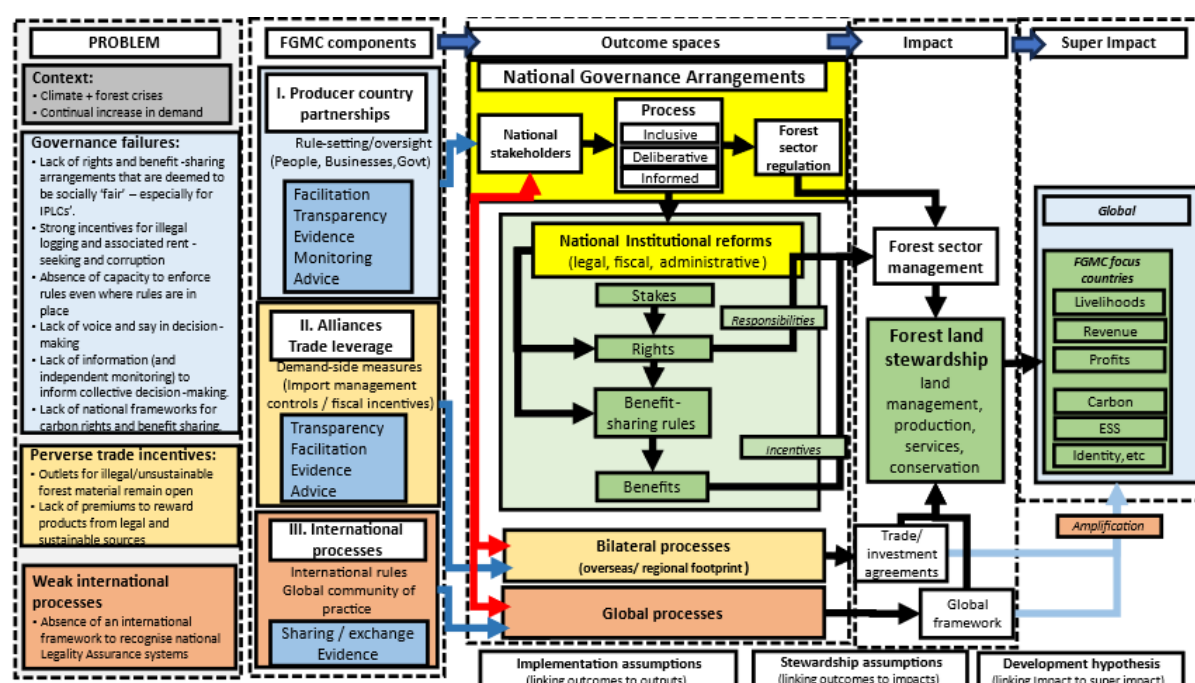
¹ Reflects the total area (millions of hectares) of primary forests an estimated 369m ha out 884m ha primary forests in 37 tropical countries, comprising Indonesia, PNG, Solomon Islands, Laos, DRC, Cameroon, Rep of Congo, Ghana, Liberia, Guyana and Gabon, Cote d'Ivoire, Thailand, Cambodia, Surinam, Bolivia (scoping is yet to begin in the latter)

7. **The challenge for FGMC2** is to take forward this tried and tested approach into new countries and to address new threats to forests, including forest conversion, biodiversity loss, illegal mining and the new incentives (and challenges) created by carbon markets.
8. The programme will be delivered through three interlinked components:
9. **Component I: Partnerships with tropical producer countries for national scale forest governance reforms (up to £136m/ 5yr; £305m/ 10 years)**. FGMC2 will provide support to establish national rules-based systems that ensure good forest land governance with a fair distribution of the costs and benefits (timber, agricultural commodities, mining, carbon and biodiversity payments) arising from the ownership and management of forest lands and their assets and accruing directly to forest owners and managers or indirectly as public goods. It will build from established partnerships under FGMC1, to sustain on-going reforms, or where new problems threaten forests, the process would focus on new governance challenges related to illegal agriculture and mining or forest carbon governance. It will also explore opportunities for new partnerships to take advantage of the replicable approach and significant demand. Budget provision would support engagement with up to 16 countries in total. Precise geographical scope will be finalised during mobilisation phases but will include Indonesia, Ghana, Liberia, Republic of Congo, Guyana, Cameroon, Papua New Guinea, Solomon Isles, Laos and DRC. A further group of countries will be identified in the 2nd year of the programme following further scoping activity. Engagement will be phased, with a gradual increase in the number of new partnerships. **Annex 1** provides descriptions of the state of play of the forest sector in this first group of producer countries (Tier 1 and 2), and of market regulations in Alliance countries that will be the focus of immediate work.
10. **Component II: Forest footprint alliances with consumer markets** (up to £34m/ 5 yrs; £79m 10yrs). FGMC2 will support building of alliances for sustainable forest footprints to reduce the negative impacts on forests and poor people from risky investments and will promote responsible business practices in partner consumer countries. The focus of this component is generating the evidence and understanding to inform consumer market policies that support and incentivise the governance reforms of producer countries. The ambition is to close markets to trade in illegal and unsustainable forest products through effective import management regulations, public and private procurement policies and recognition, and by rewarding trade from countries with effective forest governance systems in place. This component will identify market “pull” from partner countries and will likely include engagement with major processing and consumer hubs, notably EU, China, India, Vietnam.
11. **Component III: Global forest governance**. (up to £33m 5 years, £81m 10 years). This component will seek to shape international market norms and initiatives, support policy engagement that catalyses change in international markets and global forest governance, encourage positive international frameworks to prohibit trade in illegal material and incentivise national forest stewardship through rules that place governance at the heart of schemes/ investment strategies. Action will be supported through accountable grants which support non-government organisations who are working to sustain global forests through policy action (e.g. think tanks, advocacy groups, trade associations) who are encouraged to form coalitions to inform pertinent international policy and initiatives aligned to FGMC2 objectives. Through the establishment of an International Forest Governance

Hub, independent advice will be provided to developing forest countries, enabling FGMC partners to draw on their experience and encourage other countries in their efforts to strengthen forest governance, thereby amplifying FGMC2 outcomes and impacts. This will also create a mechanism that allows for pooling of donor resources further amplifying potential impact.

12. The intervention logic is depicted through an overarching **Theory of Change (ToC)** (Figure 1 below). In a nutshell the intervention logic is that: national, multi-stakeholder deliberative processes (Output) will result in a consensus interpretation of the rules (forest laws, norms, institutions etc) that govern the forest sector (Outcome) which will be enforced effectively and fairly (Impact) and, in turn, lead to benefits for People, the Forests and the Planet (Super Impact).’ To secure results at scale, consumer markets (including carbon) must address demand through the rules governing their forest footprint and global norms established through international processes seeking to safeguard forests. The full description of the Theory of Change is set out in **Annex F** of the FGMC2 Business Case.

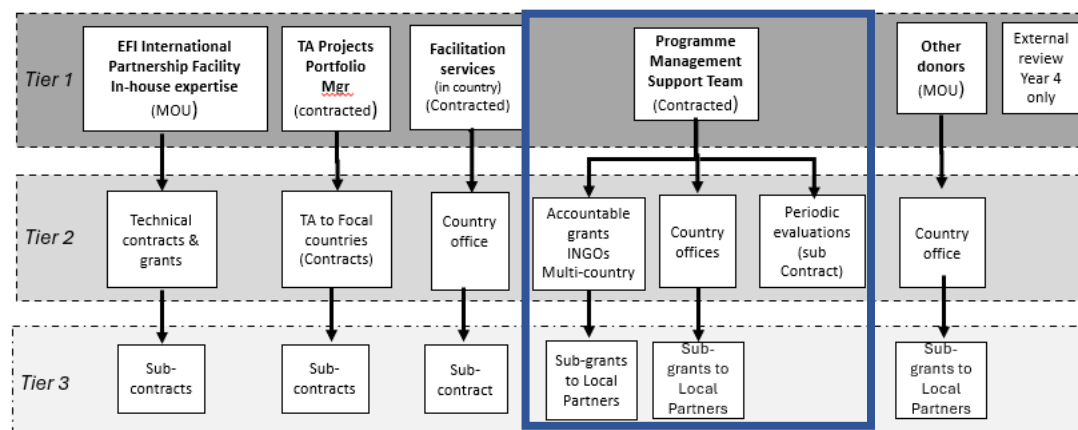
Figure 1 - FGMC2 Programme Theory of Change



13. The programme will use a similar format to FGMC1, which demonstrated the right mix of agility and soft diplomacy to build strong trusting relationships and drive change. It will be delivered through a mix of facilitation and TA contracts, accountable grants, and expertise (see delivery instruments in figure 2 and programme governance in figure 3 below). Building on the proven model of FGMC1, the programme will be delivered through three service provider contracts and a limited number of MOU grant agreements with strategic international partners, some of which will enable us to work with other donors and engage directly in international policy initiatives. Coherence across the three components of the programme will be achieved through the coordination, monitoring and planning role envisaged for an outsourced programme management strategy and support team (PMSST). This builds on the successful approach to delivery under FGMC1.

14. FGMC2 will be delivered via five delivery instruments set out in figure 2 below. The 3 components outlined above will be delivered through the coherent implementation of a combination of these delivery instruments, dependent upon context.

Figure 2 FGMC2 delivery structure and mechanisms



B. Objectives

The objective is to establish an outsourced programme management service: the Programme Management Strategy and Support Team (PMSST).

15. To deliver on the ambitions outlined in section A above, FGMC2 will establish programme management structures that are adaptive and flexible with the capacity to work at country and global levels and with instruments designed to mobilise rapidly to work with political opportunity and momentum. This builds on the highly effective combination of instruments deployed under FGMC1 to support and deliver activities at country and international levels in the form of policy engagement, technical and governance support, facilitation of national policy making processes, capacity building and generating evidence to inform national and international processes. The key instruments (depicted in Figure 2) to be deployed under FGMC2 are:

- **The provision of Technical Assistance for capacity building (people and systems)** through TA contracts tailored to the specific needs of partner countries and driven by country governments and managed by a **Technical Assistance Portfolio Manager (TAPM)**.
- **Facilitation services**, delivered through a contract to provide the services of impartial facilitators to support multi stakeholder deliberations, at the invitation of government.
- **The provision of short term specialist technical expertise to tropical forest countries delivered through** a long standing relationship with the European Forest Institute (EFI), an international organisation that has built up a strong reputation and expertise in forest governance.
- **Accountable grants** with not for profit organisations such as think tanks, researchers, advocacy organisations, business associations, investigative journalists, covering a broad set of issues aligned to the programme theory of

change and working at country as well as international levels, with producer countries and consumer markets.

16. A new **International Forest Governance Hub** under design for FGMC2 will provide a multi donor trust fund facility to draw in more resource for forest governance expert analysis and advice and to scale the approaches that FGMC2 develops beyond just those countries where the FGMC2 programme is able to directly reach.
17. To ensure there is coherence across this complex programme, an outsourced programme management team with specialised expertise and sufficient resources for continuous learning is to be mobilised under this ToR.
18. FGMC2 will work at multiple levels across up to 16 tropical forest countries and consumer markets, engaging also with international processes, ensuring that delivery instruments are responsive to demand and adaptive to changing challenges and opportunities. To manage this level of complexity and bring coherence to the programme, FCDO requires outsourced programme management and advisory capability. This model has been tried and tested under FGMC1 and materials from this period are available to bidders in the programme's **Knowledge Management System (KMS)**. Annex 2 sets out how to access the KMS. Box 1 below sets out lessons learnt from FGMC1 with respect to programme management and the role of outsourced programme management services.
19. The overarching objective of the PMSST will be to provide strategic and technical advice to FCDO and delivery partners, successfully manage and oversee FGMC2's accountable grants; develop and oversee the programme's monitoring, evaluation and learning (MEL) functions, while ensuring oversight and coherence across all programme delivery partners.

Programme Management: Lessons from FGMC1 for FGMC2

Phase I was managed over 12 years by a DFID/FCDO Senior Responsible Owner and Programme Manager, with advisory support and several programme-financed roles in strategically placed positions in the EU, Indonesia and China.

At the outset of FGMC1, accountable grants, MOUs with international organisations and various Supplier Contracts were all managed directly in-house by DFID. As the programme grew in scale, direct management proved untenable with the HR available to the central DFID team resulting in some projects being shifted to management at Posts with capacity (Beijing and Jakarta). The most significant development was the outsourcing of a programme management team (PMST) in 2015 to improve efficiency and to manage the programme's Accountable grants (20+ grant agreements).

The PMST's team of 5 technical experts provided specialist advice along with grant oversight in support of FGMC1's work across 7 countries. They were able to support governance reform processes in various countries and to orient and shape accountable grants to complement the wider programme thereby improving learning, coherence, and influence. A pool of on call experts were able to help the programme respond quickly to requests for advice to inform policy development processes. FGMC 2 will continue this model, with enhanced skill sets and capabilities within the pool of experts to cover the enhanced thematic and geographical scope of FGMC2 and will take on additional MEL responsibilities to ensure coherence and lesson learning across all delivery instruments.

FGMC1 worked both through multi-donor trust funds as well as jointly with donors where we were able to capitalise on their wider sector knowledge or existing programmes (in Liberia with the EU, in Guyana with Norway, in the Republic of Congo with AFD, in Vietnam/ Cameroon with GIZ and with Ghana through sector budget support with other donors). This helped build coherence in support of national sector reforms, influenced other donor approaches as well as leveraging resources to achieve scale. FGMC 2 will continue to align and work closely with other donors, it will also establish a new independent international forest governance hub as a source of impartial advice and analysis accessible to forest countries and create a mechanism to fosters donor collaboration.

As the scale of the programme grows in FGMC2, it will be important to maintain the elements of the Phase I management arrangements which supported efficient delivery, including clearly defined roles and responsibilities, complementarity between FCDO policy engagement and programme delivery through service providers and partners, and recognition of where accountability and risk is held within the delivery arrangements.

C. The Recipients: Clients and Beneficiaries

20. The client of these services is the UK's Foreign, Commonwealth and Development Office (FCDO), securing an outsourced programme management and advisory service.
21. The PMSST Supplier, in consultation with the FCDO Senior Responsible Officer (SRO) for FGMC2, will be required to liaise frequently with FCDO Offices and Posts in the UK and in countries where FGMC2 has significant activities.
22. The intended **beneficiaries** of the services are the forest communities and small businesses working in forests and other citizen's whose livelihoods depend on forests, and the Governments seeking to manage their forests sustainably and other citizens engaged in ensuring effective law enforcement and accountability in the FGMC partner countries.

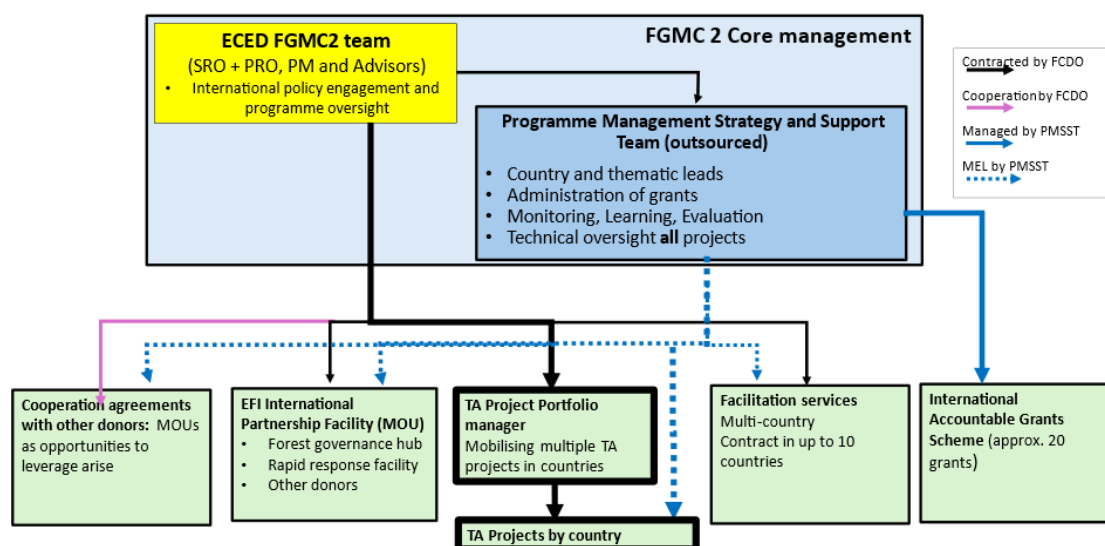
23. The PMSST team will maintain direct relationships with partner country governments in agreement with FCDO and where FGMC2 support is being provided.

D. Scope of Work

24. Likely but not necessarily located in the United Kingdom and working closely with the FCDO team, the PMSST Supplier will oversee programme activities to ensure that they are on track and delivering value for money. This will require regular and frequent travel to partner countries, and the structuring of remote meetings to ensure oversight. The PMSST Supplier may wish to consider some limited country presence where it makes sense to do so on the basis of distance and costs of travel (e.g. in the Pacific). Outsourced management will include carrying out analysis and providing technical advice to FCDO and backstopping support to other delivery partners where needed, supporting FCDO's political engagement with countries and international processes, and tracking and monitoring progress of support provided to up to 16 countries across West and Central Africa, Southeast Asia and the Pacific, and South America, as well as engagement with international policy processes. The PMSST supplier will manage FCDO funds through accountable grants as instructed by FCDO.

25. FCDO expects **the PMSST supplier to be part of the FGMC core management team of the programme**, as can be seen in the figure below setting out the governance arrangements for the programme. This reflects the very close working relationship expected between FCDO and PMSST in order to effectively manage the programme. The performance of the PMSST Supplier will therefore be regularly discussed during in-depth monthly meetings with FCDO (see section on working with FCDO).

Figure 3 FGMC2 Governance Structures



26. More specifically, the PMSST supplier will be responsible for the following, elaborated upon in detail in section E below):

- I. providing strategic advice, and lessons learnt from across the programme to FCDO in support of decision making and international engagement.

- II. providing advice to FCDO team and backstopping support to TA projects (e.g. political economy perspectives, ways of working, understanding of stakeholder landscape) as well as oversight to all programme delivery partners in the delivery of their activities, particularly at country level, including specialist expertise to assist FCDO in sustaining dialogue with partner countries,
 - III. financial management and performance of an accountable grants scheme on FCDO's behalf (approximately 20-25 Accountable Grants with a value up to an estimated £58 million)
 - IV. Establishing a programme-wide Monitoring, Evaluation and Learning (MEL) system and commissioning evaluative studies to inform ongoing programme strategy.
 - V. Building on the existing programme knowledge management system developed under FGMC1 and developing a strategy for communicating lessons and results to inform programme delivery, policy engagement, and to contribute to learning across Government departments and beyond.
27. Learning from FGMC1, FGMC2 will operate under the following guiding principles for strategic advice and oversight, and effective MEL:
- **Transformational:** FGMC aims to catalyse transformational shifts at the global level, working to influence global process that focus on forest stewardship, identifying opportunities for collective action, especially linked to commodity trade and investment (including carbon and other ecosystem services (ESS)). These may include established bodies such as UN processes, the International Tropical Timber Organisation (ITTO), World Trade Organisation (WTO), as well as dialogues such as Forest Agricultural Commodity Trade (FACT), the political Forest and Climate Leaders Partnership (FCLP), the Tropical Forest Alliance, and bodies connected with the evolving carbon markets such as the ICVCM², the VCMI. At national level FGMC aims to transform the entire forest sector through changes to laws, policies and social norms combined with systematic monitoring.
 - **Thinking and acting politically:** FGMC has a high level of awareness of the political economy, and it pays great attention to incentives. The design of country-specific engagement requires in depth political economy analysis, and consultations with national stakeholders.
 - **Flexible and adaptive:** FGMC works with a range of countries and supports different processes. The programme's approach to partnering with countries must be flexible and timely, responding to opportunities and challenges, and providing countries with choice depending on the needs they prioritise.
 - **Stakeholder led strategies and learning:** Country level theories of change and strategies must reflect stakeholder interests and priorities. FGMC prioritises monitoring, evaluation and learning, and looks to continuously improve and base its

² ICVCM – The Integrity Council for the Voluntary Carbon Market, VCMI - Voluntary Carbon Market Integrity Initiative

work on evidence of what works. Programme stakeholders should be central to capturing and reflecting on lessons learnt.

28. **Geographic Scope:** FGMC2 will work across a range of countries in West and Central Africa, in SE Asia, notably the Mekong region and the Pacific as well as with trade levers in significant emerging markets. It will gradually build the geographic scope of the programme, building from the legacy of FGMC1 partners to deepen engagement in regions and in response to strong demand. It will not operate in all countries (potentially up to 16) from the outset (see Phasing of overall programme implementation in section F). The nature of the work delivered in each country will depend upon the context, opportunities and country specific strategies. FGMC2 has grouped potential partner countries into three tiers depending on the extent to which a well-defined programme of work has been identified, as follows:
29. **Tier 1:** tropical forest countries where we have a legacy of work from FGMC1 and have built strong partnerships, have a good understanding of how the programme can be positioned and have confidence in the plans of action and country level theories of change developed during scoping for the new programme. We can move quickly to full scale implementation. **Tier 1 countries are:** Guyana, Ghana, Liberia, Indonesia, RoC. The Tier 1 consumer markets or Alliance Country is China where FGMC1 has gained substantial experience.
30. **Tier 2:** tropical forest countries where scoping and FGMC1 action has identified entry points for support to governance reforms, but where more scoping and engagement are required, particularly where we do not yet have well-established networks or coalitions of partners. Activities will be phased gradually to allow for learning and adjustment. **Tier 2 countries are:** Cameroon, Laos, DRC, PNG, Solomon Islands. The Tier 2 consumer market (Alliance Country) is Vietnam, where we have some experience and have carried out scoping.
31. **Tier 3:** Countries where there is interest to engage and/or an identified reform process where FGMC2 might contribute. Scoping work will be required before determining whether to engage and this would commence only after the key delivery instruments are established and work in priority countries has started. Work in these countries is likely to begin in year 2 or 3. **Tier 3 countries are indicative, and will likely be drawn from:** Cote d'Ivoire, Gabon, Mozambique, Bolivia, Suriname, Cambodia, Myanmar, Thailand. Tier 3 consumer markets will likely be drawn from India, Malaysia, Philippines, United Arab Emirate and possibly Nigeria for its importance as a regional market.

E. Requirements

32. **The PMSST Supplier will not be eligible to bid for any other contracts or grants issued under the FGMC2 programme.** This is because the PMSST will be carrying out important MEL functions across the whole programme. In addition, in order to maintain the relative impartiality of the PMSST to be able to carry out its role in political and strategic engagement with partner governments and national stakeholders, it is important that there is a separation from the delivery of contracts in-country.
33. The PMSST Supplier will be expected to disburse up to £73 million of grant funding over the contract duration however the levels of this grant funding may increase or decrease in line with programme requirements. The PMSST Supplier will establish a separate bank

account exclusively for the management of the grant funding provided by FCDO. The Accountable Grants scheme will be co-designed with FCDO with grants awarded on a competitive basis.

34. FCDO expects the PMSST Supplier to be responsible for delivering the following:

Global strategic advice and guidance to inform FCDO political engagement

35. As already described under Section D, the PMSST will work closely with FCDO providing outsourced programme management, including advisory capability and engagement with countries and key international organisations. The PMSST will provide the following services to FCDO, both centrally to the Energy, Climate and Environment Department (ECED) FGMC Team, but also to FCDO Posts in-country:

- timely and high-quality advice and briefing on request, drawing from FGMC2 partner experience, to inform FCDO political, country, and international engagement and inform FCDO's contributions to the development of policy.
- advice and project updates to in-country FCDO Posts and advisors on sector developments and establishing relations with other donors in the sector in partner countries.
- as mandated by FCDO, engage with international processes to influence action in line with FGMC2 programme objectives.
- Attend steering committees established for oversight of technical assistance projects if required and as directed by the FCDO SRO. The TA portfolio manager will be advised of this attendance, and the PMSST will share any feedback with them.

Effective backstopping advice to delivery partners, and ensuring coherence of programme activities at global and country levels,

36. The PMSST Supplier is expected to provide technical backstopping on a wide range of skills (as described in skills section G) and assist in coordination of all programme delivery instruments at country level (including the TA projects, Facilitation, EFI expertise and accountable grants).

37. Country specific TOCs/strategies will be shaped by national stakeholders working with the PMSST to support on-going forest governance processes. In some contexts, these will be driven by formalised processes, like the Voluntary Partnership Agreements established under FLEGT that has already established a negotiated roadmap of needed regulatory and governance reform. In other cases, the processes are less well defined, and will need to be further developed and shaped by the PMSST and FCDO.

38. Expected activities include:

- With key stakeholders and delivery partners, particularly the Facilitation Service, regularly review the political space in both tropical forest producer countries and consumer markets to inform and adapt programme delivery.
- Work with national stakeholders to develop country specific Theories of Change and strategies/roadmaps to guide programme implementation so that the actions of all delivery partners are coherent and aligned with these.

- Support delivery partners in country through the provision of high quality and timely advice, on technical matters, risks, political context, stakeholder engagement etc, and where necessary, provide a challenge function.
- Notify the FCDO SRO of any implementation or performance issues related to the grant and TA projects or the Facilitation Services, ensuring the Facilitation service provider and the TA portfolio manager are informed.
- Forge a close working relationship with the Technical Assistance Portfolio Manager (TAPM) contracted to deliver demand led TA to partner countries. **Annex 3** provides a table setting out the roles and responsibilities between the PMSST and the TAPM. The PMSST will specifically:
 - Identify the TA needs of partner governments (with FCDO) in each partner country as a basis for drafting Terms of Reference for the TAPM to develop and mobilise TA project support.
 - Make available to the TAPM any information on political economy context, potential local suppliers, or other information that will support contracting of TA projects.
 - Provide guidance to the TAPM on programme TOC and programme results-monitoring requirements so as to inform the reporting requirements of TA projects.
 - Provide technical backstopping support to TA projects, and where needed, a challenge function.
 - Support individual projects and TAPM with the identification of risks, and potential opportunities.
 - Review TA project reports and progress, reflecting on changes to strategies
- Facilitate coordination amongst delivery partners to ensure coherence across all actions and create awareness of other UK or other donor-funded initiatives of relevance, helping partners to avoid duplication of effort, and identify opportunities for synergy.
- Ensure that Posts are kept updated on developments, support with briefing and advice where requested, working with Post advisors and/or programme funded roles.

Project administration and management of Accountable grants

39. This is a significant activity under the PMSST's responsibility. The PMSST Supplier will oversee and mobilise the FGMC's competitive accountable grants programme, managing between 20-25 accountable grants for up to a value of £73m on behalf of FCDO. A variety of organisations may be eligible under the grants scheme such as INGOs, policy think tanks or business associations, and each grant is likely to operate across multiple countries.
40. The FGMC2 accountable grants scheme will build on years of positive experience and knowledge acquired through the previous scheme in FGMC1 along with the strong community of practice and coalitions of interest established through its implementation. FGMC grant holders have proven to be influential in shaping international processes with a focus on tackling illegal logging, commodity-driven deforestation, and associated trade.

They have done this through advocacy work but also the development of tools (e.g., WRI's Global Forest Watch, Global Canopy's Forest 500, Trase) that promote transparency and provide policymakers and advocacy groups with actionable evidence. **Annex K of the Business Case** sets out the experience of working with Accountable Grants under FGMC1 and **Annex 4 to these TOR** sets out the purpose and mechanics for the FGMC2 accountable grants scheme.

41. A strength of the FGMC community of practice, of which the grant holders are an integral part, has been its ability to link processes and actors from the national level to the global as well as across geographies. Alongside other FGMC2 delivery instruments such as technical assistance and facilitation contracts, the accountable grants will be key contributors to the Programme's Theory of Change through interventions focused on building global momentum for change by supporting both supply-side and demand-side reforms in coherence with other forest- and land use-related processes. The resulting changes in rules and norms, in business and forest management practices, is what ultimately will drive transformation in governance and trade for the benefit of forests, climate, and livelihoods.
42. The AG Scheme will be co-designed with FCDO, including the identification of priority themes to support delivery aligned with the TOC. The PMSST Supplier will manage the call for proposals, support the project development ensuring that any selected grants adopt reporting structures that support the programmes overall reporting needs. The PMSST will be responsible for the development of the grant scheme structure to be agreed with FCDO and subsequently for due diligence, the issuing of the grant agreements on behalf of FCDO, monitoring performance, and managing finance administration in accordance with FCDO requirements and best practice.
43. The decision-making process for the award of Accountable Grants has been tried and tested under FGMC1. This will be refined during the contract inception period informed by early stakeholder engagement and scoping work that has been taking place during the design phase. By the time the PMSST supplier is contracted, FCDO will have identified the thematic and geographical scope of the accountable grants programme. The FGMC2 SRO will approve all grant proposals based on advice from the PMSST team. The PMSST will be responsible for issuing grant agreements and their monitoring on behalf of FCDO.
44. The PMSST Supplier will create a separate Client Account for managing the funding for accountable grants. FCDO will transfer grantee funding quarterly, based on evidence of need. The PMSST's quarterly progress reporting will indicate the performance of accountable grants and identify any issues with performance.

Once AGs are operational – the PMSST Supplier will:

- Ensure grantees comply with all terms and conditions, including financial and technical reporting requirements, anti-fraud, safeguarding and whistle-blowing policies, compliance with IATI processes, and maintenance of capital asset registers.
- Maintain records of all correspondence with applicants, including their proposals
- Communicate regularly with grantees to gain an up-to-date knowledge of their activities and to resolve any issues arising from them, including any changes to planned activities and budget allocation by activity and time;

- Receive and review grantees' technical and financial reports, providing and consolidating reported results, for quarterly and annual reporting to FCDO in a way that contributes to programme-wide reporting against FGMC2 log-frame milestones;
- Disburse grants in a timely fashion on receipt and validation of grantees' technical and financial reports and claims for payment;
- Prepare up-to-date consolidated forecasting of expenditure and informing FCDO quarterly about any changes to forecasts;
- Coordinate with grantees to prepare stories that illustrate impacts on the ground that result from their activities and, in consultation with FCDO Advisers, develop approaches to publicising these stories;
- Monitor grantees' activities at an appropriate level (including visits, to be agreed by FCDO, to countries where grantees have activities) so as to ensure delivery of agreed objectives and continuous value for money, and taking appropriate action, including recommending suspending or terminating any grants that fail to perform adequately;
- Receive Annual Audited Accounts from all grantees and verify each grant's expenditure in accordance with its agreed terms;
- Maintain records of all grants, including reports and monitoring results, in sufficient detail that will facilitate external monitoring or audit;
- Advise grantees on their participation in relevant international events.
- FCDO will transfer to the PMSST designated account for accountable grants, the funds intended for disbursement to grantees on a quarterly basis, in advance where required, based on approved grantee work plans and forecasts. Grantees must itemise and confirm actual spend quarterly, and advance payments will be calculated based on needs for the next quarter, adjusted for any over- or under-spend in the prior quarter.
- FCDO will issue payment to the PMSST Supplier for onward payment to grantees subject to receipt of all necessary assurances that amounts claimed for have been checked and verified. The PMST Supplier will establish a separate bank account to administer exclusively the AG payments for FCDO.
- The PMSST will be responsible for ensuring that they and their downstream partners comply with FCDO financial and management requirements.

Delivery of Programme wide Monitoring Evaluation and Learning (MEL)

45. The PMSST Supplier has the responsibility for overall programme MEL across delivery routes and actions, including for elements of the programme not working directly to grants or contracts held by the PMSST Supplier. These will include contracts held by FCDO with other suppliers such as for the delivery of TA projects, or for the facilitation service, in addition to the accountable grants managed directly by the PMSST. It will also include any MOUs that FCDO holds with other bilateral donors, or international organisations (such as EFI). This requires a mandate from FCDO to have oversight over third party contracts and MOUs.
46. On appointment, the PMSST Supplier will work with FCDO during the inception period to finalise the programme wide monitoring evaluation and learning (MEL) framework to report against the programme theory of change, to refine a programme logical framework, and

to review and further develop proposed monitoring indices to report against the logical framework. This will include developing indices specifically to track how gender and political inclusion are addressed throughout programme activities. Progress has already been made in developing the MEL framework (**Annex 5**) and it is expected that a MEL Handbook will be available by the end of March 2025 for the PMSST Supplier to build from. Bidders are invited to demonstrate in their proposals how they envisage operationalising the approach set out in annex 5.

47. The PMSST Supplier will be responsible for keeping the programme wide theory of change under review and ensuring that all delivery partners understand it and are aligned with it. The PMSST Supplier will also work with in-country stakeholders and delivery partners to refine country specific and/or thematic theories of change that nest within the programme's theory of change. These are currently under development, and which will have been drafted by the time of contracting.
48. The PMSST Supplier will track progress of all delivery routes against country work plans and road maps, and the overall Theory of Change. To do this effectively, the PMSST will work with delivery partners to develop reporting templates for use by all FGMC2 delivery partners to facilitate programme-wide monitoring and lesson learning. These will be included within ToRs and contracting requirements, in particular for use by the TAPM, and subcontracted TA projects.
49. As a programme that seeks to influence and facilitate national stakeholders in tropical forest producer countries and in consumer markets to develop their own processes and own the outcomes derived from them, the PMSST Supplier will be expected to utilise a range of tools to track progress against hard to measure key ICF KPIs such as transformational change. Under FGMC1 a range of tools have been developed which will require further reflection and refinement for use under FGMC2. Measuring influence, particularly the contribution of the programme to shifting global processes, will require attention from the PMSST Supplier.
50. The PMSST Supplier will assist FCDO in monitoring performance, including but not limited to:
 - Receiving and reviewing delivery partner technical progress reports, summarising performance and progress quarterly, and informing the FCDO SRO promptly of issues that need their attention, and ensuring delivery partners are informed;
 - Periodic assessments that support lesson-learning and adaptive management.
 - Meeting with them individually at least once every quarter to review progress;
 - Visiting those countries where relevant contracts are being implemented at least twice annually to review progress on the ground, where feasible in conjunction with country-led project steering committees or similar events attended by FCDO team members.
 - Attend steering committees established for oversight of MoUs, if required and as directed by the FCDO SRO.
 - Support, and make available all documents, evaluative studies, and relevant analysis to the independent evaluators commissioned by FCDO to carry out the Mid Term Review after year 4 of the programme implementation/2029.

- Refine and/or tailor ICF KPI methodologies to suit the programme and ensure they are utilised where appropriate. This will include KPI 15 on Transformational change as the core ICF KPI that FGMC2 will report against and for which extensive experience exists under FGMC1, alongside reporting against a new set of technical assistance KPIs:
 - KPIs Technical Assistance KPI 1- Countries Supported
 - Technical Assistance KPI 2- Individuals and Organisations Supported
 - Technical Assistance KPI 3- Climate Policies Informed
 - Technical Assistance KPI 5- Emissions Reductions Supported
- Preparing programme-wide annual reports that will enable the SRO to report on annual progress including updating results framework, and monitoring indices.
- Regular sessions with the FCDO team to ensure MEL systems capture political engagement and influencing activities carried out by FCDO and other government departments.

Knowledge Management and communication

51. The Knowledge Management System developed late in the implementation of FGMC1 hosts all the technical reports (quarterly, annual, and completion reports) that have been submitted by the FGMC1 grant holders since April 2021. This is in the process of being extended to include all reports since 2018 as well as the annual and completion reports for the period from 2015-2018. The PMSST Supplier will build upon the Knowledge Management System developed under FGMC1 and ensure that knowledge products generated by programme partners are curated within this system and that options are explored for making the KMS more accessible. Bidders will be able to access non confidential documents on the KMS platform. Instructions to do this are set out in **Annex 2**.
52. FGMC2 does not operate in a projectized way with its own branding and website, instead working through multiple stakeholders to facilitate and influence transformations nationally and globally. Since measuring this is challenging, and outcomes can be the result of many different contributions, it is also challenging to claim and communicate specific “FGMC results”. The FGMC2 Supplier will reflect on how to improve FGMC2 communication by developing a strategy, approved by FCDO, for communicating the Programme’s experience, achievements, lessons learnt, outcomes etc taking into consideration the ownership of the experiences and lessons learnt. This strategy should also consider how best to support stakeholders to document and communicate their achievements, particularly partner governments.
53. Learning is integral to all elements of FGMC and the PMSST will play a pivotal role in ensuring learning across the components of the programme, the geographies, the stakeholder interests and policy domains. Once a year, the PMSST Supplier will organise a stakeholder forum event at which all FGMC delivery partners and stakeholder representatives will be invited to engage in a structured learning event and to focus on priority issues and network.

F. Budget and Time Frame

54. The PMSST contract will run from the time of its signature (assumed to be April 2025) to April 2030 for a period of 60 months/5 years, with a total budget of up to £88m. Break points will be embedded throughout the Contract (see Section 2. Part J).
55. FCDO foresees a budget of up to **£15m for the PMSST services** (MEL, technical and strategic advice, management of grants and oversight), but given the adaptive nature of the FGMC2 programme, bidders should not craft their bids in such a way as to fully reach the budget ceiling that this parameter implies, leaving scope for adjustments to be made in agreement with FCDO. Section J sets out more detail on scaling up or down. In addition, the PMSST Supplier will manage **grant funding to third parties of up to £73 million**.
56. FCDO programmes are not automatically tax exempt and therefore the PMSST Supplier will be liable to pay any relevant taxes in the country of operation for the services element of the contract. Tax liabilities should therefore be taken into consideration in commercial proposals.
57. The FGMC programme must have scope to be adaptive to changes in political context and other opportunities and risks, and bidders should be prepared to be flexible. The financial ceilings stated in these Terms of Reference are expected to be sufficient to cover all likely scenarios and bids should reflect the ability to service this requirement. However, if FCDO recommends significant changes in the accountable grant portfolio or the quantum of technical support required, the contract may be amended – changing the maximum value of grants managed, agreed number of country visits, or required levels of technical inputs.
58. Actual annual budget allocations will be subject to annual ODA allocations to the programme, which are also contingent on the outcome of future UK Government Spending Reviews.

Contract Phases:

59. **The Supplier contract will comprise 3 phases over the 5 year contract (60 months),**
. These are:
 - a) The Inception Phase: 3 months
 - b) Implementation Phase: 54 months depending on timing of contract signature
 - c) Exit and Closure Phase: 3 months before contract end.
60. **Inception Phase:** Since many key strategies and instruments will be developed by the time of contract award (accountable grants scheme process and templates, MEL Handbook including logical framework and indices for monitoring against the logical framework), and substantial background information is available for Suppliers to review in the ITT pack (annexes to the ToR) and FGMC Knowledge Management System, there is no need for an extended inception phase to develop these systems and procedures. There will therefore be an inception period of 3 months, when the PMSST Supplier's main focus will be on:
 - **Mobilisation which will include:** meetings with FCDO to ensure common understanding of the programme, to agree governance arrangements and ways of working with FCDO, refining MEL methodologies, preparing reporting templates required for effective MEL, setting up systems and approaches to coordinate where

appropriate with other delivery contracts (Facilitation and TAPM), and establishing approaches for coordination at the country level.

- **setting up accountable grant arrangements** in line with FCDO requirements. This will include refining existing grant agreement templates, drawing on experience from FGMC1 and FCDO best practice. In agreement with FCDO, prepare the call for proposals in line with priority themes identified by March 2025 (indicative themes shared in **Annex 4**)
- **Identifying with FCDO the needs of partner governments for TA and the development of concepts or draft outline Terms of Reference for potential country specific TA projects** to be later developed and refined by the TA Portfolio Manager, for a second wave of TA pipeline projects³.
- **Scoping with FCDO for opportunities for engagement with forest governance processes, in-country and internationally**

61. We expect the PMSST Supplier to submit to FCDO a draft **Inception Report** after 3 months, focussed on management issues and including a proposed workplan for the coming year. It will confirm the approach to providing the services as set out herein, identifying any recommended changes for improving service delivery. A final Inception Report will be submitted to FCDO within 2 weeks of receiving FCDO's response to the draft Inception Report.

62. There will be a review point set at 12 months after contract signature, at which time FCDO will confirm it is content with the PMSST Supplier's performance before implementation. This review point also provides an opportunity to assess after some months of implementation, whether the composition (including skills and experience) of the Core Team is working in practice. Continuation of the services after these periods will be based on satisfactory performance and the progress of the PMSST Supplier against the workplan agreed with FCDO and updated monthly.

63. Contract Extension: This contract may be extended by 1 year and up to a value of £12m (£3m for services and £9m for grants) subject to the needs of FCDO.

64. Phasing of overall programme implementation: Not all activities in FGMC2 will be launched on approval of the programme and delivery contracts, and not all potential 16 countries will be worked in from programme launch.

65. FGMC2 is designed to build on the work already underway in a number of countries (Tier 1:) and in others that have already gone through scoping during the design phase, or where FGMC1 operated indirectly (Tier 2). Up to 16 countries could be engaged with in total across the full 10 year lifetime of FGMC2. It is not anticipated that the programme will work in all countries from programme launch, nor with the same level of intensity in all. This will vary according to the nature of the activities, political space to engage, challenges

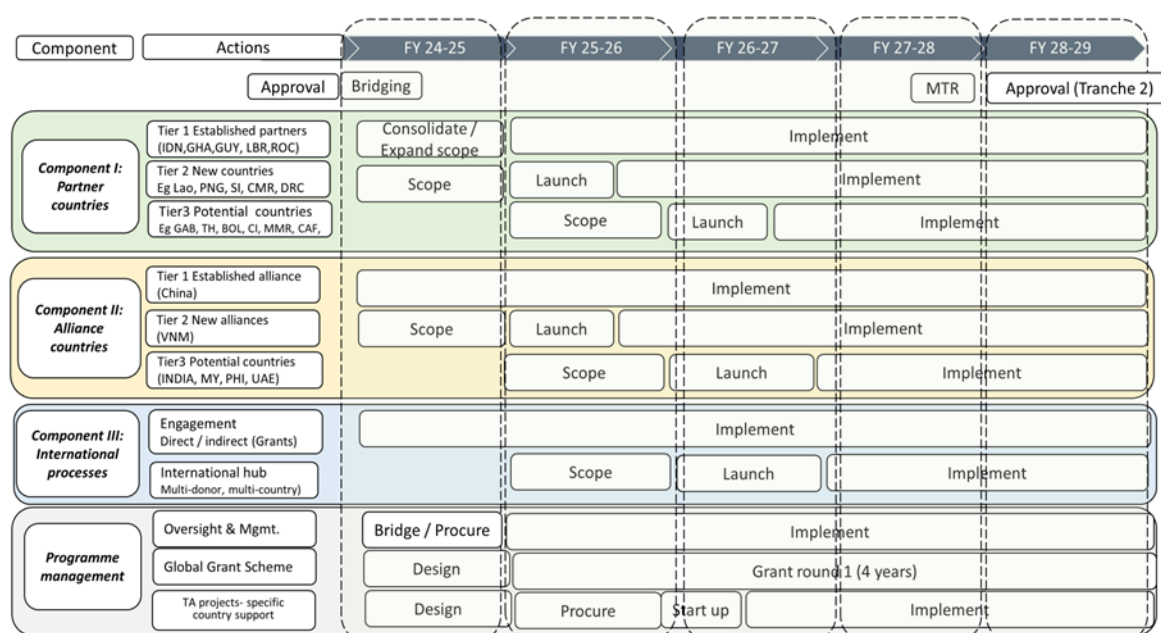
³ A first wave of TA projects is already identified for inclusion in the TAPM Supplier Contract ToRs

and opportunities. Some potential partner countries are yet to be identified (Tier 3) and therefore work is unlikely to commence in those countries until at least year 3. It is anticipated that budget breakdown across the four years will remain steady, approximately up to £3m a year for service delivery. The nature of the work may vary however, for example, in the first year there are likely to be costs linked to establishing the accountable grants programme, due diligence, further scoping, and the establishment of systems, whereas in later years the work will focus more on international and country engagement requiring more extensive travel, MEL and convening stakeholders and the FGMC community of practice.

66. One call for Accountable Grants will be made in the first year of the contract with potential grantees being added in later years if opportunity arises.

67. The programmes' timeline below sets out the expected gradual scale up of delivery, moving through scoping to launching and then on to full implementation at a different pace depending on countries:

Figure 4 Phasing of FGMC2 Mobilisation and Implementation: First 5 years



G. Team Structure

68. Under FGMC1, a similar outsourced programme management service to the one described in this ToR comprised a core team of 6 technical experts and 2 full time equivalent programme and financial management staff. They had access to a pool of experts that they could contract for inputs on specific technical areas as the need arose, with the capability to expand or contract depending on need. Between them, they delivered similar TOR covering 7-10 countries, and with a focus on sustainable forest management and the timber sector. This should serve as a basis from which to consider team requirements, and the need for any additional staff (either in the pool of experts or full time

equivalent staff in the core team) to deliver on the enhanced requirements under this ToR, e.g., greater geographical coverage, additional MEL, knowledge management and communication responsibilities, and a broader scope of potential thematic issues such as forest carbon, mining, forest risk commodities.

69. The selected Supplier will be an organisation with a strong track record of outsourced management of a multidimensional development programme, including grant fund management. Its personnel assigned to the services will have **extensive knowledge of and expertise in the subject matter covered by the FGMC2 programme**.
70. The expectation is that the PMSST core team will provide expertise across the whole programme to provide backstopping advice where needed. The following skills areas are expected to be covered within the core team, with the Pool of experts providing additional specialist complementary skills through named experts that the Core Team can draw upon over the duration of the contract to support with strategy, scale up activities as needed or for support on specialist topics. The Pool of experts will be drawn from experts using the rate cards (1 the default rates or 2 if FCDO have approved using a higher specialist rate where niche/specialist expertise is required).

Team leadership Skills:

71. An experienced team leader who can demonstrate extensive and varied experience (e.g. over 10 years or more) of managing complex programmes. We expect them to demonstrate expertise in leadership as well as familiarity with relevant subject matter and understanding of similar operating contexts.
72. They must have significant experience of:
- working with developing country governments,
 - managing relationships with a wide range of stakeholders, including the private sector, civil society organisations, think tanks, other bilateral donors, and academia,
 - leading high performing multi-cultural teams, and
 - working flexibly and adaptively
73. The team leader must be a credible individual who can represent FCDO when mandated to do so, and who has the capacity to bring stakeholders together, with very different priorities, to deliver on the programme's objectives.

Sectoral/Technical Expertise:

74. The Core team will include the following sectoral and technical skills:
- Understanding of tropical forest land use sectors and international trade and market levers;
 - International trade in timber, forest risk commodities, including minerals, impacting forests, and related controls and standards
 - Geographical knowledge and experience across the range of countries identified,
 - International trade in commodities to China, and other important markets and processing hubs such as Vietnam, India, Malaysia;

- Forest sector policy and legislative reform in Asia, Congo Basin, West Africa, Amazon regions and the Pacific;
- Approaches to sustainable forest management and forest sector development
- Ecosystem Services and emerging mechanisms and markets in support of these (forest carbon, biodiversity)

Cross cutting expertise:

75. The following cross cutting expertise should be covered within the core team:

- Environmental and Social issues in the forest sector, including those related to tenure rights, gender, political inclusion, poverty and livelihoods, conflict sensitivity, climate change, links between forests and illegal mining, the illegal wildlife trade.
- Ability to think and work politically, with strong political economy analysis capability.
- Strong International development experience and familiarity with the use of theories of change, and appropriate monitoring techniques to assess programme implementation, including “hard to measure” influence, and capture learning,
- Communication capability to share learning effectively and creatively, respecting the knowledge owners.

Programme management Skills:

76. The following programme management skills will be demonstrated within the core team:

- Ability to manage HMG funds, including ODA.
- Experience of running international development programming, including grant administration.
- Ability to set up and manage multiple grants operating across a range of tropical forest countries.
- Ability to attract and retain skilled experts to provide time for long term relationship building.
- Strong Stakeholder management skills – primarily with FCDO staff in the UK and in BE/BHCs in-country, and with other delivery partners such as the TAPM, Facilitation Service, EFI, and potentially other bilateral donors.
- Strong MEL capability, including experience of using theories of change, measuring policy influence, setting up and managing MEL governance arrangements across multiple delivery partners, and supporting coordination, synergies and learning across delivery partners and FGMC’s “community of practice”.
- Ability to mainstream gender equality and social inclusion considerations into international development programming, ideally in the context of forest and land use policy-influencing prioritised by the FGMC programme.
- Capacity to source country-based service providers.
- Effective report-writing and communication skills

Accountable Grant Management:

77. Within the core team, the following expertise and experience in grant management is required:

- Experience and ability to manage a grants programme in an adaptive way, including pivoting planned actions or locations to emerging opportunities or challenges.
- Ability to conduct due diligence of tier 2 and 3 suppliers, following FCDO best practice guidance.
- Risk management – monitoring and mitigating risk at the grant level and country level.
- Strong knowledge and record management systems to ensure continuity of grant portfolio management in face of staff changes.

78. It is expected that the PMSST Supplier will organise the Core Team, and draw on the Pool of experts, in such a way as to **avoid specialist silos**, assigning responsibilities in such a way as to ensure that all staff have a mix of technical, geographical and cross cutting issue responsibilities. We do not expect to see discrete teams for MEL, for Gender, or for Grants management, for example, but the PMSST Supplier will ensure that responsibility to drive and steer these agendas is assigned to at least one individual. Any changes to core team members will be made with the authorization of FCDO.

79. To operationalise the PMSST function, the PMSST Supplier may wish to consider placing team members in some countries where this is felt appropriate. For example, in the Pacific, where the cost of deployment is high and there is need for relationship building in the early years of new focus countries, or in the Mekong where INGOS struggle to gain license to operate. In such circumstances a more physically proximate PMSST might be able to secure and work effectively with national or regional accountable grants.

80. **Pool of Experts:** We would expect a technical pool of experts to be identified in the proposal with budget identified within Volume 6: Proforma Cost Template tab 2.0 Total Programme Cost with maximum rates provided in tab 2.6 Rate Cards 1 & 2, drawing on Supplier understanding of the breadth and scope of the programme. We would expect a pool of experts to evolve over the first years of the programme depending on needs. The Pool of Experts should be able to flex with the programme's needs for technical advice, and this may include the occasional need for niche specialist advice (be it legal, trade analysis) or inputs from leading authorities. Based on experience from FGMC 1, we would envisage that in the region of up to 20% of the PMSST service costs may be required for this Pool and the supplier should include an indicative budget within Volume 6: Proforma Cost Template tab 2.0 Total Programme Cost, accounting for potentially higher fee rates for some specialists (using rate card 2).

PART 2: CONTRACT MANAGEMENT

H. Operational Model

The following provides an indicative process to mobilise delivery of PMSST responsibilities in the first year of operations. It is anticipated that this will be adapted during the inception phase depending on the procurement timing of other suppliers.

1. **Formation of PMSST Core team** that will work closely alongside FCDO. This will comprise a Team leader, accountable grants administrator, and a team of permanent full-time experts that will have deep expertise in thematic areas outlined above in sections A, E and G and experience of the geographical areas in scope. The aim is for this core team to develop long-term trusting relationships with stakeholders in countries where the programme works as well as with stakeholders involved through accountable grants and working in international policy domains.
2. **Agreeing working relationship with FCDO**, both centrally and at post. This will include setting out how, where and with what frequency the PMSST will interact with the FCDO. Initially this will prioritise the FGMC team in ECED but will also include developing relationships with FCDO Posts in priority countries and ensuring their understanding of the FGMC programme objectives and ways of working. The PMSST will also work with the FCDO team to identify key cross cutting thematic areas for particular focus (such as Gender, Mining in forest areas, forest carbon governance, IPLC rights and tenure, green finance etc), and identify priority international processes to engage with (UN COPs, ITTO, UNFF, FACT dialogue etc)
3. **Establishment of working relationship with priority country governments and building understanding of context.** This will likely take place in close collaboration with FCDO, and will provide an opportunity to introduce the programme, confirm domains of work, government priorities and demand for technical assistance to communicate to the Technical Assistance Portfolio manager, identify potential policy processes that might benefit from a deliberative process and to establish an understanding of political economy considerations. This will provide a basis for working with other stakeholders to identify country priorities and **to develop Country specific Theories of Change and strategies or roadmaps.** These will be refined as delivery partners come on board:
4. **Formation of the Pool of Experts:** Based on the breadth of expertise represented across the PMSST Core team and described in section G, and the developing requirements of the programme, The PMSST Supplier will create a pool of experts to draw upon across the contract period bringing in specialist skills as required. Systems will be developed in order to commission work from this Pool quickly in response to demand from FCDO.
5. Developing working relationships with leading development partners supporting similar actions of forest governance reforms, as well as with INGOs, think tanks and trade associations who collectively add to the FGMC community of practice,
6. **Management of FGMC2 Accountable Grants, including call for proposals, awarding and administering grants.** The PMSST core team will build on existing work to co-design the accountable grants programme with FCDO, including confirming priority themes to support delivery aligned with the TOC, based on scoping and discussions with stakeholders already carried out during the design period. The PMSST will manage the call for proposals, but the FCDO will select grants drawing from PMSST advice. The

PMSST will be responsible for the development of the grant scheme structure to be agreed with FCDO and subsequently for due diligence, the issuing of the grant agreements, monitoring performance, and managing finance administration in accordance with FCDO requirements and best practice.

7. **Finalising the programme results framework and logframe and setting up MEL systems.** The PMSST will work closely with FCDO to finalise the programme MEL framework aligned to the programme Theory of Change and ensure that this is understood by all stakeholders. The PMSST will also further develop indicator methodologies and indices for use in programme reporting, and consider, with FCDO, the identification of potential evaluative questions and how these will be commissioned. The PMSST will build on the FGMC1 knowledge management system and develop a strategy to harvest and communicate learning across the programme, and beyond. This will include engaging with the FGMC extended community of practice and organising a stakeholder forum in the first year of operation.
8. **Development of working relationships with other delivery partners and suppliers, and setting up systems for coordination, oversight and reporting.** The PMSST Core team will have a key role in overseeing the work of other delivery partners, ensuring that there is coherence across activities and alignment with the country and programme ToC. It will be very important for example that the PMSST from an early stage develops clear working relationships with the downstream projects of the TAPM, establishing procedures to do so, and agreeing reporting templates for harmonised use across all delivery partners for quarterly reporting and lesson learning.

I. Payment and Performance

9. FGMC2 will adopt a hybrid approach to performance related payment. Milestone payments will be used during the Inception phase and Exit phase, and key performance indicators will be used during the implementation phase as follows:
10. **Milestone payment linked to Inception phase:** The first quarterly payment will be made on satisfactory completion of all deliveries associated with the 3 month inception period. Three months is considered sufficient given that by the time the PMSST supplier is awarded the contract, a full year of FGMC2 preparations focused on developing key programme management instruments will have been completed. The combination of experience and learning from FGMC1 with the adaptation of systems for FGMC2 (Grants mechanism, MEL framework and manual for example) means that the PMSST Supplier will not be expected to develop some of the key programme management tools from the ground up. The inception phase will therefore be a period for refinement and agreement of these processes and procedural documents with FCDO, and an opportunity to develop an inception report covering the mobilisation of the core team, ways of working and developing an initial workplan. Key deliverables during the inception phase include:

For the Accountable Grant Scheme: a) Grantee Manual refined and agreed, b) A plan for the award, contracting and management of the grants scheme is developed including a plan for Due Diligence scrutiny, c) Call for grant proposals launched.

MEL Plan: MEL framework refined and agreed with a plan to secure the understanding of other delivery partners and a governance structure to coordinate MEL across the whole programme.

Inception Report setting out the following elements:

- a) A detailed plan for country level engagement for Tier 1 and Tier 2 producer and alliance countries;
- b) Plan setting out ways of working with FGMC delivery partners, communication strategy and demonstrating their approach to working with the Knowledge Management System;
- c) Details of governance structures at country level and programme wide and how they will be operationalised;
- d) Core team: confirmation that core team is mobilised, responsibilities and division of labour explained.

11. **KPIs for the implementation phase:** As adopted in FGMC I, performance KPIs will be used to manage supplier performance, based on **Timeliness, Accuracy and Quality** of the services provided. An indicative table of KPIs and targets is attached at **Annex 6**. These include for example:

- Timeliness of responses to FCDO or delivery partners requests for analysis
- Accuracy of financial forecasting
- Quality of relationships established with other delivery partners/suppliers

12. These KPIs will be confirmed and further refined during the inception period in consultation with FCDO's Commercial Delivery team and the selected Supplier. Performance will be continually assessed through monthly in-depth meetings between the PMSST Supplier, including senior leadership from the Supplier, and FCDO, covering financial management and forecasting, delivery against workplans, accountable grant performance, stakeholder feedback and triangulation on PMSST performance, and updated political analysis providing context to feed into wider programme strategy.

13. Up to 80% of the PMSST Supplier's fees (core team and pool of experts) will be paid in arrears, quarterly, based on a breakdown of inputs by team members and expenditures, with justification provided where appropriate.

14. A minimum of 20% of the PMSST Supplier's fees (core team and pool of experts) will be contingent on Key Performance Indicators for Timeliness, Accuracy and Quality of the services, to be scored quarterly by FCDO at the time of reporting, as set out in Annex 6. Expenses directly incurred by the PMSST Supplier's team will be reimbursed in arrears, based on actuals.

15. **Milestone payment linked to Exit Phase:** A final milestone payment will be linked to the satisfactory delivery of a programme closure report and lesson learning report with associated learning products targeted at different audiences.

16. Supplier performance will be managed in line with prevailing FCDO guidance and practice.

J. Contract Management

17. There will be a **3-month inception phase**, primarily to:

- Set up governance arrangements with FCDO.

- Work with FCDO to refine established systems and templates to set up the accountable grants scheme
 - Launch call for grant proposals before the end of the inception period.
 - Work with FCDO to refine and finalise programme MEL frameworks, logframe, indicator indices,
 - Develop together with FCDO the reporting templates for use with all delivery partners.
 - Propose ways of working with other key delivery partners (such as the TAPM), including systems and approaches for ensuring country level coherence across various delivery partners.
 - Work with FCDO to confirm or identify new potential TA needs in forest countries, and forest governance processes to engage with, further develop or refine country led strategies building from those agreed during the design period.
18. **There will be a formal review point** (including contract review) after the first full year of implementation. Subsequently, performance will be assessed through in depth monthly meetings with FCDO as described in section I above. Performance is also considered in the FCDO Annual Review process.
19. Consideration of an extension of the PMSST services for a further year will be made subject to FCDO need.
20. Continuation of the contract beyond the review points will be dependent upon Supplier performance, the impact of the programme and continuing need.
21. **Early termination of contract:** FCDO reserves the right to terminate the contract at any time by issuing a Termination notice to the PMSST Supplier in the event of unsatisfactory performance and/or unsatisfactory delivery of outputs or may be “without default of the supplier” (in accordance with FCDO’s Standard Terms & Conditions). FCDO further reserves the right to terminate the contract in the event of substantial changes within the FCDO or programme operating environment.
22. **Break points can be invoked as follows**
- a. At the end of the first year, 31st March 2026
 - b. At the end of each Financial Year, (31st March)
- To invoke a break point, FCDO will give notice in line with FCDO Terms & Conditions providing at least 30 working days’ notice prior to the 31st March.
23. **Scale-up options:** These will largely be determined by pace of implementation through other delivery instruments, and by political context, opportunity, capacity of accountable grant holders for scale up, or increased demand for grants. For this reason, it is our expectation that the PMSST Supplier be able to manage the accountable grants programme flexibly within the team proposed at tender stage. Any additional finance above the upper ceiling indicated, would require a contract amendment. Such a contract amendment would not constitute an opportunity to re-negotiate fee rates but look to refine the roles and/or input days for team members subject to FCDO approvals.

24. **Contract Extension: An additional £12m (up to £3m for PMSST services and up to £9m for accountable grants) one year extension** may be available depending on FCDO requirements. This option, if exercised, will be at the sole discretion of FCDO.
25. **Scale down:** FCDO reserves the right to scale down or discontinue the whole programme or specific elements of it at any point, in line with the FCDO Terms and Conditions. Any such changes will be fully communicated to the supplier and implemented in accordance with the Terms and Conditions. The PMSST Supplier shall commit to being flexible and to fully support such changes in the event any decision is made to scale up (increase) or scale down (decrease) the scope of the programme.
26. Scaling down is at FCDO's sole discretion, and may occur for a number of reasons, including but not limited to: budgeting constraints; a change in political landscape; a change in FCDO and/or HMG priorities (such as a change in geographic or thematic focus); dissatisfaction with supplier performance (determined at FCDO's discretion); etc. Note that T&Cs provisions relating to underperformance will be applicable in parallel).
27. The PMSST Supplier will be capable of scaling interventions up or down and changing scope, as required by the FCDO. This will trigger a review of the milestones and budget of the intervention and a review of the costs of the Accountable Grants value. Scale up and scale down and change of scope will also trigger a review of the PMSST team size and capability, as well as the pool of experts.
28. All scale up, scale down or change of scope decisions will be at the sole discretion of FCDO, and no compensation or damages will be due. FCDO will give at least 30 days' notice of any scale up, scale down or change of scope decision and during this time the PMSST will agree a proposal for the scale up or down to be enacted through a contract amendment as agreed with FCDO.
29. The PMSST Supplier will **report** to the FCDO SRO, and liaise with FCDO's Advisers, Programme and Finance Officers assigned to FGMC2. The PMSST Supplier will be expected to meet monthly with the FCDO team (alongside other delivery partners), to discuss the implementation of the programme, and progress and pertinent developments in partner countries and international processes. The PMSST will be responsible for organising these meetings and inviting other delivery partners to participate. More frequent meetings for specific areas of work will also be required.
30. The PMSST will be required to monitor action in partner countries regularly as well as travel to key international events, liaising with FCDO posts and in-country advisers as needed.

K. Division of Tasks and Responsibilities

31. **The PMSST Supplier will play a key role, effectively running elements of the FGMC2 programme on FCDO's behalf.** In some instances, the FCDO's SRO may task the PMSST Supplier to represent FCDO and FCDO's interests in meetings and events which fall within the scope of FGMC2, and the duties described herein. This may include participation in steering committees established for oversight of MoUs or TA projects contracted by the TAPM, participation in ad hoc donor coordination meetings convened by governments or international organisations, and other similar mechanisms. This is

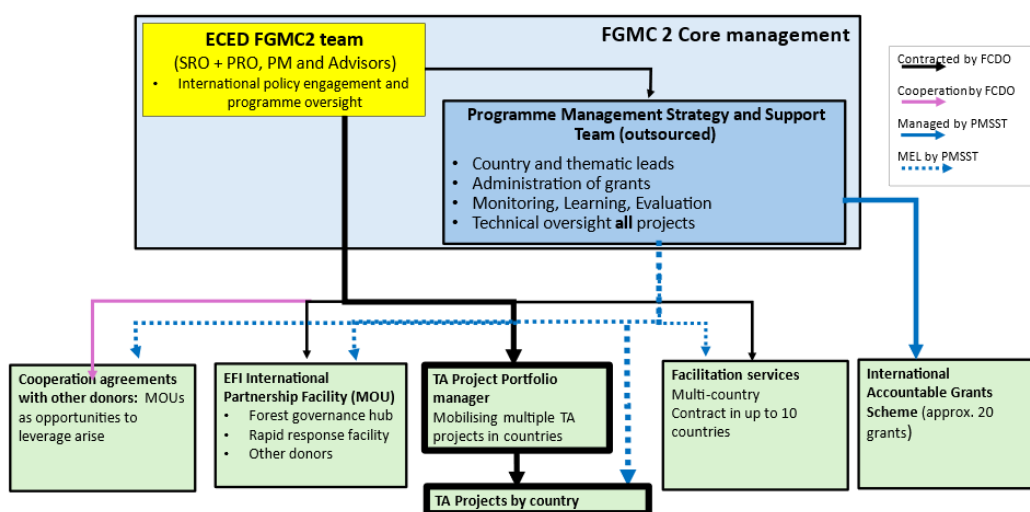
particularly likely in country contexts where the capacity of FCDO Posts to engage is limited. Where Posts are engaged and country based advisers are in place, the PMSST will ensure that they engage as appropriate.

32. **The PMSST will need to work closely with all international and country-based delivery partners in its responsibility for programme wide MEL and to inform programme strategy.** Engagement with FCDO is set out in section L below. With regards to the PMSST's roles and responsibilities with other, the PMSST will work as follows:
33. **With accountable grants:** Since the PMSST is directly responsible for the management of the accountable grants, it is expected that there will be close oversight and that accountable grants holders will inform the PMSST of any issues of relevance to the programme.
34. **With the TAPM.** The table in **Annex 3** sets out the division of roles and responsibilities between the PMSST and the TAPM at global as well as national levels. **In summary**, at the programme-wide level, the PMSST will ensure the TAPM understands the programme wide theory of change and results framework and will develop the reporting and MEL frameworks for use by the TAPM and all the projects it sub-contracts.
35. At country level, the PMSST and FCDO, together with national stakeholders, will identify national need and demand for technical assistance and communicate this to the TAPM, supporting the development of terms of reference for the future procurement of TA projects by the TAPM, in particular assisting with liaising with the national governments.
36. The PMSST will also provide advice to the individual sub-contracted TA projects, ensuring that the TAPM is made aware of any challenges, and will draw on TA project reporting to produce programme quarterly reports. In turn, the TA Projects and TAPM will ensure that they use agreed templates and submit reports in a timely manner to feed into PMSST quarterly and annual reporting to FCDO.
37. **With the Facilitation Service:** the PMSST will maintain close working links with in-partner country facilitators without compromising their impartiality. The facilitators will be one of many important sources to inform regular political economy analysis and to feed into PMSST-led MEL and reporting. It will be important that facilitators are kept up to date by the PMSST on the activities of FGMC2 supported partners, whether accountable grants or TA projects.
38. **With the non-commercial delivery partners:** FCDO will hold an MOU with the European Forest Institute to provide specific technical expertise to countries and to FCDO. As with other delivery partners, the PMSST will provide strategic advice – particularly on country context and will ensure that actions align with the programme's theories of change, are coherent with the actions of other partners, and that standard reporting frameworks are used. The PMSST will also play a similar role with any bilateral donors that FCDO may form a cooperation agreement with.
39. **Independent evaluators:** The PMSST will provide all documentation available and facilitate where needed any independent evaluators responsible for conducting the planned Mid Term Review, the outcome of which will form part of the submission to Ministers to seek approval for the second 5-year term of the programme.

L. Governance and Oversight

40. The PMSST will form part of the **FGMC2 core management team** made up of ECED's FGMC Team and the outsourced programme management strategy and support team (PMSST). This combined core team will oversee FGMC's day-to-day delivery, including finances, risk, reporting, monitoring, and stakeholder engagement and meet regularly to monitor progress. The figure below shows the overarching governance structure for the FGMC2 programme, with the PMSST centrally located, having direct responsibility for the oversight of the accountable grants, and MEL responsibility over other elements contracted or managed by FCDO.

Figure 5 FGMC2 Governance Structure

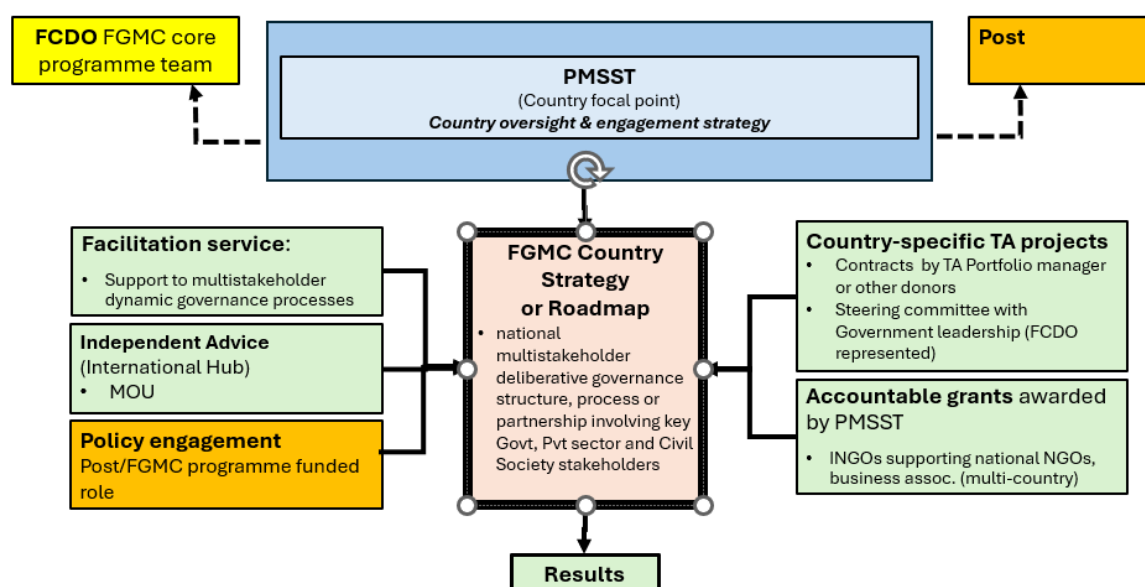


41. The **International Forest Unit's** (a joint unit of the FCDO's ECED and the Department for Energy Security and Net Zero) Deputy Director will have oversight of the programme meeting once a quarter with the FGMC2 Core management to discuss performance, key and emerging risks. The Deputy Director will provide advice to the programme team and will determine whether any items need to be raised at Director level. Other ECED or FCDO officials will be invited to join these meetings as required e.g. Commercial, Finance, etc.
42. A **FGMC2 Cross Government Advisory group** of interested colleagues from Defra, FCDO (geographic desks), and wider International Forestry Unit will meet periodically with the FGMC team to discuss progress, learning and coordination with other forest and biodiversity related programmes. This will include informing relevant UK policy developments and/or UK positioning in international policy processes, for example related to forest and forest risk commodities and the UK's forest footprint as well as UK positions of forest carbon market and biodiversity credit instruments and policies.
43. Management arrangements to ensure sufficient oversight and close cooperation between the FCDO team and PMSST Supplier, will be refined during the inception period once the outsourced PMSST Supplier has been selected, but are likely to include the following meetings which will all be hybrid unless stated otherwise:
- Weekly programme management meetings.

- Weekly strategy meetings (e.g. to update on country contexts, policy and delivery challenges).
 - Weekly country-specific meetings to update and problem solve (especially in year 1 mobilisation) together with FCDO Post advisors where relevant.
 - Management meetings to advance approvals on grants and projects as required.
 - The FCDO team will provide strategic oversight working closely with the PMSST, including holding **monthly meetings** to which other delivery partners will be invited to discuss finance, risk (including safeguarding) and performance monitoring, financial management and forecasting.
 - Regular joint country monitoring visits in person, including with interested Posts. This will vary according to need but once a year per country as a minimum.
 - Annual stocktake workshops with key stakeholders, including Posts, to assess progress with policy influencing and transformational change, validation of reporting indices/tools, and to inform KPI reporting.
 - Annual meetings with lead delivery partners to agree annual workplans.
 - Annual programme-wide learning event with all partners and stakeholder representatives, inviting Posts and other HMG departments. This is an in person meeting.
44. The PMSST will be responsible for establishing the internal capacities and processes through which to establish an adaptive and flexible approach to management that is informed by learning. They will make use of established programme management and monitoring tools and controls tested under FGMC1, further refining these.
45. **The FCDO FGMC2 team will comprise an SRO, PRO and a programme manager.** Additional advisory support will be available alongside programme financed roles at Posts.
46. **At country level,** Arrangements for FGMC2 governance in partner countries will be developed specifically since priorities and needs of the partner country, stakeholders, capacities and their corresponding delivery modalities will differ from country to country.
47. The figure below sets out what a typical country governance structure will look like where all delivery instruments are operating. The PMSST has a central role in ensuring coherence amongst the different workstreams and across the different delivery partners (commercial and non-commercial), around the nationally agreed theory of change and strategy/roadmap. FCDO engages at the country level either through advisory staff at post and/or through the central FGMC team.
48. All country-level governance arrangements will have in common the importance of ensuring local ownership, that they are inclusive of diverse views, that coherence with other sector programmes is considered, and that structures allow maximum flexibility. They are likely to include the services of an in-country impartial facilitator, technical assistance in some form (either short term and/or longer-term support), the actions of a range of accountable grants, and in some instances, the deployment of an FGMC funded

role. Figure 6 below sets out this generic structure for where we will be forging country partnerships.

Figure 6 Country level governance structure



M. Reporting Requirements

49. The PMSST Supplier will provide reports that respond to its overarching service function (MEL, oversight, technical advice) and its responsibility to administer the programme's accountable grants scheme.
50. Within three months of the commencement of the contract, the PMSST Supplier will submit a draft **Inception Report** to FCDO, focussed on management issues. It will confirm the approach to providing the services as set out herein, identifying any recommended changes for improving service delivery. A final Inception Report will be submitted to FCDO within 2 weeks of receiving FCDO's response to the draft Inception Report.
51. Within one month of the quarters ending June 30th, September 30th and December 31st each year, the PMSST Supplier will submit **Quarterly Reports** to FCDO. These will summarise, by country and/or thematic areas related to international policy engagement, the main actions and results achieved by all FGMC2 implementing partners during the previous quarter, and summaries of key actions and events anticipated in the following quarter. The PMSST will coordinate with other delivery partners to ensure adoption of a common reporting framework and collection timeframe. This will include ensuring that all projects contracted by the TA Portfolio manager include this requirement to align reporting frameworks and periodicity with those developed by the PMSST.
52. The structure of quarterly reports, which will be agreed with FCDO, should as a minimum include:
 - A summary of key points;
 - Financial and performance information (pertaining to the accountable grants scheme);
 - Main results achieved;
 - Risks identified and actions taken;

- If applicable, case studies (non-technical and jargon-free) suitable for general communications about the programme
 - Forward look for the following quarter.
53. The PMSST Supplier will submit a draft **Annual Report** to FCDO covering the programme-wide activities and progress for the year, to be finalised in good time to feed into the FCDO annual review cycle, which is aligned to the official approval and start date of the FGMC2 programme. It is therefore important that the PMSST coordinates effectively with all other delivery partners reporting to ensure that information is brought together in a timely fashion to be included in this annual report. This annual report will have a similar structure to quarterly reports but cover activities and results over the whole financial year. The PMSST Supplier will track and report annually on FGMC budgeting and expenditure by country, and by cross cutting themes determined by FCDO. This will provide key background for FCDO's Annual Review process and should include:
- Report of progress against logframe indicators and indices;
 - Review and proposed changes to logframe and Theory of Change;
 - Report on cross cutting issues such as VFM, Gender and political inclusion measures integrated in the programme to be assessed during FCDOs Annual Review;
 - Other information required for Annual Review as requested by FCDO.
54. **All reports produced by the PMSST and all other delivery instruments under FGMC, will be uploaded and curated by the PMSST on the Knowledge Management System.**
55. **The PMSST will present separately, its financial reports and forecasting, and workplans specifically relating to its terms of reference.**
56. **PMSST transition or exit plan:** Within 3 months of the signing of the contract, the PMSST Supplier will develop an exit plan for approval by FCDO. Three months prior to the expiry date of the contract, the exit plan will be revised and submitted to FCDO. This should include:
- disposal for all assets procured by grantees throughout the lifetime of the project in accordance with FCDO procedures on asset management and disposal;
 - delivering to FCDO prior to the contract end date (or termination of the contract) any finished work or unfinished materials or work-in-progress which relate to the contract;
 - providing FCDO before the contract ends a summary of the status and next steps in relation to any on-going projects or other material and unfinished activities being conducted or monitored by the supplier;
 - returning all confidential information to FCDO before the contract end date;
 - A summary document detailing all programme reports and communication materials, including links to relevant websites and contact information;
 - The supplier will prepare a short lesson-learnt briefing focused on the challenges faced by and opportunities generated in managing such a large complex programme;
 - The Supplier should allow for a period of up to sixty days after the contract end date (or termination date) for the exit process to be properly implemented.

57. **PMSST closure or completion report:** which will reflect on the whole FGMC2 programme, to be submitted within one month of the programme end date and will include:
- Summary of expenditure (PMSST contracted activities);
 - Overall Summary of FGMC's programme-wide achievements, and a review of progress against the logframe, including the overall impact of the programme;
 - Reflection on programme management and adaptive approach;
 - Review of progress in implementing the transition/exit plan;
 - Summary of what worked well, and lessons learned.
58. **Other reporting:** FGMC2 will report results annually against ICF Key Performance Indicators as agreed in the MEL plan and handbook, notably ICF KPI 15 Transformational Change along with other operational KPIs:
- Technical Assistance KPI 1- Countries Supported
 - Technical Assistance KPI 2- Individuals and Organisations Supported
 - Technical Assistance KPI 3- Climate Policies Informed
 - Technical Assistance KPI 5- Emissions Reductions Supported
59. In alignment with the FCDO ICF KPI reporting cycle, the PMSST Supplier will review with FCDO existing methodologies applied to assess the scope for methodological refinement.
60. The PMSST Supplier should submit brief **back-to-office reports** following each country visit undertaken. These should outline any significant issues identified, action taken and, where relevant, recommendations for action by FCDO.
61. The PMSST Supplier will submit additional ad hoc **briefing documents** on request, to inform political engagement. These may be country-specific or thematic.
62. We expect the PMSST to report on any suspected fraud or safeguarding concern as and when these arise (see sections below).

N. Financial Management

63. The PMSST Supplier will be required to provide the FCDO with monthly expenditure figures and forecasts. Forecasts should be realistic and free of optimism bias, with the PMSST Supplier informing FCDO of potential slippage or overspend as soon as they are identified. Forecasts must be made on a resource and cash basis.
64. The PMSST Supplier will invoice separately for PMSST service delivery functions (MEL provision, technical advice, oversight) and for the accountable grants.
65. All Supplier Costs for service delivery functions will be invoiced in GBP and reimbursed by the FCDO in arrears based on actual costs incurred. Monthly forecast updates will be required as evidence to make the quarterly payments.
66. As a matter of course, the PMSST will:
- provide full and detailed cost information to FCDO;
 - manage costs and budgets with FCDO;
 - inform FCDO of changes to submitted quarterly forecasts on a monthly basis;
 - demonstrate that proposed funding is value for money by using benchmarks, cost comparisons and agreeing efficiency saving targets;

- adhere to FCDO guidelines and policies on all spend;
- check, verify and authorise all financial claims, ensuring funds are claimed in accordance with agreed budgets and rules;
- disburse funds to ensure valid claims are paid within agreed timeframes;
- commission and share with FCDO Annual Externally Audited Accounts verifying all funds were spent in accordance with the agreed terms of the contract and these TOR;
- deal with ad hoc enquiries relating to the programme;
- maintain full financial records.

67. **For the purposes of the accountable grants scheme**, the PMSST Supplier is providing a “pass through” account for funds from FCDO and as such will open a separate bank account exclusively for this purpose. For the avoidance of doubt the money deposited into this account is to be used solely for the grants disbursements. All payments will be made to this account by FCDO on a quarterly basis in advance, based on the approved grantee workplans and forecasts received from PMSST. FCDO expects that the PMSST will disburse funds to grantees within 2-3 days of receiving funds from FCDO. Grantees will be expected to itemise and confirm actual spend quarterly and advance payments will be calculated based on needs for the next quarter, adjusted for any over or under spend in the previous quarter.

68. FCDO will issue payment to the PMSST Supplier for onward payment to grantees subject to receipt of all necessary assurances that amounts claimed for have been checked and verified. The PMSST will ensure receipt of Annual audited accounts from accountable grant holders. The Supplier will NOT be required to pre-finance payments to grantees.

69. For **accountable grant agreements**, under the FGMC accountable grant scheme managed by the PMSST some smaller NGOs organisations may require payments in advance of activity taking place due their relatively smaller size, however this will only be agreed where a need is demonstrated; a preference is retained for payments in arrears where possible, on request of payment subject to a work plan and disbursement request.

70. FGMC2 is funded by the UK’s Official Development Assistance budget. There is therefore an extremely strong focus on value for money (VfM), which the FCDO expects the PMSST Supplier to integrate throughout its responsibilities.

71. Value for money in FGMC is largely derived through the way in which the accountable grants programme is managed, and is broadly defined as follows:

- **Economy:** assess the degree to which inputs are being purchased in the right quantity and at the right price, this could include core team costs including travel, or the cost of convening events.
- **Efficiency:** assess how efficiently the grant interventions are delivering their outputs, considering cost-efficiency
- **Effectiveness:** assess the quality of the work by assessing the extent to which grant project outputs are contributing to FGMC2 programme outcomes and impacts, and their cost-effectiveness
- **Equity:** degree to which grants work towards finding equitable solutions and to support actions that address gender and inclusion

72. The PMSST Supplier will be expected to not only apply VfM considerations to their work and the accountable grants but to also emphasise the importance of VfM down the chain to any downstream partners in terms of costs and budgets.

O. Risk Management

73. The risks associated with the programme relate principally to the fragile, sometimes post-conflict, contexts where tropical forests and forest people live, often with deep-rooted and entrenched challenges affecting transparency, accountability, and capacity. These include: (a) poverty and natural resource degradation; (b) conflict; (c) forest access controlled by regimes without regard to the rights of indigenous people or forest-based communities; (d) institutionalised corruption; (e) conflicts of interests; (d) and political instability, economic and health crises.

74. FGMC2 is designed to be receptive to the risks associated with challenging forest governance contexts, working to build strong governance foundations and coalitions of stakeholders engaged to challenge the status quo in the forest sector. These are mitigated through work with international policy levers that seek to create positive incentives for forest stewardship that reinforce national reforms. The programme is also willing to take on and manage reputational risk so long as that does not harm the overall programme's licence to operate. The PMSST will play an important part in helping the FCDO understand, track and manage these programme risks. FGMC2's overall risk appetite across six categories is as follows:

- Strategy and Context: Receptive (with major residual risk balanced across different country contexts)
- Policy and Programme Delivery: Receptive (Global policy engagement to motivate reforms across 16 countries with moderate residual risk)
- People: Cautious
- Financial & Fiduciary: Cautious
- Safeguarding: Cautious
- Reputational: Cautious across the programme, but receptive in specific contexts

75. The PMSST Supplier will help FCDO understand and manage risks by:

- Providing regular updates on country-specific and international contexts drawing on political economy analyses, routine intelligence gathering and engagement through the FGMC network that will enable FCDO to update, plan and manage the strategic risks as they evolve. Information and analysis to update and inform strategy and risk management will be reviewed monthly at programme review meetings.
- Overseeing and understanding risks associated with accountable grant implementation, conducting due diligence, maintaining up to date risk registers covering all the delivery chains across the accountable grants scheme.

76. In the Inception report the Supplier will propose how they will systematically monitor risk throughout the project lifecycle and the escalation chain. Risks will be identified in accordance with FCDO's risk matrix. For the avoidance of doubt, this risk assessment is in addition to the risk assessments required to meet the Supplier's Duty of Care set out in section P.

77. Types of risks considered should include fiduciary, programmatic (operational and delivery), reputational (including to HMG), safeguards, external context and political risk, as well as risks to achieving value-for-money. Other types of risk should also be considered, as appropriate.
78. FCDO will use its mandatory due diligence process to test (and where necessary), agree improvements in risk management procedures including governance and oversight, risk and control, corruption and fraud, and asset management policies and safeguards. The PMSST Supplier will be responsible for due diligence checks and demonstrating rigorous risk management strategies for grant partners.
79. The PMSST Supplier will, in partnership with FCDO, manage the PMSST's responsibilities in line with the overall risk appetite for FGMC2 which is receptive. The FCDO are committed to reducing risks of fraud and sexual exploitation, abuse and harassment, showing zero tolerance for inaction or mishandling of reported cases.
80. Key risks that will need to be managed by the PMSST include:
 - **governance risks:** the relationship with other delivery partners such as the TAPM will require careful management to clarify respective roles and expectations and ensure a smooth working relationship with space for mutual challenge but also support.
 - **fiduciary risk:** demonstrate a sound due diligence process, robust financial management and the capacity to monitor use of grant funds all the way down the delivery chain to avoid misuse.
 - **safeguarding risk:** bidders must be guided by safeguarding policies and ensure these are understood and implemented by downstream grant partners.

P. Other Requirements

81. **Delivery Chain Mapping:** Delivery chain mapping is a process that identifies and captures (often visually) the names of all partners involved in delivering a specific good or service, ideally down to the end beneficiary.
82. The Supplier will maintain and provide to FCDO an up to date and accurate record of Grantees and any of their Downstream Partner(s) in receipt of FCDO resources. This forms the basis of the delivery chain risk map which should demonstrate the flow of funds from the initial source to end beneficiaries, and the risks and potential risks along the chain.
83. The delivery chain risk map should be updated regularly by the PMSST and when there are material changes to the risk assessment associated with any grant or to any of their partner(s) in the chain.
84. The Supplier will provide to FCDO, as a minimum, an updated delivery risk map at the following intervals:
 - within 60 days of the Start Date of awarded accountable grants;
 - annually, as part of the annual review process; and
 - at the conclusion of activities, as part of the project completion review process.
85. **Asset Management:** The PMSST Supplier will maintain a register of all assets that have been directly purchased using FCDO funds. The PMSST Supplier will also ensure that grantees maintain asset registers, updated as part of the quarterly reporting process, and

share these with FCDO on request. The Supplier will be responsible for carrying out spot checks of grantee's assets at project locations, when opportunities arise.

86. Assets remain the property of FCDO, unless otherwise agreed. Upon grant closure, disposal and future ownership of assets will be decided by FCDO in accordance with FCDO procedures on asset management and disposal.
87. **Duty of Care:** The Supplier will be responsible for the safety and well-being of their Personnel (including its employees, sub-contractors or agents) whilst they are in countries covered by the programme (as defined in FCDO's standard Terms and Conditions) and Third Parties if affected by their activities during the course of this programme, including having appropriate security arrangements in place. Travel advice available on the FCDO website www.gov.uk/foreign-travel-advice should be referred to and the Supplier must ensure they and their personnel are up to date with the latest position.
88. The Supplier will be required to include a statement that they have duty of care for their staff (including its employees, sub-contractors or agents), and that they will comply with the ethics principles in all activities. Their adherence to this duty of care, including reporting and addressing incidences, should be included in both regular and annual reporting to FCDO.
89. Acceptance of responsibility must be supported with evidence of capability (no more than two A4 pages) and FCDO reserves the right to clarify any aspect of this evidence. In providing this evidence Tenderers should consider the following questions:
- a) Have you completed an initial assessment of potential risks that demonstrates your knowledge and understanding, and are you satisfied that you understand the risk management implications (not solely relying on information provided by FCDO)?
 - b) Have you prepared an outline plan that you consider appropriate to manage these risks at this stage (or will you do so if you are awarded the contract) and are you confident/comfortable that you can implement this effectively?
 - c) Have you ensured or will you ensure that your staff are appropriately trained (including specialist training where required) before they are deployed, and will you ensure that on-going training is provided where necessary?
 - d) Have you an appropriate mechanism in place to monitor risk on a live / on-going basis (or will you put one in place if you are awarded the contract)?
 - e) Have you ensured or will you ensure that your staff are provided with and have access to suitable equipment, and will you ensure that this is reviewed and provided on an on-going basis?
 - f) Have you got appropriate systems in place to manage an emergency / incident if one arises?
90. The Supplier will demand equally high standards of safeguarding and duty of care from Accountable Grant holders and report all received allegations of misconduct to FCDO immediately.
91. A commitment to the ethical design and delivery of evaluations including the duty of care to informants, other project stakeholders and their own staff must be demonstrated.
92. **Safeguarding against sexual exploitation, abuse, and harassment (SEAH):** The Supplier will take all reasonable steps to prevent the sexual exploitation, abuse and

harassment of any person linked to the delivery of this ToR by both its employees and any Downstream Partner.

93. FCDO has a zero-tolerance approach towards SEAH. The Supplier will immediately contact FCDO's Counter Fraud Section, to report any credible suspicions of, or actual incidents of sexual exploitation, abuse or harassment related to this contract. The Supplier should assess credibility based on the source of the allegation, the content, and the level of detail or evidence provided. All sexual activity with children (persons under the age of 18) is prohibited, regardless of the age of majority, or age of consent locally.
94. The Supplier will fully co-operate with investigations into such events, whether led by FCDO or any of its duly authorised representatives or agents.
95. **Disability and Inclusion:** The Supplier shall outline in their proposal how they intend to consider the needs and capabilities of people with disability and other vulnerable groups within their staffing, the accountable grants programme, and within programme wide MEL.
96. **Environmental Considerations:** FCDO does not envisage the necessity to conduct any environmental impact assessment for the implementation of this contract. It is, nonetheless, important to adhere to principles of "Do No Harm" to the environment. The Supplier is required to take due care and ensure any of its work, or that of Grant holders do not negatively harm the environment nor contribute to drivers of climate change. If in any case, the works involved disturb the environment, ecosystem or natural habitats, an environmental impact assessment should be done, and appropriate mitigation measures should be put in place. The exact requirements of these assessments will be agreed between the PMSST Supplier and FCDO.
97. **Digital Spend:** FCDO 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 and will be subject to approval by FCDO's digital team. Suppliers are advised to take account of FCDO's "Guidance on digital spend advice and controls for partners and Suppliers."
98. **General data protection regulations (GDPR):** Please refer to the details of the GDPR relationship, status and personal data (where applicable) for this Service contract as detailed in **Annex 7**.
99. **Transparency:** FCDO requires Suppliers receiving and managing funds to release data on how this money is spent to the International Aid Transparency Initiative (IATI), in a common, standard, re-usable format and to require this level of information from immediate sub-contractors, sub-agencies and partners.
100. It is a contractual requirement for all Suppliers to comply with this approach, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this to FCDO. Further information is available from the International Aid Transparency Initiative (IATI): www.aidtransparency.net

PART 3: ANNEXES

Annex 1: Country Descriptions

Annex 2: Knowledge Management System Access

Annex 3: Comparison of roles between TAPM and PMSST

Annex 4: Accountable Grants Scheme

Annex 5: MEL Approach

Annex 6: KPIs for performance

Annex 7: GDPR

Annex 1: Country profiles for producer and “Alliance” countries

1. **Part 1:** A fiche has been prepared for each of the Tier 1 and Tier 2 producer countries, informed by country visits and consultations with national stakeholders, other development partners, and Posts. These set out a country-by-country analysis of needs and opportunities, and proposed actions for the first 1-3 years. Broad opportunities and rationale for FGMC2 engagement are identified building from the experience and networks of the first Phase.
2. Each fiche provides:
 - a short summary of the forests and national governance context, some detail on trade in forest risk commodities and the challenges and opportunities in the forest sector;
 - the rationale for FGMC engagement in that country;
 - potential actions
3. The budget indications for each partner country will be determined as a result of detailed work planning with concerned Governments. It is likely that these will range from £2m to £7m per year across the Tier1 and Tier 2 country contexts. These budgets are not part of the PMSST contract and are provided to illustrate the potential scale of spend in countries as per the overview of country-level arrangements shown in Figure 6, Part 2 Section L.
4. More detailed versions of these fiches are set out in **Annex H of the Business Case**.

Countries

GHANA	iii
GUYANA.....	iv
INDONESIA	v
LIBERIA	vi
REPUBLIC OF CONGO (ROC)	vii
CAMEROON	viii
DEMOCRATIC REPUBLIC OF CONGO (DRC)	ix
LAO PEOPLES' DEMOCRATIC REPUBLIC	x
PAPUA NEW GUINEA (PNG)	xi
SOLOMON ISLANDS	xii

GHANA

<p><u>Forests</u></p> <ul style="list-style-type: none"> - Ghana's forests cover 5.4 m ha, 23% of its land area. 0.9 m ha are primary forest. - It has lost 1.5 m ha of forest since 2001, including 0.13 m ha of primary forest. - Annual deforestation rates accelerated from 0.3% in 2010 reaching 2.5% in 2018. - While agriculture has contributed most to forest loss, mining has become increasingly important. 	<p><u>Governance</u></p> <ul style="list-style-type: none"> - Except for voice, at country level governance indicators are marginally negative. Trends vary: control of corruption, rule of law, regulatory quality and government effectiveness have weakened, but political stability and voice and accountability improved. - By contrast with these trends, the forest sector has seen improvements in accountability, transparency, voice, government effectiveness and reduced opportunities for corruption. 	<p><u>Commodity trade</u></p> <ul style="list-style-type: none"> - Mining products, mainly gold, contributed 48% of export value in 2022. Soft commodity exports, dominated by cocoa, accounted for 13%. Wood products exports have declined in importance from 20% in the early 2000s to just 1% in 2022 due to reduced timber harvests and an increase in mining and oil exports. - Risk assessment of illegal logging & associated timber trade (ILAT risk) was 57/100 in 2020, placing Ghana 87th highest of all countries.
<p><u>Context</u></p> <p>Deforestation in Ghana over the past decades has been driven primarily by agricultural expansion – including cocoa– and illegal, informal gold mining. The share of Ghana's land area with at least 30% tree cover has gone down from 29% in 2000 to just under 23% in 2022, with an acceleration in this trend over 2013-2022. The rate of primary forest loss (mainly in forest reserves/protected areas), has also increased in recent years, the bulk attributable to uses other than logging.</p> <p>In 2019, the timber sector accounted for 1.3% of Ghana's GDP. The country's log production reached an estimated 2.6 m m3 in 2021, up from 2.25 m m3 in 2020. Only a fraction of this production reaches international markets. In 2020, India overtook China as Ghana's main destination for timber products, with the EU27+UK coming third.</p> <p>Addressing the rising concern over mining in forests is critical, as forests are faced with increasing pressures from two sides – pressure for government to open forest reserves to mining, and increasingly organised illegal mining. Greater attention is being paid, nationally and internationally, to policies and practices that aim to reconcile low-deforestation goals with economic development objectives.</p>		
<p><u>FGMC rationale for engagement</u></p> <p>Ghana is one of 5 Tier 1 countries where action in the forest sector can be mobilised quickly. FGMC2 will be able to build on FGMC1's legacy of support to Ghana's productive forest sector to consolidate achievements and secure a voluntary Partnership agreement (VPA) with the UK. FGMC2 will also support Ghanaian stakeholders in seeking ways to address new threats to forests, particularly the growth of mining in forest areas. The programme will test the assumption that stakeholders interested in forests can apply lessons learnt from FGMC1's proven deliberative multi stakeholder process to a different political economy context and set of stakeholders engaged in mining. This experience in Ghana will establish whether FGMC2 could support a similar approach where there is a threat to forests from mining.</p>		
<p><u>Intervention logic</u></p> <p>The overall objective of proposed FGMC support is to contribute to strengthening the credibility of Ghana's forest governance framework and the capacity of its TLAS/forest management system to demonstrably help forests retain high value, in a way that creates stronger incentives for stakeholders to adopt and sustain good forest management practices. This will contribute to Ghana achieving its socio-economic development goals in conjunction with its climate and biodiversity commitments.</p>		
<p><u>Key activities</u></p> <ul style="list-style-type: none"> • Sustaining forest governance reforms that strengthen and promote sustainable forest management (SFM), with a focus on addressing post-FLEGT licensing questions, supporting further development and application of domestic market policies and regulation of overland trade, ensuring TLAS remains underpinned by robust checks and balances, and supporting the effective functioning and sustainability of the transparency tools. • Supporting the generation of evidence that informs SFM policies and practices, including on options for higher value retention in forests and incentives for SFM, and supporting action to build on the lessons learned from FLEGT VPA and improve international understanding of Ghana's SFM approach and TLAS assurance through support to BMRC. • Fostering stakeholder engagement with new threats to forests, through the convening and capacity-building of stakeholders and the gathering of evidence that can inform reflections on what is at play in the mining/forest interface (as well as relevant work with other forest-risk commodities.) 		

GUYANA

<p><u>Forests</u></p> <ul style="list-style-type: none"> - Guyana's forests cover 18.7 m ha, 89% of its land area making it a High-Forest, Low Deforestation (HFLD) country. 17.1 m ha are primary forest. - It has lost 0.2 m ha of forest since 2001, including 0.15 m ha primary forest. - Annual deforestation peaked 0.14% in 2016 dropping to 0.05% in 2022. 	<p><u>Governance</u></p> <ul style="list-style-type: none"> - Governance indicators at country level, except voice & accountability, are marginally negative. - Trends since 2000 vary, with improvements in control of corruption and political stability, but weakening for regulatory quality, government effectiveness, voice and accountability. - In the forest sector specifically, adoption of a deliberative process has changed the way decisions are made with greater transparency and voice in the past 10 years. 	<p><u>Commodity trade</u></p> <ul style="list-style-type: none"> - The contribution of wood products (Guyana's only significant soft commodity affecting forests) declined from 12% of total export value in 2006 to 0.7% in 2022 due to increased importance of oil. China accounted for 44% of wood product export value. - Minerals, including gold, contributed 6.1% of export value, declining from 64% in 2016 (as oil export increased). - The risk assessment of illegal logging & associated timber trade (ILAT risk) was 59/100 in 2020, the 83rd highest globally.
<p><u>Context</u></p> <p>Approximately 12.6 million ha (86%) of the forests are state-owned and administered by the Guyana Forestry Commission (GFC), while Indigenous Peoples own 15%. Most deforestation is caused by gold and bauxite mining, which represent more than 6% of Guyana's exports.</p> <p>UK's support to forest governance reform and the timber trade started in the 1990s/early 2000s aimed at strengthening GFC's policies and management, and promoting sustainable, ecologically sound and socially integrated forest management systems. This laid a strong foundation for FGMC's support for the forest governance reform process framed under the VPA. Together with contributions from EU and Norway, this has helped improve transparency and stakeholder relations, as well as clarifying forestry sector-related legal and administrative requirements.</p> <p>The UK has supported implementation Guyana's VPA , including development of its Timber Legality Assurance System (GTLAS); engaging relevant stakeholders in the process; increasing transparency and accountability; improved dialogue on communities' land rights; and improving the legal framework.</p>		
<p><u>FGMC rationale for engagement</u></p> <p>As a country that has benefited from UK support for some years, FGMC2 will build on the positive experiences and support Guyana's continued journey towards FLEGT licensing and a potential future VPA with the UK. Guyana has also become an important test case for jurisdictional REDD+ with its success in securing a major forest carbon deal, built upon years of forest governance reform and stakeholder engagement. Guyana provides an important opportunity to demonstrate the value of building strong governance foundations and continuing to strengthen inclusive processes for stakeholder engagement.</p>		
<p><u>Intervention logic</u></p> <p>Proposed FGMC actions will contribute to strengthening forest sector governance in Guyana, leading to credible, fair, and sustainable forest sector management. This will contribute to maintaining the environmental and economic services provided by Guyana's forests, including climate change mitigation, biodiversity conservation, secure IPLC livelihoods and economic growth.</p>		
<p><u>Key activities</u></p> <ul style="list-style-type: none"> • Support national stakeholder deliberation on forest governance reform that informs establishment of a National Sustainable Forestry System and other relevant processes (i.e., Low Carbon Development Strategy, NDC and mining.) • Establishment of a Facilitation Facility & targeted IPLC support. • Effective law enforcement and compliance in Guyana's forest sector. • Support to transparency mechanisms. • Effective participation in the Broader Market Recognition Coalition (BMRC). Support for national engagement processes and support to potential regional outreach. 		

INDONESIA

<u>Forests</u>	<u>Governance</u>	<u>Commodity trade</u>
<ul style="list-style-type: none"> - Indonesia's forests cover 131 m ha, 69% of its land area. 84 m ha are primary forest. It has lost 29 m ha of forest since 2001, including 10 m ha of primary forest. - Annual deforestation rates have dropped since the introduction of SVLK – from 2.4% in 2016 to 1.4% in 2022. - Agriculture, primarily palm oil, has been the main cause of forest loss, although mining is also important. 	<ul style="list-style-type: none"> - All indicators have shown strong improvements since 2000 as Indonesia's democracy has strengthened. - While corruption and political stability remain problematic, regulatory quality, government effectiveness and voice & accountability are now positive and strengthening. - In the Forest Sector, effective independent monitoring and a stronger deliberative process have significantly improved accountability and efficiency 	<ul style="list-style-type: none"> - Mining product exports (coal, iron and ores) contributed 36% of export value in 2022, while soft commodities, more than half palm oil, was nearly 18%. - India and China were the main markets for coal, and China for most other mineral exports. India and China were also the main markets for palm oil and China for pulp and paper. - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 50/100 in 2020, placing Indonesia midway amongst all countries. FLEGT licensing of its exports under its VPA has contributed to this ranking.
<p><u>Context</u></p> <p>Non-oil natural resources are crucially important for Indonesia's economy. Soft commodity exports, including forest products, palm oil, rubber, coffee and cocoa, earned \$51.2 billion in 2022, about 17.5% of total exports. Mining product exports, including critical minerals, other metals and coal-based products, earned \$105.1 billion, 36% of Indonesia's total exports. Indonesia is exposed to increasing market demands to demonstrate that its commodities produced on forest land are sustainable. Indonesia has reacted negatively to the 2022 EU Deforestation Regulation, which it views a protectionist.</p> <p>Indonesia has been strengthening its national assurance systems related to forest-based commodities. Its Timber Legality Assurance System, which assures that its forest products have been produced in compliance with national laws, has been amended to require sustainable production. Its national palm oil certification scheme (ISPO) aims to assure markets that its palm oil production is legal and sustainable. Key markets for Indonesian wood exports include US, Japan, EU, UK, Australia, South Korea and China, while India and China are the leading destinations for palm oil.</p>		
<p><u>FGMC rationale for engagement</u></p> <p>The UK has a long history of support to Indonesia's forest sector and action to continue cooperation can be mobilised quickly. It was the first country to issue FLEGT licences, and experience with establishing its associated TLAS can be transferred to other commodity sectors that impact on forests, such as palm oil. This will be important to meet the rapidly changing needs of external markets (including the UK and EU) regarding their new requirements for forest risk commodities. There is also a need to strengthen civil society voice in regulations for forest carbon and ensuring effective communication of lessons from FGMC-supported work.</p>		
<p><u>Intervention logic</u></p> <p>The broader long-term objective will be to help Indonesia reach its FOLU Net Sink 2030 forest sector commitments through supporting inclusive dialogue on rules for sustainably produced forest products and other key soft commodities, tackling illegal activity, including mining in forest areas, and securing finance for sustainable forest management, including a robust well-financed independent monitoring system.</p>		
<p><u>Key activities</u></p> <ul style="list-style-type: none"> • Strengthening the Timber Legality Assurance System (SVLK) and supporting its wider recognition through the BMRC. • Strengthen ISPO and other national agricultural commodity certification / assurance systems, including stakeholder participation, independent monitoring and recognition in international markets. • Develop approaches to tackling illegal mining in forests • Integrating forest impacts in Indonesia's sustainable finance policies, including stakeholder participation, and review of goals and elements of Indonesia's sustainability taxonomy regarding production of forest products, FRCs and minerals. 		

LIBERIA

<u>Forests</u>	<u>Governance</u>	<u>Commodity trade</u>
<ul style="list-style-type: none"> - Liberia's forests cover 7.2 m ha, 72% of its land area – the highest in West Africa. 4.1 m ha are primary forest. - It has lost 2.2 m ha of forest since 2001, including 0.3 m ha of primary forest. - There has been a sharp increase in deforestation since 2010, reaching 5.4% in 2020 with clearing for agriculture, including oil palm plantations. 	<ul style="list-style-type: none"> - Indicators have improved since 2000, but some gains have been eroded, especially corruption and government effectiveness. Improved voice & accountability has been consolidated with active civil society and a relatively free press. - In the forest sector the governance situation has worsened with lax enforcement of rules, deteriorating accountability and decreased CSO voice. However, independent monitoring continues to expose bad practices. 	<ul style="list-style-type: none"> - Mining product (ores) exports contributed 18% of Liberia's export value in 2022, while soft commodities, mainly rubber, accounted for a further 18%. Palm oil and cocoa exports have overtaken wood products, which have declined since their recovery after lifting of UN sanctions in 2009. - The EU is the main market for minerals, palm oil and cocoa, the USA for rubber, and China and India for wood products. - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 83/100 in 2022, placing Liberia 31st highest globally.
<p><u>Context</u></p> <p>Liberia has more than half of West Africa's remaining forests, which currently cover around 72% of the country. In 2022 Liberia recorded a 23% increase in primary forest loss. During Liberia's civil war in the 1990s and early 2000s, timber revenues were misappropriated and used to sustain the conflict. In 2003, the UN Security Council imposed sanctions on timber exports from Liberia. These were lifted in 2006 following the country's efforts to reform the sector. Currently, timber products account for only 1% of Liberia's export earnings with the largest market being China. Rubber contributes 63%, palm oil 21% and cocoa 2%.</p> <p>The VPA between Liberia and the EU entered into force in 2013. Liberia committed to develop a robust Timber Legality Assurance System (TLAS), through an inclusive multi-stakeholder process. A key component was the development of Libertrace, a national timber legality verification and traceability system.</p> <p>Liberia, together with five other tropical countries, joined in 2023 the Broader Market Recognition Coalition, incentivising good forest governance in tropical countries calling for adequately rewarding national sustainable forestry systems through market recognition.</p>		
<p><u>FGMC rationale for engagement</u></p> <p>Liberia is a Tier 1 country where forest sector action can be mobilised quickly. Evidence to date suggests that despite considerable governance challenges, stakeholders remain engaged in the deliberative processes and continued donor engagement is needed to avoid erosion of the considerable gains made under FGMC1. This includes support for media and civil society to expose corrupt practices and non-transparent decision making, and for champions within the government system. Recent non-transparent forest carbon offsetting deals struck with Liberia emphasise the need for continued support to those that voice concern.</p>		
<p><u>Intervention logic</u></p> <p>Proposed FGMC actions will contribute to strengthening forest sector governance in Liberia, leading to a credible, fair, and sustainable forest sector management. This will increase the capacity of Liberia's forest to provide climate change mitigation and resilience, and other ecosystem services such as biodiversity, secure IPLC livelihoods and economic growth through public and private investments in Liberia's forest sector.</p>		
<p><u>Key activities</u></p> <ul style="list-style-type: none"> • Support for national stakeholder deliberation informing forest governance reform processes for the national timber control system, and other processes where relevant such as for carbon, biodiversity or other forest products/services. • Effective law enforcement and compliance across Liberia's forest sector through strengthening of the national timber control system • Support to increased transparency and accountability in the sector. 		

REPUBLIC OF CONGO (ROC)

<u>Forests</u>	<u>Governance</u>	<u>Commodity trade</u>
<ul style="list-style-type: none"> - Congo's forests cover 25 m ha, 74% of its land area. 21 m ha are primary forest. - It has lost nearly 1 m ha of forest since 2001, including 0.4 m ha of primary forest. - Deforestation peaked at 0.44% in 2016, declining to 0.23% in 2022. - Shifting agriculture has been the main cause of forest loss. 	<ul style="list-style-type: none"> - All general governance indicators are markedly negative and, except for rule of law, have weakened over the last 5 years. - For forest governance, after a multistakeholder deliberative process to revise the Forest code in 2020, provisions for IPLC rights have been included for the first time. - National CSOs are active in independent forest monitoring, holding business and government to account. 	<ul style="list-style-type: none"> - The share of mining product exports (copper and zinc) increased from 3% in 2011 to 31% in 2020 and were 26% in 2022. Soft commodity exports, primarily wood products, were 3.8% in 2022, down from 7.3% in 2016. Coffee and cocoa were minor export products. - The UAE was the main destination for copper; EU for zinc; and China, Vietnam and EU for wood products. - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 90/100 in 2022, placing Congo 19th highest risk globally.
<u>Context</u> <p>RoC's forest cover is 74% (25m ha). Around 3.9m ha of forest have been set aside as protected zones, 15m ha are intended for production, and there are 71,000 ha of commercial plantations. The main causes of deforestation are slash and burn practices, fuelwood production, illegal logging, and urban development. Other threats include mining (overlapping concessions), agro-industrial expansion, artisanal logging, and bushmeat hunting. Oil exploration remains a threat, particularly to RoC's extensive forested peatlands. The sustainable management of productive forests in northern RoC serves as an important example to countries in the region of how their forests could be managed, and trials with multiple-purpose management (for timber, carbon and biodiversity) provide an important test case of its potential.</p>		
<u>FGMC rationale for engagement</u> <p>RoC is a Tier 1 country where action can be mobilised quickly. Building on FGMC1 support, FGMC2 will build on experience to date and maintain the positive relationship developed with the Ministry of Forest Economy. This will support RoC achieving FLEGT licensing and underpin a potential future VPA with the UK. FGMC2's engagement will help maintain the space for civil society and media to expose non-compliance in the forest sector. For many years FGMC was the only UK programme active in RoC. Now, with several new programmes from Defra, DESNZ and FCDO, an FGMC2 focus will be on the strengthening governance and multi-stakeholder processes to complement these programmes.</p>		
<u>Intervention logic</u> <p>Proposed FGMC actions will contribute to strengthening forest sector governance in RoC, leading to a credible, fair, and sustainable forest sector management. This will increase the capacity of RoC's forests to provide climate change mitigation and resilience, and other ecosystem services such as biodiversity, secure IPLC livelihoods and economic growth. FGMC2 will build on and sustain existing support to governance reforms that secure sustainable forest management and timber production as currently framed by the VPA and will consider broadening support for applying multistakeholder deliberation to other emerging issues that impact on forests.</p>		
<u>Key activities</u> <ul style="list-style-type: none"> • Support the forest sector reforms with a national deliberative process facilitated by a neutral facilitator • supporting analysis and policy reforms that enable multi-purpose forest management (integrating ecosystem services such as carbon into timber management) • Effective law enforcement and compliance across RoC's forest sector through establishment of the national timber control system (framed by its VPA). • Support to transparency mechanisms and independent forest monitor. <p>Effective participation in the Broader Market Recognition Coalition (BMRC).</p>		

CAMEROON

<u>Forests</u>	<u>Governance</u>	<u>Commodity trade</u>
<ul style="list-style-type: none"> - Cameroon's forests cover 29.6 m ha, 62% of its land area. This includes 18.2 m, ha of primary forest. - It has lost 1.8 m ha of forest since 2001, including 0.8 m ha primary forest. - Annual deforestation rate increased from around 0.1% in 2011 to 0.7% in 2020, declining to 0.5% in 2022. - Shifting agriculture was the main driver of forest loss. 	<ul style="list-style-type: none"> - Key governance indicators are strongly negative and apart from limited improvements (in control of corruption and rule of law), have worsened since 2000. - In the forest sector there are some signs of improvement from a very low base with the Government committed to establishing a nation-wide system of compliance monitoring that includes a mechanism for CSOs to ensure compliance with IPLC rights and safeguards. 	<ul style="list-style-type: none"> - Soft commodity exports, dominated by cocoa and wood products, contributed US\$ 1.6 bn, 36% of Cameroon's total exports in 2022. - The EU accounted for 76% of cocoa and 44% of wood product exports. China accounted for 32% and Vietnam 14% of wood product exports. Cameroon is an important export conduit for Central African Republic & RoC. - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 82/100 in 2020 – the 28th highest in the world.
<u>Context</u> <p>Roughly 62% of the country is covered by forest. The forest sector provides direct and indirect jobs, and accounts for around 4% of the country's GDP and 16.6% of export earnings. The EU27+UK's overall share in Cameroon's international timber sales declined from more than 80% in 2004, to 34.6% in 2020. China and Vietnam respectively accounted for 30% and 21% of export value in 2020. New markets include Senegal and Turkey. Cameroon is under considerable pressure to increase the generation of revenue with a focus on the non-oil sector, putting additional pressure on forests. Cameroon has been an important regional player straddling the Anglophone and Francophone regions of West and Central Africa and plays a key role in international and regional trade in timber, NTFPs and forest-risk commodities (i.e., palm oil and cocoa). Pressures of competing land uses are acutely felt.</p>		
<u>FGMC rationale for engagement</u> <p>Cameroon is a Tier 2 country for FGMC2 where accountable grants have been active alongside an FGMC coordinator, and efforts to strengthen dialogue between Cameroon and Asian timber trade partners have also been supported. However, with the EU leading the VPA process, FGMC has not engaged directly with government. The rationale for FGMC2 engagement is to build on existing work and take advantage of the improving relationships between donors and the Ministry of Forests, providing a strategic opportunity to engage with the Ministry of Forests alongside the EU in support of the VPA process. There is also strong interest in building effective ties with Asian markets, notably Vietnam and China.</p>		
<u>Intervention logic</u> <p>FGMC support will strengthen forest governance in Cameroon, thereby leading to a credible, fair, and sustainable forest sector management. This will increase the capacity of the country to protect its forests by ensuring that they retain higher value, provide climate change mitigation and resilience, and other ecosystem services such as biodiversity, secure IPLC livelihoods and economic growth through investments. To achieve this, FGMC will support the establishment or consolidation of facilitated processes that shape sectoral reforms in a way that is as deliberative, inclusive, and informed as possible, for long-lasting, legitimate outcomes.</p>		
<u>Key activities</u> <p>Strengthen timber sector governance, resulting in:</p> <ul style="list-style-type: none"> • Ministry of Forests and Wildlife organisational change and knowledge support • Legal compliance in domestic market (capacity building and support for compliance). • Engagement with international opportunities for collaboration and market development • Actionable Independent Forest Monitoring (IFM) outputs to advance transparency and accountability (improved quality of IFM for greater impact) <p>Strengthen forest stewardship to address key threats, resulting in:</p> <ul style="list-style-type: none"> • Revitalisation of multi-stakeholder policy dynamic through the National Monitoring Committee. • Evidence & tools informing deliberations (IFM, Economic modelling, TA support) • Increased credibility (e.g. through BMRC) for timber on international market 		

DEMOCRATIC REPUBLIC OF CONGO (DRC)

<u>Forests</u>	<u>Governance</u>	<u>Commodity trade</u>
<ul style="list-style-type: none"> - DRC's forests cover 180.9 m ha, 78% of its land area. This includes 98.2 m ha of primary forest. - It has lost 18.3 m ha of forest since 2001, including 6.4 m ha primary forest. - Annual deforestation rate increased from around 0.2% in 2011 to 0.8% in 2017, declining to 0.7% in 2022. - Shifting agriculture was the main driver of forest loss. 	<ul style="list-style-type: none"> - Apart from control of corruption, governance indicators have improved since 2000, but all remain strongly negative. - Political stability and voice & accountability have improved since 2016. - DRC's forest sector CSOs are active, taking advantage of improved voice to hold govt and private sector to account. A moratorium on new logging concessions, in place for 20 years, remains a source of contention with limited progress on meeting conditions needed to lift it. 	<ul style="list-style-type: none"> - Soft commodity exports are dominated by cocoa and wood products, which contributed US\$ 199 m, 0.7% of DRC's total exports in 2022. These have declined, while mining product exports reached \$29.2 bn, nearly 99% of total export value. China was the main market for both minerals and wood products. - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 98/100 in 2020, the 3rd highest of all countries.
<u>Context</u> <p>DRC is host to the major share of the Congo Basin's rainforest - the second largest tropical forest basin in the world. Moist forests cover 37% of its land area, alongside 17% dry forests, and 4% swamp forests, the latter including peatlands straddling the border with the Republic of Congo. Predominant livelihoods (e.g., crop expansion via small clearings, and fuelwood collection & charcoal production) contribute to forest loss. Other land uses like logging, mining and large-scale agriculture also have significant impact because of the transformations that usually accompany them (e.g., roads, infrastructures, human settlements). Investments in land-based sectors and the influence of internal/external market drivers are expected to grow significantly in the next five to ten years.</p>		
<u>FGMC rationale for engagement</u> <p>DRC is a Tier 2 country for FGMC2. Although there has been experience of providing support to civil society via accountable grants under FGMC1, DRC has not been a focus country so there has been no engagement with government. DRC is of regional and global significance as a major forest country and has also become a laboratory for numerous initiatives seeking to address the drivers of deforestation whilst addressing DRC's many development challenges. FGMC2 will bring an important strategic and complementary focus to these efforts that have often struggled to confront the sector's governance challenges. DRC has become increasingly important to the UK, with several new forest relevant programmes under development. FGMC2 will bring an important enabling value to these programmes, focusing on strengthening forest governance and addressing impasses encountered in the productive forest sector over the last 30 years.</p>		
<u>Intervention logic</u> <p>FGMC-funded interventions will support further progress with transparency and accountability, clarity of rights, and the application of law, within the timber sector and will explore opportunities to extend to other forest-affecting opportunities and threats including forest carbon & biodiversity finance, and the production of minerals and agricultural commodities.</p>		
<u>Key activities</u> <ul style="list-style-type: none"> • Supporting stakeholders to find common ground on lifting the moratorium introduced in 2002 on the allocation of new industrial concessions; updated high-level political economy of the productive forest sector; identification of bottlenecks and a capacity building needs (facilitation, grants, studies, light-touch TA). • Support for transparency and informed deliberation in policymaking • Strengthening representation, voice and capacity of key stakeholders to engage in decision-making processes; formation and mobilisation of a robust evidence base for SFM and related dynamics; engagement with international opportunities for collaboration, transparency, and market development; additional opportunities for forest sector transparency (grants, facilitator, studies) 		

LAO PEOPLES' DEMOCRATIC REPUBLIC

<p><u>Forests</u></p> <ul style="list-style-type: none"> - Lao PDR's forests cover 14.7 m ha, 64% of its land area. 7.3 m ha are primary forest. - It has lost 4.4 m ha of forest since 2001, including 1.0 m ha primary forest. - Annual deforestation rates have accelerated sharply from 0.72% in 2011 to 2.1% in 2022. - Agriculture – rubber and more recently cassava cultivation – has contributed most to forest loss. 	<p><u>Governance</u></p> <ul style="list-style-type: none"> - Apart from political stability, which has strengthened, governance indicators are negative. Control of corruption has weakened, while there have been improvements in rule of law and regulatory quality. Voice and accountability are particularly weak, demonstrating the limited space for civil society participation. - In the forest sector, a strong response to exposés on illegal logging and commitment to improve transparency. 	<p><u>Commodity trade</u></p> <ul style="list-style-type: none"> - Mining product exports, mainly gold and coal contributed 10% of export value in 2022. - Since establishment of a large Chinese industry, pulp and paper exports have grown to 8%, surpassing rubber (7%). - Wood products exports declined following a ban in natural forest logging in 2014, but have started to increase. - China and Vietnam are the main export markets for most commodities, except for cassava (primarily to Thailand) - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 89/100 in 2020. With recent increases in trade with Vietnam, it is likely this has increased.
<p><u>Context</u></p> <p>Lao PDR has a high deforestation rate, driven partly by commodity agriculture, primarily rubber and cassava, which are exported to Vietnam, Thailand, and China. All three countries are important investors in Laos's agribusiness sector. Although some logging is authorised for hydropower and infrastructure development, illegal logging (with alleged local political protection) is a growing problem. Despite a ban since 2016, logging in natural forest has increased, along with timber exports to Vietnam. Laos started to negotiate a VPA with the EU and has started to develop a TLAS, but it is understood that the EU no longer wishes to continue.</p>		
<p><u>FGMC rationale for engagement</u></p> <p>Laos is a Tier 2 country and there has been some scoping of potential areas for cooperation. Its trading relationships with Vietnam and China, make it important for FGMC2. UK plans for a VPA with Vietnam create a need for the two countries' enforcement bodies to cooperate more effectively (building on past FGMC activity). With limited natural forest remaining, plantations are being looked to as important future sources of timber and fibre. However, investors struggle to secure the use of land allocated to them by government and there is a need to develop ways to involve and benefit local farmers who occupy land. There are opportunities to use FGMC's deliberative stakeholder approach to develop refined rules for plantation development by investors, that consider farmers' needs. This could address a gap arising from the EU decision to discontinue VPA negotiations. There are also opportunities to address the linked need to develop forest carbon rules, an area which plantation investors are interested in.</p>		
<p><u>Intervention logic</u></p> <p>FGMC actions would support development of a strong forest plantation sector that takes pressure off natural forests, that contributes to local livelihoods and poverty alleviation, and whose products become widely accepted in international markets. It would also contribute to Laos's reputation for high-integrity forest carbon through a robust and inclusive process to decide regulations. And it will strengthen responsible Chinese investment in the broader soft commodity sector.</p>		
<p><u>Key activities</u></p> <ul style="list-style-type: none"> • Work with Chinese partners' activities in Laos to refine Chinese forest products code of practice to reflect Laos conditions, including the pulp and paper industry; refine Chinese code of practice for rubber investment with specific reference to Laos conditions; develop Chinese (and Thai/Vietnamese) guidelines for cassava trade. • Support a multistakeholder platform on forest plantation policy. • Support Laos's participation in the BMRC to promote its plantation-based timber products on international markets • Support establishment of a Forest Carbon Platform and initiate deliberations on rules for a forest carbon market. 		

PAPUA NEW GUINEA (PNG)

Forests	Governance	Commodity trade
<ul style="list-style-type: none"> - PNG's forests cover 42 m ha, 89% of its land area. 32 m ha are primary forest. - It has lost 1.8 m ha of forest since 2001, including 0.9 m ha of primary forest. - Deforestation peaked at 0.43% in 2015, declining to about 0.2% in 2021 but rose sharply to 0.34% in 2022. - Clearance for agricultural development is a major contributor to forest loss. 	<ul style="list-style-type: none"> - Apart from voice & accountability, PNG's governance indicators are negative. Control of corruption and political stability have improved since 2006, while government effectiveness and regulatory quality have weakened. - Forest governance remains weak, but government states commitment to strengthening governance, testing timber legality systems, seeking to secure a greater proportion of timber and carbon values. Limited inclusion in reform processes. 	<ul style="list-style-type: none"> - Mining product exports (gold, nickel and ores) contributed 21% of export earnings in 2022, while soft commodities, mainly palm oil, wood products, coffee and cocoa accounted for a further 13%. These commodities have declined in importance since 2012 due to the increased contribution of oil. - Japan is the main market for ores, EU for palm oil and coffee, and China for wood products. PNG is China's largest source of tropical logs. - The risk assessment of illegal logging and associated timber trade (ILAT risk) was 83/100 in 2020 (25th highest).
<p>Context</p> <p>PNG has high levels of forest cover and relatively low deforestation rates. Its tree cover has declined from 93% of the country's land area in 2000 to 89% in 2022, while primary forest has declined from 70.4% to 68.5%. A notable increase in deforestation in 2022 was likely due to clearing for agricultural crops. The government wishes to capture more value from forest product exports by tackling suspected export transfer pricing, promotion of onshore processing through a log export ban from 2025, and greater state involvement in typically private sector activities. Palm oil is an important crop for agricultural expansion but meeting the government's production goals will involve clearing forest and may not be compatible with its climate change mitigation targets, or with zero deforestation requirements in some markets, leading to a likely two-tier export scenario. PNG has piloted a timber legality standard (TLS) with a view to developing a timber legality verification system (TVLS) and eventually an IT-based timber Decision Support System (DSS),</p>		
<p>FGMC rationale for engagement</p> <p>PNG is a Tier 2 country for FGMC2. FGMC1 had some engagement with PNG through accountable grants and has initiated development of a Forest Sector Economic Model (FSEM) that will help stakeholders examine and deliberate alternative options for the country's forests. FCDO has placed greater emphasis on the Pacific while PNG has increased its arguments for rewarding countries with high forest cover and low levels of deforestation for their forest carbon sequestration. PNG is an important provider of tropical timber to China and palm oil to both China and India, underpinning the need for FGMC2 to link activities in PNG with important "alliance" (consumer market) countries. FGMC1 has initiated activities to identify additional entry activities. FGMC also has an opportunity to influence forest carbon initiatives, including through LEAF and other programmes funded by DESNZ, by supporting stakeholder engagement in these processes.</p>		
<p>Intervention logic</p> <p>FGMC support will contribute to strengthening PNG's forest sector and land use governance by supporting linked platforms for inclusive stakeholder participation in deciding future directions for the sector. This covers use of the FSEM to examine broad forest land use alternatives, and processes that arise from them, linked to PNG's timber industry, agriculture development and carbon markets. These actions will help build the credibility of its forest management, improving market acceptance of PNG timber and palm oil and its reputation for high-integrity carbon, in turn leading to strengthened forest conservation and protection of local community livelihoods.</p>		
<p>Key activities</p> <ul style="list-style-type: none"> • Adapt the FSEM to selected provinces and expand/refine the model scope to involve stakeholder involvement on forest land use decisions making. • Build on the TLS pilots to establish TVLS stakeholder platform, and linking to eventual DDS review, development and rollout. • Building international market understanding and acceptance of PNG timber legality systems, potentially leading to BMRC participation • Support establishment of a multistakeholder palm oil platform and piloting rules for oil palm plantation development. • Facilitation of China PNG MoU on bilateral timber and palm oil trade by adapting and piloting the Chinese codes of practice for overseas trade and investment and potential engagement with Malaysian industry bodies on adopting codes of practices by Malaysian companies operating in these sectors in PNG. 		

SOLOMON ISLANDS

<u>Forests</u>	<u>Governance</u>	<u>Commodity trade</u>
<ul style="list-style-type: none"> - Solomon Is' forests cover 2.5 m ha, 88% of its land area. 1.9 m ha are primary forest. - It has lost about 0.22 m ha of forest since 2001, including 0.14 m ha of primary forest. - Annual deforestation peaked at 0.75% in 2017 and was 0.57% in 2022. The Solomons are regarded as a HFLD country, but the apparent high forest cover masks degradation caused by destructive logging practices which are depleting the resource. 	<ul style="list-style-type: none"> - Political stability and voice & accountability have strengthened significantly in recent years, and both are now moderately positive. - Corruption, rule of law and regulatory quality have improved but remain negative, while government effectiveness remains weak, with limited reach of institutions beyond the capital Honiara and a few smaller population centres. - Political resistance to change in the forest sector means donor-supported revisions to forest policy and logging code have limited traction. 	<ul style="list-style-type: none"> - Wood products – primarily unprocessed logs – comprise the bulk of Solomon Is' commodity exports, ranging between 50% and 81% of total export value. - As continued excessive logging degrades its forests, the country's high dependence on log exports leaves it vulnerable. - China imports 85% of the country's log exports, with India and other Asian countries making up the balance. The risk assessment of illegal logging and associated timber trade (ILAT risk) was 71/100 in 2020 (55th highest)
<u>Context</u> <p>Solomon Islands' log exports, based on natural forests, currently contribute about 16% of Government revenue and 65% of export earnings. With these earnings derived largely from unsustainable logging in natural forests, there is an urgent need to consider sustainable forest management to avoid serious environmental impacts. The timber industry, based predominantly on log exports to China, is in decline due to years of harvesting in excess, resulting in deteriorating forest quality.</p>		
<u>FGMC rationale for engagement</u> <p>The Solomon Islands is a Tier 2 country for FGMC2, with no prior UK engagement in the forest sector for many decades. The greater FCDO emphasis on the Pacific creates opportunities to support the country's necessary transition to a more sustainable forest sector. The main rationale for an FGMC2 focus are: a) the importance of the country's trade in logs destined for China, an important "alliance" (consumer market); b) the potential of the important but currently small Australian and New Zealand sawnwood markets to encourage strengthened governance standards in the logging sector; and c) the opportunity to engage with stakeholders in the development of governance structures that support a fair and transparent forest carbon market. This presents a unique opportunity for FGMC2 to support governance considerations in the early stages of the forest carbon process.</p>		
<u>Intervention logic</u> <p>FGMC support will contribute to strengthening forest sector governance by supporting inclusive stakeholder participation in deciding directions for the sector, in general terms and more specifically linked to its timber industry and carbon markets. These actions will contribute to changing the direction of the country's forest sector economy by providing alternative incomes for customary landowners from a more sustainable timber sector and a regulated high-integrity carbon market.</p>		
<u>Key activities</u> <ul style="list-style-type: none"> • Support deliberation on setting forest carbon rules, with initial focus on the voluntary carbon market. • Introduction of a Forest Sector Economic Model: Develop a FSEM and introduce a deliberative stakeholder platform (facilitation, model development, studies, national grants) • Explore opportunities to strengthen transparency and introduce systems that provide market assurance of legal timber production, including through building CSO monitoring capacity. • Building international market understanding and acceptance of strengthened SI systems • Facilitation of a China-Solomons MoU on bilateral timber trade by modifying and piloting Chinese codes of practice for overseas trade and investment, and engagement with Malaysian industry bodies on adopting codes of practices by Malaysian companies operating in these sectors in Solomon Islands. 		

Annex 1 (part 2): Key market regulations in Alliance countries/consumer markets

1. Although on-the ground results will be delivered in Forest partner countries (Component 1 - see above Annex 1 Part 1 and Annex H in the business case), an underlying programme assumption is that change needs to be incentivised through external drivers, such as consumer country regulations (Component 2) and international trade and environmental policies (Component 3).
2. This part of the Annex focuses on Component 2 – Alliances with important consumer countries (**China, Vietnam, EU and India**) with significant footprints in tropical forest countries, whose regulations, once in place, will help drive and sustain transformational shifts in producer country forest governance and regulation. **A more detailed analysis is available in Annex I of the Business Case**
3. The Forest Law Enforcement Governance and Trade (FLEGT) international policy breakthrough was that consumer countries recognised that they were part of the problem, driving illegal logging and its associated trade. The past decade has demonstrated that market reform alongside forest governance reform, is also important. At the time the FGMC1 was designed the EU and USA were the predominant market for tropical timber, however, increasingly over the past decade markets have shifted to Asia. FGMC1 sought to understand trade trends from the perspective of tropical forest producer countries and the signals sent from their primary markets. With the emergence of China and other Asian markets as key players, FGMC has encouraged an appreciation in these emerging markets for the impacts of their consumption on tropical forests: i.e. their “forest footprint”.

Overview of trends in potential alliance countries

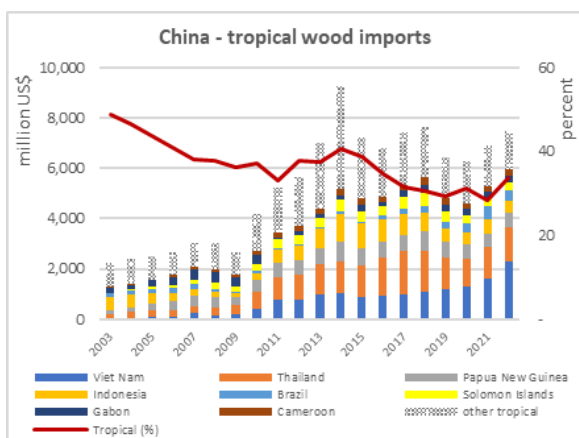
4. Trade patterns and the overseas footprints in focus countries are presented in this Annex, under the four potential alliance countries. These are followed by brief summaries and analysis of the policy and investment context demonstrating the “pull” for forest and forest risk commodities of these policies in tropical forest countries. The trends in trade and trends in market signals emerging from consumer market regulation and incentives will be monitored throughout the FGMC2 programme period.

China

Trade footprint

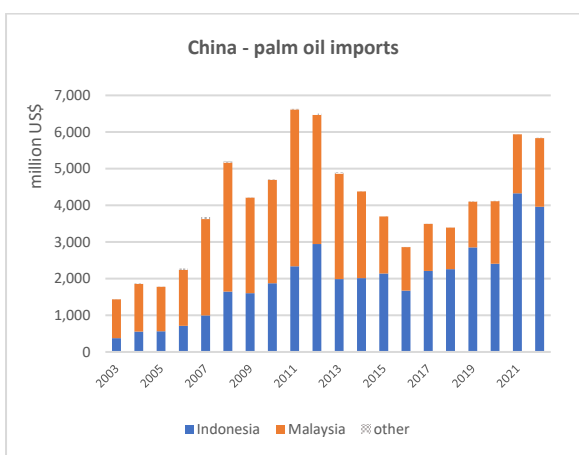
1. The key elements and trends of China's overseas trade footprint are captured in the following graphs (Figures 3 and 4).

Figure 3 China – commodity imports by source countries

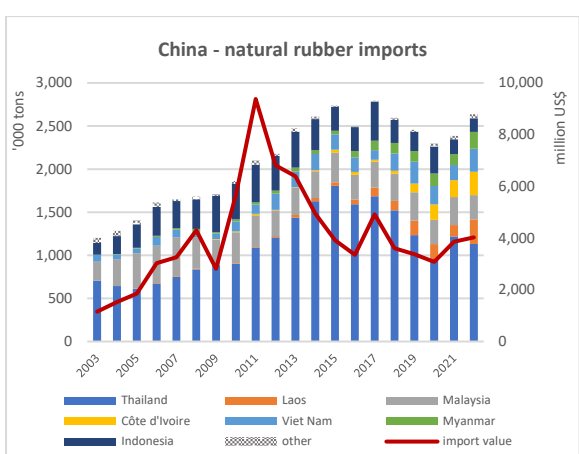


Tropical imports: \$7.5 bn in 2022, 34% of total wood imports, up from \$2.3 bn, 49% of total wood imports in 2003

- Imports increasing, but **shift to lower legality risk** products & sources
- **Vietnam** (plantation wood chips) and **Thailand** (rubberwood sawnwood): **low risk**
- **Indonesia** – wood chips & sawnwood: **moderate risk**
- **PNG and Solomons** – unprocessed logs: **high risk**
- **Gabon** – sawnwood & veneers: **high risk**
- **Brazil** – sawnwood, parquet & plywood: **moderate to high risk**
- **Cameroon** – logs & sawnwood: **high risk**
- Other important source countries: include **Myanmar, Congo, Laos, and DRC** – all **high risk**

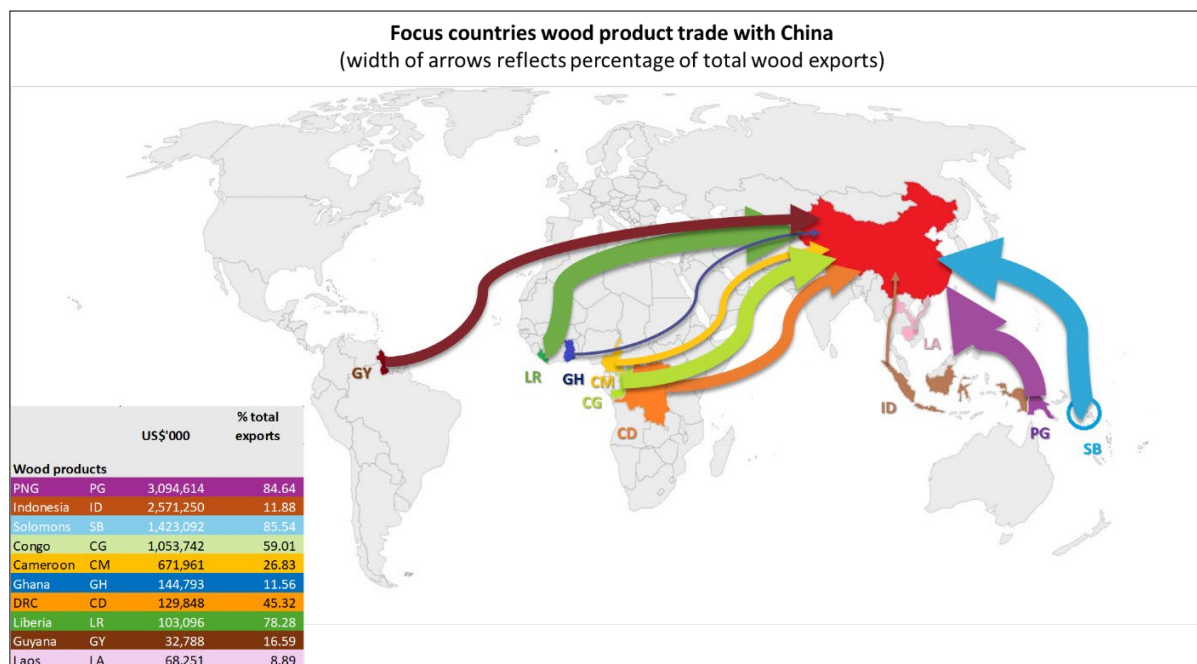


- Only 2 significant import sources.
- **Indonesia's share** 68% in 2022, up from 26% in 2003 accounting for 15% of Indonesia's total palm oil exports.



- **Volume** of unprocessed natural rubber imports *increased* from 1,2 m MT in 2003 to 2.6 m MT in 2022, while value dropped from \$9.3 bn in 2011 to \$3 bn in 2020, due to collapse in latex price.
- Apart from Côte d'Ivoire, main sources are in SE Asia.
- **Laos, Myanmar and Cambodia** likely **high-risk** sources.

Figure 4: China's overseas footprint in focus countries



Legal and sustainable trade and investment policies

2. Key policies include:

- **High-level policy:** There is greater awareness of environmental and social impacts of trade and investment. Political slogans like “Greening the Belt and Road” and “Ecological Civilisation” are underpinned by guidelines that encourage Chinese companies operating abroad to follow international or Chinese best practices for environmental protection and sustainable development.
- **Timber:** China’s 2019 Forest Law stops short of regulations on illegal imports, but it prohibits the knowing purchase, processing, and transport of wood from illegal sources; and it includes domestic traceability, requiring timber enterprises to keep a ledger of entry and exit of wood raw materials and products.
- **Cooperation with producer countries:** Forest MOUs, which include specific guidelines on responsible trade and investment, have been agreed with several timber-producing countries; and China is pursuing mutual recognition of timber legality assurance systems.
- **Voluntary commodity codes:** Major national trade associations have adopted and are piloting responsible trade and overseas investment codes for timber, palm oil, rubber and critical minerals.
- **Finance:** Guidelines on finance and environmental impacts have been developed, but these are not commodity specific.

3. China's overseas footprint, as a result of the rapid growth in China's commodity trade and investment in developing countries, inevitably causes forest loss and degradation, and also affects local people who depend on forests for their livelihoods. Since 2005, the government's and key trade bodies' awareness of these impacts has increased, and public and private policies have evolved to recognise the need to address them. While initial focus was on the domestic impacts of the country's rapid growth, there has been a growing tendency to incorporate environmental and social responsibility in trade and overseas investment policies. These are underpinned by the political slogans, “Greening the Belt and Road” and “Ecological Civilisation”

4. **China's 2022 "Guidelines for Ecological Environmental Protection of Foreign Investment Cooperation and Construction Projects"**, jointly issued by the Ministry of Environment and Ecology (MEE) and the Ministry of Commerce (MOFCOM) followed the *"Green Development Guidelines for Foreign Investment and Cooperation"*. They emphasise how Chinese companies operating abroad are encouraged to follow international or Chinese best practices for environmental protection and sustainable development and are considered to be the most comprehensive document by any country regulator to guide non-domestic environmental management of enterprises.
5. As part of its cooperation under FGMC's International Forest Investment and Trade (InFIT) programme, China has initiated a range of public and private policies specifically addressing commodities that affect forests. These include voluntary guidelines to assist Chinese investors to understand opportunities, risks and forest management compliance; participation multilateral initiatives such as Asia-Pacific Economic Cooperation (APEC), the Forum on China-Africa Cooperation (FOCAC) and the Greater Mekong Subregion (GMS) cooperation mechanisms; and bilateral MoUs that incorporate country-specific guidelines to strengthen cooperation with timber producing countries, including Gabon, Laos, Myanmar and Cambodia.

Trade and Investment context

6. Key elements of the context for China's trade and investment policies are as follows:

Global trading position

7. **China is the world's predominant trading nation** –in 2022 it was the top exporter, accounting for 14.6% of US\$24.6 trillion total product exports, was the second largest importer (after the USA) with 10.7% of total imports of US\$25.3 trillion.
8. **China's imports of non-mineral commodities that may cause deforestation increased 8-fold from US\$17 billion in 2003 to US\$139 billion in 2022.** These were dominated by soy (\$61 bn), wood pulp (\$22 bn), wood products (\$22.2 bn), beef (\$17.8 bn), palm oil (\$5.8 bn), cassava (\$4.2 bn) and unprocessed natural rubber (\$4.0 bn). Brazil was the largest supplier of soy and wood pulp and beef; and Indonesia the largest palm oil and second largest pulp source.
9. **China imported wood products from a wide range of tropical, temperate and boreal countries**, with Russia, New Zealand, Viet Nam and USA its largest suppliers in 2022. **Tropical log imports** were mainly from PNG (\$549 m), Solomon Islands (\$299 m), Republic of Congo (\$144 m), Brazil (\$129 m) and Cameroon (\$126 m); and **tropical sawnwood** from Thailand (\$989 m – mainly rubberwood), Gabon (\$251 m), Cameroon (\$81 m) and Laos (\$75 m).

Agricultural commodities

10. **China's overseas investment in the agriculture sector from 2005 to 2022 totalled nearly US\$85 billion.** It increased from US\$180 m to \$2 bn in 2019 but declined (due to COVID) to \$170 bn in 2022. Main tropical forest country recipients over the period were Brazil (\$3.3 bn), Laos (\$510 m), Cambodia (\$360 m), Malaysia (\$280 m) and Côte d'Ivoire (\$200m).

Minerals

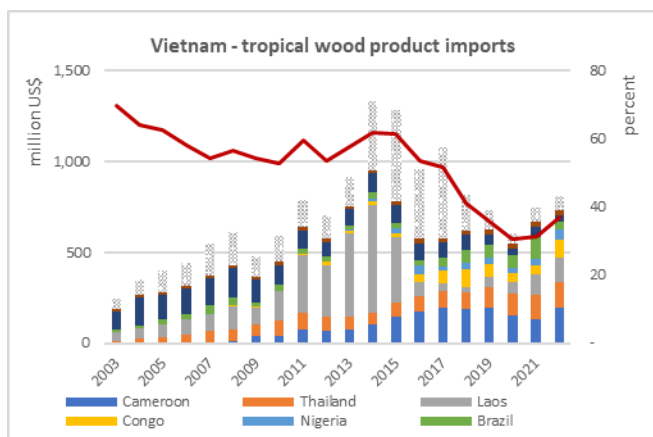
11. **China's mineral imports increased in value by a multiple of 32, from US\$7.1 billion in 2003 to \$225 billion in 2022.** Its main product imports were ores and concentrates of iron (\$128 bn), copper (\$56 bn), aluminium (\$7 bn), precious metals (\$7 bn), manganese (\$6 bn), zinc (\$5 bn), nickel (\$5 bn), chromium (\$4 bn) and tin (\$2 bn). Although Australia (49%) was the main source, developing forest countries, including Brazil (12%), Chile (9%), Peru (9%), South Africa (5%), Guinea (2%), Indonesia (2%) and DRC (1%) were important suppliers.
12. **Its overseas investment in the mineral sector over the same period totalled US\$181 billion, increasing from \$1.3 bn in 2005 to \$16 bn in 2019** (but declining to \$6.9 bn in 2022). Main tropical forest country destinations were DRC (\$17.2 bn), Indonesia (\$17.2 bn), Peru (\$5.8 bn), Guinea (\$5.1 bn), Brazil (\$4.8 bn), and Ecuador (\$3.6 bn).

Vietnam

Trade footprint

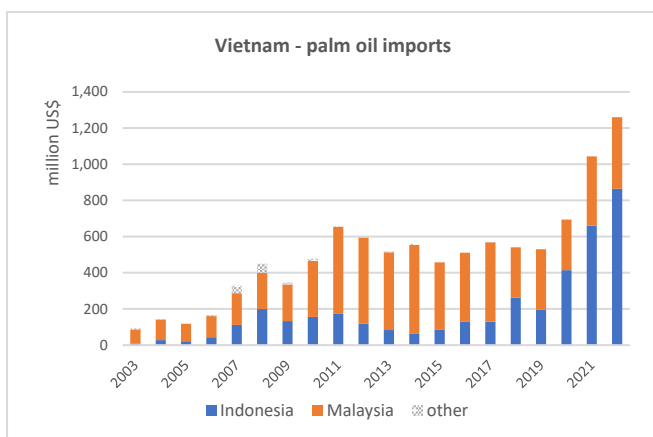
13. The key elements and trends in Vietnam's overseas footprint are set out in the following tables (Figures 5 and 6).

Figure 5. Vietnam – commodity imports by source countries

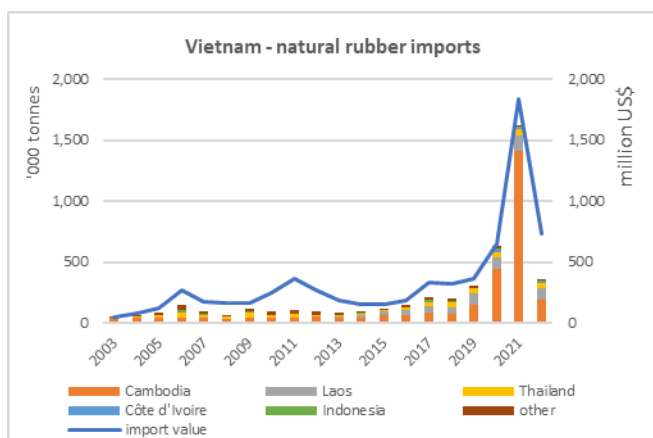


- Total wood imports peaked at \$2.4 bn in 2021. Tropical sources were \$806 m, 37%.
- General trend from tropical to low-risk non-tropical sources to supply furniture export industry
- Most high-risk tropical imports (**Cameroon, Congo, Laos, Nigeria**) are used by small businesses supplying the domestic market.
- **China** has become Vietnam's top wood product source as Chinese industry moves processing to Vietnam. These imports may have high-risk origins, e.g. **Russia**.

101.

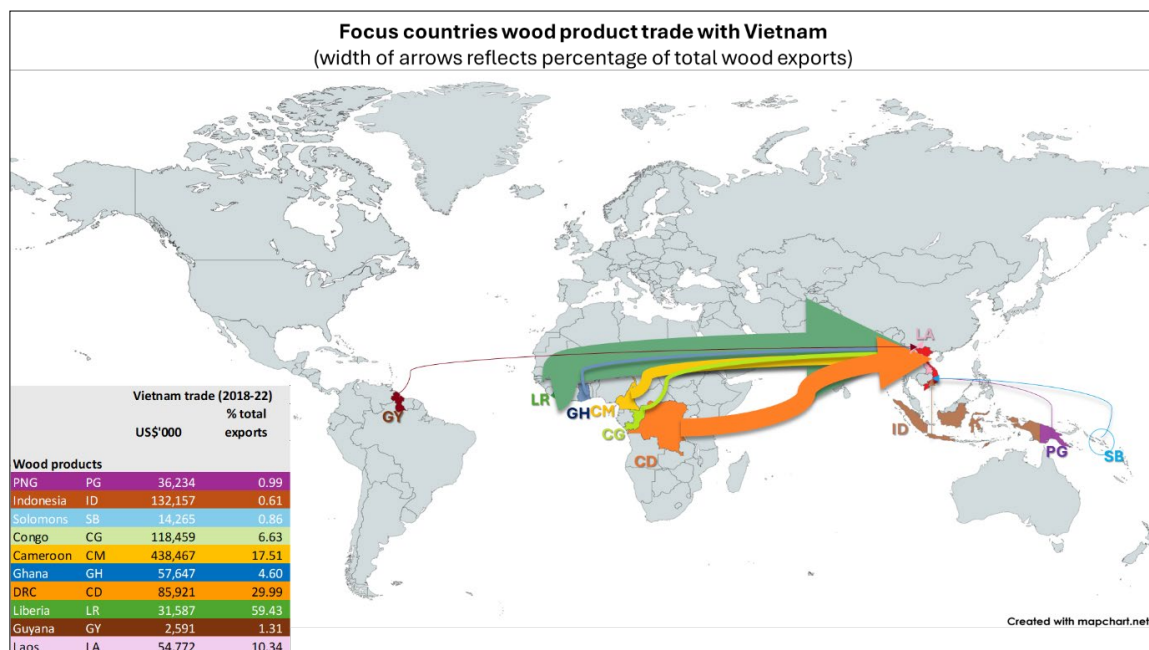


- Vietnam is world's 9th largest importer of palm oil after India, China, EU, Pakistan and Bangladesh
- US\$865 m (69%) from **Indonesia**, the balance from **Malaysia**.



- **Cambodia** and **Laos** are main natural rubber source countries, adding to Vietnam's domestic production (1.3 m tonnes in 2021).
- **Vietnam's** investment in both countries has been associated with **deforestation** and **land rights issues**.

Figure 6. Vietnam's overseas footprint in focus countries



Legal and sustainable trade and investment policies

14. Key policies include:

- **Forests cover 13 million ha, about 40% of the country.** Although Vietnam no longer harvests timber from its natural forests, deforestation rates continue to rise, driven mainly by agricultural expansion. The government looks to carbon markets as a way to finance their protection.
- **Vietnam's export furniture industry** is highly exposed to countries with demands to demonstrate legal timber production. 75% of its wood product exports (primarily furniture), worth US\$12.8 billion in 2021, went to USA and EU – markets that demand evidence of legal or sustainable production.
- **Its tropical timber imports**, mostly from Central Africa and Mekong countries where forest governance is weak, were worth US\$240 million in 2021. They are used mainly by micro, small and medium enterprises that supply its domestic market, yet need to comply with timber trade agreements with the EU and USA.
- **The functioning of its FLEGT VPA Timber Legality Assurance System** will be important to demonstrate legality for these markets, and also for a likely VPA with the UK.
- A state-linked rubber corporation has initiated **a code of practice for responsible rubber.**

Trade and Investment context

15. Key elements of the context for Vietnam's trade and investment policies are as follows:

- **Rubber and coffee are Vietnam's main FRC exports.** Coffee is largely produced by smallholders and will face challenges meeting EUDR traceability requirements.
- **Vietnam's unprocessed rubber imports**, worth US\$1.8 billion in 2021, were mainly from neighbouring Mekong countries where governance is weak and its investments there have been subject to deforestation and IPLC land rights issues.
- Vietnam has a strong **forest plantation sector, dominated by smallholder farmers.** This supplies wood chips to China and wood pellets to Japan and Korea, as well as contributing to the export industry.

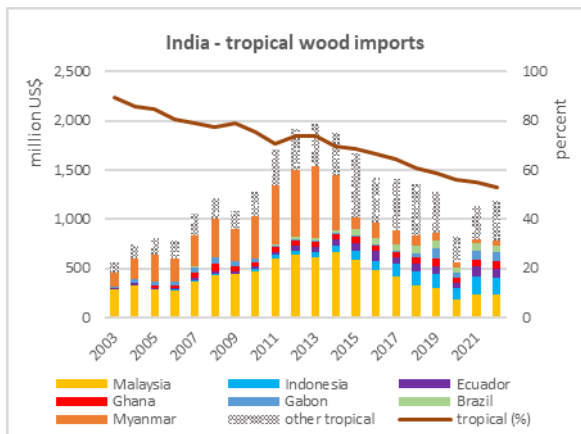
- **Vietnam is an important manufacturing and exporting country of products derived from commodities produced on forest land.** Its wood product exports (including furniture) were worth US\$12.8 billion in 2021, 75% of which were to markets that demand evidence of legal or sustainable production. Its forest risk commodity exports (mainly coffee, rubber and cashew) were worth US\$10.9 billion, with 45% to those sensitive markets.
- Wood product export markets are dominated by **furniture exports** (\$8.2 billion in 2021), 65% to US; EU 5.4%, Japan 4.7%, and UK 2.9%. Other wood product exports were \$4.5 billion in 2021, comprising mainly **wood chips to China**, wood pellets to Japan and Korea, and plywood to the USA.
- **Vietnam's tropical timber imports, mostly from Central Africa and Mekong countries where forest governance is weak, were worth US\$240 million in 2021 – about 10% of its total timber import value.** They are used mainly by micro, small and medium enterprises (MSMEs) that supply its domestic market, yet need to comply with its timber trade agreements with the EU and USA, that require demonstration of legal production. Imports from China (30% of total) were worth \$709 million, some of those also originating in countries with weak forest governance.
- The wood product industry is highly reliant on **log and sawnwood imports**. Main sources of logs are Cameroon, USA, France, Congo and Germany; sawnwood from USA, Brazil, Laos and Chile. **Imports from Laos**, where there is a moratorium on natural forest logging, have recently increased. **Tropical (high-risk) logs** used mainly by small-scale furniture businesses supplying the domestic market, while low-risk timber imports and plantations supply exporters.
- Vietnam is an important producer of **coffee and rubber** – mainly by smallholders. **Coffee exports** were \$3.1 billion in 2022, with 58% going to the EU.
- **Vietnam's unprocessed rubber imports, mainly from neighbouring Mekong countries were worth US\$1.8 billion.** Cassava imports reached \$547 million, and cashew nuts \$3.6 billion. **Rubber exports** were \$6.7 billion. Vietnamese companies are significant investors in rubber plantations in Cambodia and Laos, which export unprocessed rubber to Vietnam
- FCDO's Business Plan for Vietnam aims to cover areas relevant to FGMC. These include cleaner growth, responsible investment, diversified supply chains for critical materials, increased trade, and more open and inclusive development while protecting natural habitats & biodiversity.
- The UK has over £40m invested in active programming supporting Vietnam's net zero, climate-resilient and nature positive transition. Areas of cooperation include energy, agriculture, forests, the blue economy, carbon markets, pollution, and the Illegal Wildlife Trade.

India

Trade Footprint

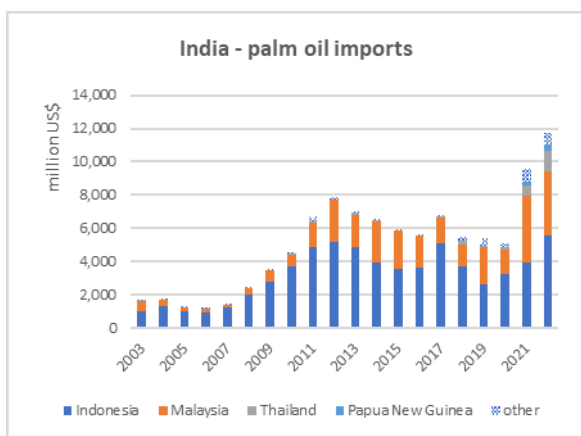
16. The key elements and trends in Vietnam's overseas footprint are set out in the following figures.

Figure 7. India's – commodity imports by source countries

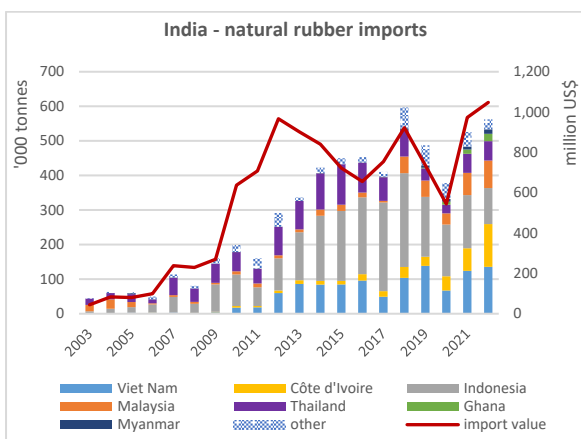


Tropical imports: \$1.2 bn in 2022, 53% of total wood imports, down from \$2 bn, 73% of total wood imports in 2013

- **Central & South America** and **Ghana** mainly plantation teak: **low risk**
- **Indonesia** – veneer, plywood & sawnwood: **moderate risk**
- **Gabon** – sawnwood & veneers: **high risk**
- **Myanmar** – logs before 2015, now sawnwood: **high risk**
- Other main sources:
Panama, Benin, Thailand, Costa Rica: (plantation teak) **low risk**
Solomon Is, Suriname: **high risk**

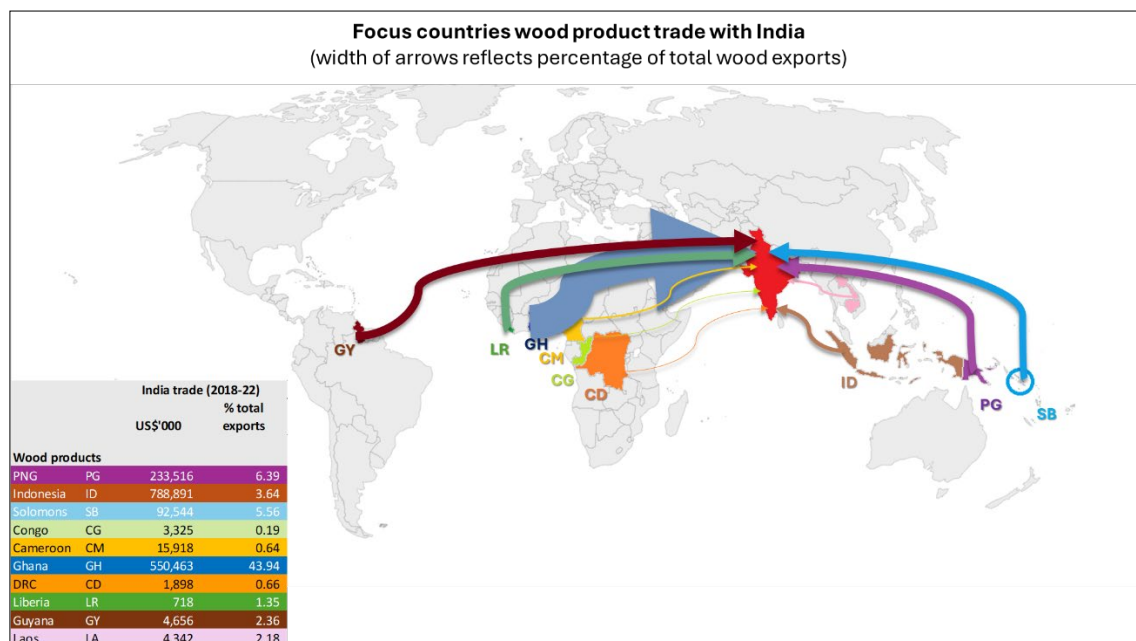


- India is the world's largest importer of vegetable oils, importing 15 m tonnes, 60% palm oil.
- 47% from **Indonesia**; 33% from **Malaysia**
- 10% from **Thailand** and 3.5% from **Papua New Guinea**
- **PNG** share could increase with planned expansion of plantations, with risk of forest conversion



- **Vietnam (24%)** and **Côte d'Ivoire (22%)** have replaced **Indonesia** as India's primary source of rubber
- Trade volume reached 0.6 million tons in 2018, dropping to 0.56 million in 2022. Value exceeded US\$1 bn in 2022.

Figure 8. India's overseas footprint in focus countries



Legal and sustainable trade and investment policies

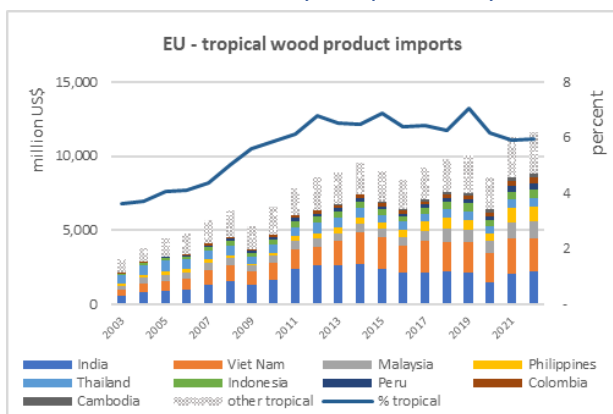
17. Key policies include:

- **Policy:** India has a plethora of legislation, regulations and policies on environment protection, but actual enforcement and compliance with the legal and policy framework remains limited.
- **Indian industry** has had limited exposure to the risks of importing illegal or unsustainable commodities, and manufacturers have little experience with verification systems needed to guarantee that their products are legal.
- **There is an active NGO sector** focusing on national environmental and social issues, but limited attention has been given to India's overseas commodity footprint.

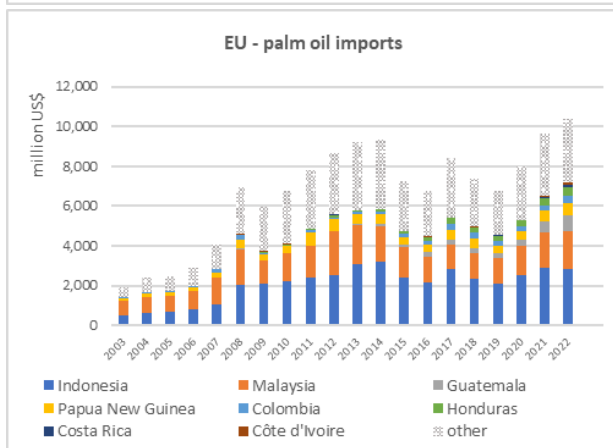
EU

Trade footprint

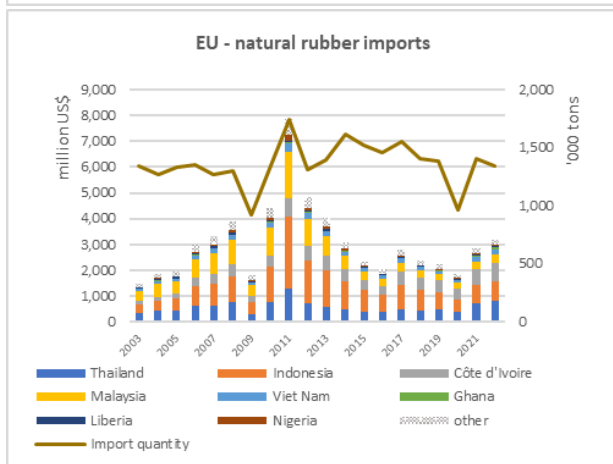
Figure 9. EU's Commodity imports by source.



- EU imports of wood products (excluding furniture) from tropical countries reached \$11.6 bn in 2022, but were between 6% and 7% of total wood imports.
- **India** was the main direct source, but it is likely that so imported products were manufactured from wood originating in 3rd countries, which may not be tropical.
- Imports from **Vietnam**, the second largest source, and also **Philippines** and **Cambodia**, are likely to be similar

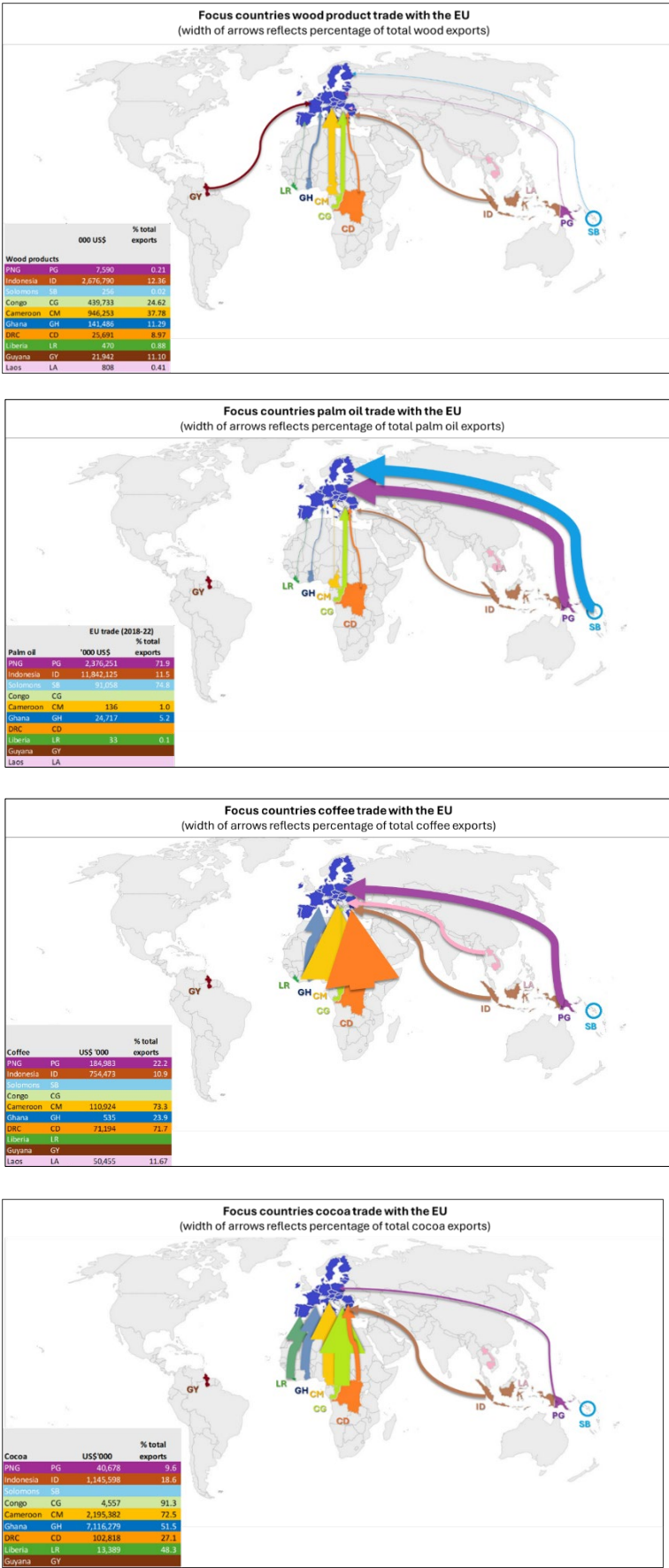


- **Indonesia** (37%) and **Malaysia** (26%) are the main palm oil suppliers to the EU, worth US\$7.5 bn in 2022.
- Increasing shares from **Guatemala**, **Papua New Guinea** and **Colombia**
- Palm oil is a **key trade issue** between the EU and Indonesia related to the EUDR and the Renewable Energy Directive.



- SE Asia and West Africa are main source regions.
- Imported volumes have remained relatively constant since the 2011 price spike

Figure 10. EU's overseas footprint in focus countries: wood products, palm oil, coffee, cocoa



Legal and sustainable trade and investment policies

- **High-level policy:** The EU leads on the international stage in developing climate-linked policies drawing from the range of instruments it deploys. The Green Deal sets out the priorities at high level.
- **Timber:** EU FLEGT Action Plan, EU Timber Regulation and EU FLEGT regulation and Voluntary Partnership Agreements (referenced in the Appraisal Annex D) were leading initiatives launched from 2003. They pioneered due diligence requirements for trade to the EU. Extensive reviews and stock takes
- **Voluntary Partnership Agreements:** a cornerstone of the FLEGT policies. 10 VPA agreed and 2 more in dialogue. The EU has confirmed they intend to sustain agreements and conclude new one (Cote d'Ivoire VPA agreed recently), although there are concerns how the VPA will work with the instruments of the EUDR
- **Deforestation Regulation:** This builds from EUTR and introduces due diligence requirement for the EUs forest footprint requiring sourcing of forest risk commodities that can demonstrate they come from lands not subject to deforestation.
- **Cooperation with producer countries:** Forest Partnerships and development cooperation. Leading role in Voluntary Partnership Agreements for timber; now pioneering partnership deals linked to cocoa trade.
- **Voluntary commodity codes:** Major national trade associations have adopted and are responsible trade and overseas investment codes for timber, palm oil, soy, rubber and other commodities.

Annex 2: Requesting Access to the FGMC Knowledge Management System

Each consortium may request access to the FGMC Knowledge Management System for two individual accounts by filling in the table below and sending it to Daniel.Reid2@fcdo.gov.uk for approval. **The system will be accessible from the 15th October.**

First Name	Last Name	Consortium	Email address

In the case of a successful access request, the listed email addresses will receive a confirmation email, which will include a link to the KMS, also shown below:

<https://fgmcdocs.sharepoint.com/sites/FGMCKMS>

Please note: this link will not work until the above steps are completed.

If a user experiences issues accessing the FGMC KMS, please contact Daniel.Reid2@fcdo.gov.uk, with the subject line "[Organisation name] FGMC KMS Access Issues."

Using the FGMC Knowledge Management System

After following the link to the KMS (included in the confirmation email and above), the user will be directed to a landing page with a blue button labelled "KMS." Click on this button to access the site. As the user scrolls down, they will find a guidance video offering a tour of the KMS and tips on how to use it effectively.

The KMS is organised by three primary filters: Programme, Thematic, and Country. These filters, located at the top of the screen, open a document search panel when selected. Clicking on the "Country" tab will reveal an additional "Country Details" tab, which provides an overview of key country materials.

The menu on the left-hand side of the screen can be used to refine the search within each primary filter tab. For example, in the country tab, this menu includes countries. Clicking on these will direct the user to a page showing all documents relating to this country.

Once in the search panel, the user can further refine documents using the following filters:

Programme	Thematic	Country
Country	Country	Modality
Modality	Modality	Programme Category
Thematic Category	Programme Category	Programme Subcategory
Thematic Subcategory	Programme sub-category	Thematic Category
Author	Author	Thematic Subcategory

Document Type	Document Type	Author
File format	File Format	Document Type
Year of publication	Year of publication	File Format
Date	Date	Year
		Date

Once filters have been applied, relevant documents will be displayed in a table below the search panel. This table includes the columns:

- **Commentary**
The document commentary provides an overview of the context around the publication of a document; this may reference the intended audience for the document or the event at which it was presented. Please note that not all documents have a commentary.
- **Summary**
This section provides a summary of the contents of a document.
- **Name**
This is the name of the document. **Clicking on the document's name will allow a user to view the document.**
- **Document tags**
The remaining columns display the tags applied to the document, such as its year of publication, theme, or document type.

Please note that documents are for viewing only and cannot be downloaded from this site.

Documents are still being uploaded. Examples of what can be found on the Knowledge Management Site include:

Programme Business Cases
 Programme Logframes
 Programme Reports (Annual, and completion)
 Lessons Learnt Reports
 Programme Transformational Change and Policy Changes reports
 (examples for illustrative purposes)
 Programme Themes Gender
 Programme Theory of Change and other theories of change
 Technical Reports
 Evaluation Reports (ICAI, Mid-term Review, evaluative studies)
 FGMC News Digests
 FGMC Products
 National Policy Processes & Stakeholders
 Grantee Publications
 Thematic Documents

Not all information held on the KMS Platform will be available for viewing. As you will appreciate, some documents have been prepared for a specific FCDO and FGMC core team audience and are

therefore not intended for wider viewing. Some documents will be provided for illustrative purposes but due to their sensitive content, not all the most recent editions will be available. The successful bidder will be given access to the full KMS on award of contract. **We expect all information viewed on the KMS platform to be treated with sensitivity, and for this reason, only viewing rights have been granted. Downloading documents will not be possible.**

Downloadable versions of publicly accessible information such as Annual Reviews, Business Cases, can be found on <https://devtracker.fcdo.gov.uk/>

Annex 3: Coherence across PMSST and TAPM roles

The TA Portfolio Manager (TAPM) and the PMSST will be independent of each other but will need to work as a coordinated team throughout programme planning and delivery. A key role of the PMSST is to provide a constructive ‘challenge-function’ when needed to improve delivery and value for money for individual TA projects.

Issue	PMSST	TAPM
Global programme wide responsibilities	Programme level monitoring and strategic planning - Overall responsible for programme wide MEL against FGMC2 TOC and results framework and reporting to FCDO (quarterly and annual)	Accountable for the performance of all the contracted technical assistance projects. Responsible for development of a portfolio wide reporting framework (to FCDO) across all TA projects (discussed with PMSST) Portfolio TA coordination Agree coordination structure with PMSST
	Development of standard provisions with TAPM supplier regarding harmonised reporting frameworks and ToC for all TA projects (included in ToRs and contract requirements)	Development of standard provisions with PMSST supplier regarding harmonised reporting frameworks and ToC for all TA projects (included in ToRs and contract requirements)
Programme wide coherence – globally	Ensure all delivery partners understand and align to the programme wide ToC.	Adherence to programme wide (and nested) ToC See coordination point above
	Lead Monthly meetings with FCDO as part of Core Team, working with key delivery partners such as TAPM supplier to prepare agenda	Attend monthly meetings with FCDO, PMSST, and other key delivery partners, working with PMSST to input into agenda
	Organizing Annual stakeholder fora	Participate in annual stakeholder fora
Political/country engagement	Direct engagement (alongside and delegated by FCDO)	No direct engagement at country level. The individual sub-contracted TA project teams in-country will engage with governments.
Technical Assistance to partner countries - ToRs	Identification of key TA needs with partner governments (and FCDO) in each partner country - scoping	Collaborate closely with the PMSST to ensure that the TA projects are oriented to specific country-context needs and adjusted to significant shifts in country context.
	Preparation of early draft ToRs with FCDO These should include guidance on MEL and reporting (see below)	Refinement of ToRs, liaising with PMSST and FCDO to review
	Assists FCDO in finalising/sign off of ToRs with partner governments	

Technical Assistance to partner countries - procurement		Responsible for preparation of contracts, call, and managing procurement process in line with FCDO contract requirements Liaising with FCDO (3 months to mobilise)
	Providing information on potential local suppliers to TAPM	Intel on potential suppliers (international and local)
		Bid assessment with FCDO and in some contexts the national stakeholder/ government
	Providing any local insights into local suppliers and their positioning to the TAPM	Due diligence etc
Technical Assistance to partners countries – Specific TA project contract Management	Constructive technical guidance and oversight of TA projects together with host government and national stakeholders Reviewing TA project reports and progress and reflecting on changes to country strategies Support TAPM in identification of risks/ challenges/ opportunities, assessing risks	Administer contracted TA projects in the Portfolio, including monitoring project progress with support from the PMSST (see below), ensuring adherence to contract terms, TA deliverables, agreed reporting, and managing any changes to scope of work. Includes: robust risk management across the TA Portfolio to identify, assess, and mitigate risks. The TAPM will be responsible for the disbursement, due diligence, and fiduciary oversight of sub-contracts (Tier 2 and 3 in delivery chain terms).
	At country level – support/advice to TA projects based on local stakeholder understanding and overview – communicate to TAPM as well as “challenge/triangulation”	Advice to TA projects on project administration and, feedback on reports
Technical Assistance to partner countries - Performance, Reporting, MEL	PMSST Provides technical guidance and feedback to the TAPM on TA projects based on in-country observation and engagement with stakeholders PMSST informs TAPM and FCDO of any issues observed (directly by PMSST or via SHs) regarding TA project performance	TAPM quarterly reports of ongoing activities and utilization of funds to FCDO - Drawing together information from TA projects reporting. Any major issues shared in monthly meetings
		Ensure TA project reports on progress are shared with PMSST in a timely manner to feed into overall MEL reporting to FCDO (quarterly and annual)

Programme wide coherence – country level	At country level – development of common ToC and country strategy/roadmaps agreed with and by national SHs	TA projects in each country are responsible for alignment with the national strategies/roadmaps
	Regular engagement across delivery partners in-country to ensure coordination amongst grantees, TA projects, facilitation etc	TA projects in each country are responsible for coordination with other FGMC2 delivery partners where relevant (by TA projects) – encouraged by TAPM

Annex 4: FGMC2 Accountable Grants Scheme: Background information for PMSST Supplier.

To be read in conjunction with Annex K of the Business Case describing the FGMC1 accountable grants programme

1. This information is provided as background, based on the successful implementation of an Accountable Grants Scheme under the first phase of FGMC. By the time the PMSST Contract will be awarded, a fuller Grants Management pack will be available to the Supplier, along with the key thematic areas identified for a potential call for proposals to be launched by the end of the 3-month contract inception period.
2. The Accountable Grant scheme complements other FGMC instruments such as technical assistance and facilitation contracts. It is restricted to not-for-profit organisations and aims to enable international civil society organisations and private sector associations as well as their implementing partners to engage in and influence policy and reform processes in a way that supports FCDO's global agenda and FGMC's intended results as laid out in the programme-wide Theory of Change (TOC) and the various country and thematic TOCs (yet to be developed).
3. Experience from FGMC1 demonstrated that the Grant portfolio is a core element of FGMC that helps shape strategy and enhance the quality and inclusiveness of implementation. Crucially, rather than being funded to implement FGMC-defined interventions, the FGMC Grantees are regarded as strategic partners that are supported to pursue their respective strategies and agendas as long as these align with FGMC's own intended results and contribute to strengthening the FGMC Community of Practice.
4. This is reflected in the nature of the relationship that is established between FGMC and the Grantees, starting with the Grant awarding process, where applicants are invited to come forward with potential interventions and identify the way in which their own TOC and results framework will map onto FGMC's.
5. The Grant portfolio is an integral part of the FGMC Community of Practice, with an influential role to play in mobilising and sharing knowledge and evidence and confronting ideas, to enrich country-level and international discussions and help processes and actors establish linkages across the breadth of the international forest agenda.
6. This strategic, trusting relationship is strengthened and nurtured throughout the duration of the Grant by adhering to a set of key principles:
 - The Grantees are given flexibility to respond to new challenges and seize opportunities.
 - The Grantees commit to ensuring best Value for Money, grant management and delivery, and are held accountable for this.
 - The Grantees commit to regular engagement with the PMSST Supplier, primarily through periodic reporting as well as monitoring and exchange meetings.
7. The FGMC grants are issued by FCDO and managed by the PMSST Supplier. The PMSST Supplier will be primarily responsible for:
 - Refining and finalising the suite of forms and planning and monitoring documents to be completed by the applicants as part of the successive processes and cycles: grant awarding, onboarding, monitoring, and reporting.
 - Guiding the applicants through the grant awarding then the onboarding process.
 - Ensuring the timely submission and quality compliance of the periodic technical and financial reports as well as any other documents pertaining to monitoring and due diligence requirements as required from the Grantees.

- Engaging in regular follow-up discussions with the grant holders (at least every six months) with a focus not just on grant management, but also on strategic and programmatic considerations.
- Ensuring coordination among Grantees and across the FGMC Community of Practice/other delivery partners, globally and at the country level, including by fostering exchanges that feed into developing/updating the country and programme TOCs, and country roadmap or strategies.
- Seeing to the seamless closure of the Grants by implementing a “soft landing” type of approach that is meant to ensure, among other aspects, that no remaining funds are left at the end of each grant and that all arrangements relating to the management of any FGMC-funded assets are made in a timely manner.

GRANT AWARDING & ONBOARDING

8. The Grant awarding process is expected to consist of several stages, each requiring a specific level of engagement from the PMSST Supplier.
9. Prior to Contract Award, The PMSST Supplier will be provided with the thematic scope of the Accountable Grants Scheme and a draft Guidance Manual for use with prospective grantees which will be refined and finalised by the PMSST Supplier. This Guidance Manual will describe the scope, conditions and timeline for the competitive process; and the specifics of the Project Proposal preparation process and requirements.

Stage 1. Competitive process

10. This stage comprises three successive steps:
 - FCDO launches the call for Concept Notes (CNs) with its accompanying guidance, forms, and supporting documentation, including priority thematic domains.
 - Applicants submit their CN to FCDO.
 - The CNs undergo review and scoring against criteria with the assistance of the PMSST Supplier, who provides FCDO with a shortlist of eligible CNs.
 - The applicants are notified of the outcome of the evaluation, and those shortlisted are invited to develop their full Project Proposal.

Stage 2. Project Proposal

11. This stage involves the following steps:
 - A Project Proposal (PP) launch workshop is held during which the shortlisted applicants are introduced to the requirements and timetable for Stage 2 and Stage 3 (see below).
 - The applicants are provided with the list of requirements (e.g., preparation of a full technical proposal, budget/staffing proposal, and logical framework), as well as all corresponding templates and related guidance.
 - The applicants develop their PP with additional guidance and support from the PMSST Supplier when requested.
 - The applicants submit their PP to FCDO.
 - The PPs undergo review and scoring against criteria with the assistance of the PMSST Supplier.
 - If required, the applicants are notified of any amendment needed for the PP to be formally approved.
 - Final decisions regarding the PPs are made by FCDO and the applicants are notified.

Stage 3. Due diligence

12. All applicants are subject to due diligence (DD) and risk assessment in line with FCDO DD best practice. This stage is to take place in parallel with Stage 2, and involves the following steps:
- The arrangements and timetable for Stage 3 are communicated during the PP launch workshop.
 - The PMSST Supplier is responsible for carrying out/commissioning the assessment of each recipient's ability to manage a grant and to ensure that safeguarding arrangements are in place.
 - Each recipient is provided with a DD report that formulates risk observations and recommendations, some of which are translated into time-bound conditions and included in the Grant Agreement.

Stage 4: Grant award and onboarding

13. This stage involves the following steps:
- The PMSST Supplier drafts a Grant Agreement (GA) to be reviewed and signed by each recipient. The GA includes the overall grant allocation, the full proposal and budget as well as any conditions arising from the DD assessment.
 - The GA is signed by the recipient and the PMSST Supplier.
 - The PMSST Supplier provides each recipient with a set of initial, bespoke templates including that for the first Quarterly Disbursement Request.

GRANTEE ENGAGEMENT

Individual grantee meetings

14. In addition to holding informal meetings with each Grantee on an ad hoc basis, the PMSST Supplier will organise individual progress meetings at least every six months to take stock of each Grantee's progress against its results framework, review challenges in implementation (if any), and discuss planning in light of shifts in the policy landscape. FCDO may be invited to join these progress meetings.

Monitoring visits

15. The PMSST Supplier may undertake periodic country visits to meet FGMC stakeholders, including Grantees, Sub-recipients and other FGMC partners with activities in FGMC country focus areas. These visits may be scheduled in connection with other events, which may involve some or all the grantees in the country.

Ad-hoc group meetings

16. The PMSST Supplier may hold ad-hoc, small group meetings and / or workshops to engage with some Grantees and other FGMC partners on:
- their overall project progress
 - their contribution to specific FGMC-related themes/ towards achieving the objectives set out in a given FGMC Thematic Theory of Change
 - their contribution towards achieving the objectives set out in a given FGMC Country Theory of Change
 - any feedback and inputs on FGMC programme activities.

FGMC Stakeholder Forum

17. The FGMC Stakeholder Forums play a significant role in nurturing and sustaining the FGMC Community of Practice. They provide FCDO, Grantees and their implementing partners, FGMC

Service Contract/MoU holders, and other FGMC programmatic instruments with a space to share their understanding of the FGMC landscape with other stakeholders. They form an important part of the programme's learning. The PMSST Supplier will be responsible for organising these events, which ideally should take place in person on a yearly basis.

GRANT MANAGEMENT

Financial management

18. The PMSST Supplier will be responsible for ensuring that the Grantees manage their grant in accordance with their own organisational financial management guidelines, while adhering to a set of key principles to the effect that the grant funds should be:
 - treated as restricted funds and used for their intended purpose only
 - accounted for in accordance with good accounting practice; and
 - supported with proper records.
19. The PMSST Supplier will be responsible for communicating and sharing appropriate guidance about any specific requirements associated with the Grantees' responsibilities, including:
 - the use of an FGMC grant bank account, and management of said account
 - the establishment of control processes underpinned by the maintenance of financial records and supporting documentation (e.g., financial reporting, asset registers, annual audited accounts – see below)
 - the handling of overhead costs and unrestricted costs
 - the definition of eligible expenditure vs disallowed expenditure (including Digital spend, see below); and
 - any requirements associated with budgeting, disbursement, and financial reporting (see below).

Work planning, budgeting, disbursement

20. The PMSST Supplier will ensure that the Grantees are provided with appropriate guidance about:
 - the need for budgets and work plans to be updated annually, based on the Project Proposal budget and work plan approved as part of the grant awarding process
 - the possibility of submitting quarterly updates to the annual work plans and budget as part of the quarterly disbursement request exercise
 - the need for Grantees to inform the PMSST Supplier of, and seek approval for, any foreseen deviation from the work plan and/or budget; and
 - the preparation and submission of quarterly disbursement requests, ahead of the start of the quarter.
21. The PMSST Supplier will be responsible for sending notifications and providing the Grantees with bespoke templates or forms for this quarterly exercise.
22. The PMSST Supplier will be responsible for ensuring that the Grantees receive payments in their bank accounts according to a predetermined schedule, provided the disbursement requests have met all requirements.
23. These quarterly payments will be carried out from a dedicated FGMC Grants Account, to be established by the PMSST Supplier for this sole purpose. The FGMC Grants Account will be replenished by FCDO every quarter upon receipt of the forecast compiled by the PMSST on the basis of the individual disbursement requests, which will have been duly reviewed.

Financial reporting

24. The financial reporting, in conjunction with the technical reporting, serves the purpose of ensuring that the grants are being spent according to the approved project proposals. It is an integral part of the accountable nature of the FGMC grants.
25. The PMSST Supplier will provide each Grantee with appropriate guidance regarding the financial reporting. This guidance will list the various types of financial reports and associated reporting cycles that are required throughout the duration of the grant.
26. These reports will be reviewed and compiled by the PMSST Supplier to feed into the programme-wide reporting that monitors the utilisation of budget over each reporting cycle.
27. Historically, the Grantee financial reporting has consisted of:
 - Quarterly financial reports, with a focus on detailing actual expenditure for the past quarter and explaining variances against the budget (quarterly financial forecast) for the quarter.
 - Annual financial reports, drawing from the four quarterly reports prepared in any given financial year, and with a focus on explaining variances between the annual budget and the actual expenditure. Thus far, the financial report for Q4 and the annual financial report have tended to be prepared in one combined submission.
 - Transaction listings, to be submitted together with each financial report.
 - Up-to-date fixed asset registers / inventories, to be submitted on an annual basis.
28. Additionally, in an effort to ensure the seamless closure of the grants, the PMSST Supplier may introduce additional reporting requirements in the final months of the grants phase, in the form of high-level financial reports to be submitted at the end of each month. The information to be provided in these reports may include, inter alia, the Grantee's cash position and updated forecast to the quarterly budget update.
29. The PMSST Supplier will see to it that the reporting process is streamlined and fit for purpose. This may include sending notifications, and providing the Grantees with bespoke reporting templates or forms that help capture the relevant updates.

Digital spend

30. The PMSST Supplier will ensure that the Grantees:
 - Refer to the latest [Guidance on digital spend advice and controls for FCDO partners and suppliers](#) (last updated Oct 2020), and are made aware of:
 - the types of digital spend requiring UK Gov approval
 - the different development cost thresholds and associated review and approval processes
 - the fact that, as a general rule, any digital spend beyond what has been already agreed requires high-level UK Government clearance.
 - Are made aware of any other types of digital spend requiring the PMSST Supplier's approval despite not requiring UKG approval.
 - Adhere to the [Principles for Digital Development](#).
 - Strive to ensure optimal efficiency and value for money (including learning from and complementarity with other platforms or solutions).
 - Strive to ensure that ownership is with the beneficiaries.

Procurement

31. Procurement refers to the acquisition, commissioning or purchase of services and goods which the Grantee directly oversees and pays for delivery of a pre-defined product, good or service. This differs from partnership arrangements where the Grantee, although remaining overall accountable for the grant, collaborates or enters into partnerships with other organisations as Sub-recipients.

32. The PMSST Supplier will provide the Grantees with a list of conditions that must be met by the Grantees so as to be able to charge the procurement of goods, services, and equipment to the grant.
33. The PMSST Supplier will specify the requirement applicable to procurement procedures, including documentation.

Asset management

34. The PMSST Supplier will provide the Grantees with appropriate guidance regarding:
- The maintenance of a fixed asset register that includes programme assets, whether procured under the current grant or transferred from a previous FGMC grant. Provisions relative to “desirable items” and vehicles/motorcycles should be clearly laid out.
 - The management of assets, including (but not limited to) registration, proper care, maintenance, authorised use, disposal, as well as the procedures applicable to damage, loss and theft.
 - The ownership of the assets (which typically vests with FCDO) and the existence of a process through which FCDO will decide on how the assets should be treated at the end of each grant.

Audit

35. The PMSST Supplier will provide the Grantees with appropriate guidance regarding:
- Access, including the number of years for which accounting records and supporting documentation should be kept completion of the use of the FGMC grant funds.
 - Organisational audit, including the submission of annual audited accounts reports, organisational audit reports, and project audit reports if required.
 - The possibility for the Supplier to undertake a special audit of the accounts of any Grantee or its sub-recipients receiving funds under the FGMC grant.

Grantee Responsibility for Sub-Recipients

36. The PMSST Supplier will provide the Grantees with appropriate guidance regarding the responsibility of each Grantee for the management of the FGMC grant and for all project activities and financial management relating to its project, including those activities implemented by Sub-recipients (sub-grantees, implementing partners, strategic partners and consortium members) and Contractors (contractors, sub-contractors, consultants). Guidance will also be provided on responsibilities related to duty of care and safeguarding – see *Compliance and Compliance reporting* below. In particular, the Grantees will be provided with guidance on:
- The management of sub-recipients, including the undertaking of proportionate due diligence assessments, management and mitigation of risks, and Sub-recipient project audits.
 - The need for each Grantee to comply with International Labour Organisation standards.
 - The need for each Grantee to make all the necessary delivery chain accounting arrangements for enabling and ensuring the tracking and accountability of all FGMC grants.

Technical Reporting

37. The PMSST Supplier will provide each Grantee with appropriate guidance regarding the technical reporting against their own project Logical Framework, including the progress made towards the targets set in the Grantee's Results Framework (Impact, Outcome and Output level), the progress made against the Work Plan, and the validity of the initial assumptions, risks and mitigation actions.
38. The guidance provided by the PMSST Supplier will list the various types of technical reports and associated reporting cycles that are required throughout the duration of the grant.

39. These reports will be reviewed and compiled by the PMSST Supplier to feed into the programme-wide reporting that monitors progress against the FGMC Logframe over each reporting cycle, thus contributing to the management and strategic direction of the overall FGMC programme.
40. The technical reporting, in conjunction with the financial reporting, also serves the purpose of ensuring that the grants are being spent according to the approved project proposals.
41. Historically, the Grantee technical reporting has consisted of:
 - Quarterly technical reports, with a focus on progress with the delivery of project activities and progress towards Output indicator targets.
 - Annual technical reports, with a focus on progress towards Output indicator targets, Outcome indicator targets, and Impact indicator targets where relevant, as well as cross-cutting considerations including Gender and Value for Money.
 - Grant completion reports, which encompass the whole duration of the Grant and provide each Grantee with an opportunity to:
 - describe and reflect on key achievements per project Outcomes and Outputs
 - reflect on the grant's contribution towards achieving stated Impact
 - reflect on the sustainability and viability of achievements, the innovative approaches developed and tested through implementation, safeguarding requirements, and M&E arrangements; and
 - reflect on achievements and lessons learned with respect to Gender, Value for Money, and any other cross-cutting theme.
42. The PMSST Supplier will see to it that the reporting process is streamlined and fit for purpose. This may include sending notifications, and providing the Grantees with bespoke reporting templates or forms that help capture the relevant updates. The PMSST Supplier will communicate on any other reporting requirements (e.g., list of FGMC-funded publications and products; evidence for progress in selected thematic areas).

Compliance and compliance reporting

43. The PMSST Supplier will ensure that each Grantee is aware of their obligation to:
 - address those recommendations from the pre-grant Due Diligence Assessment that have been translated into time-bound conditions and included in the Grant Agreement
 - report compliance when these conditions have been met; and
 - notify the PMSST Supplier of any problems arising in meeting the conditions within the stated time to avoid suspension of the grant.
44. The PMSST Supplier will provide the Grantees with appropriate guidance on the need to comply and demonstrate compliance with the following general requirements and principles:
 - Gender – in particular, compliance with the International Development (Gender Equality) Act 2014, observance of the latest FGMC Gender & Political Inclusion Guidelines, and use of the OECD Gender Equality Policy Marker scoring
 - Modern Day Slavery – in particular, compliance with the Modern Slavery Act 2015
 - Safeguarding – with requirements that include:
 - General duty of care and legal obligations such as those under the Health and Safety at Work Act 1974, Data Protection Act 1998, Children Act 2004, Safeguarding Vulnerable Groups Act 2006, Equality Act 2010, Protection of Freedoms Act 2012, Modern Slavery Act 2015, Counter Terrorism and Security Act 2015, and General Data Protection Regulation (GDPR) (EU) 2016/679.
 - The need for protections against discriminations and safeguarding policies for children and vulnerable adults to be in place.
 - Awareness and observance of specific guidance including, but not limited to, FCDO's *Enhanced Due Diligence - Safeguarding for External Partners* (updated November 2022); FCDO's *Child Safeguarding Due Diligence for external partners* (updated November 2022); and the UK Strategy: *Safeguarding Against Sexual*

Exploitation and Abuse and Sexual Harassment within the Aid Sector (September 2020)

- Whistleblowing policy, including maintenance of said policy, training of staff, and advertising of FCDO's Counter Fraud and Whistleblowing Unit and its contact details
- Recruiting and Vetting, including the conduct of background checks, conduct of regular training on organisational policies and processes
- Lobbying activities, in compliance with the Lobbying Act 2014
- Transparency, including the application to the FGMC grant funds of transparency standards in line with the *FCDO International Aid Transparency Initiative (IATI) Guidelines* (updated April 2023)
- Prevention and management of cases of conflict of interest, bribery, corruption and fraud, in compliance with the UK Bribery Act 2010
- Compliance with legal obligations in country of operation; and
- Compliance with tax regulations

45. The PMSST Supplier will provide the Grantees with appropriate guidance on the need for Compliance Checklist to be completed and signed on an annual basis to provide. This will enable the PMSST Supplier to provide FCDO with updates and assurances on each Grantee's compliance with UK policies, laws and regulations, as well as the terms and conditions set out in the Grant Agreement and any FGMC-specific guidelines.

Annex 5: FGMC2 Approach to MEL

Introduction and background

1. This annex presents the overall approach envisaged for FGMC2 MEL, based on lessons and experiences gained during the first phase of FGMC. Annex L of the FGMC2 Business Case sets out the overall approach and framework to MEL and Annex F presents the theory of change and logframe. This document is intended to provide potential bidders with more detailed guidance on the approach and key elements of the FGMC2 MEL strategy so that they can demonstrate an understanding in their proposal along with suggestions of how the PMSST will carry out programme wide MEL, and how they might address some of the challenges identified below
2. FGMC has experimented with a number of different Monitoring, Evaluation and Learning (MEL) approaches since 2012, including a fully-outsourced MEL unit (the Independent Review Team – IRT) as well as a collaborative MEL Unit (the Policy Evaluation and Learning Team - PELT). As presented in Annex L of the FGMC2 Business Case, if programme lessons and experiences that emerge from MEL processes are to be fully internalised across the FGMC2 programme, having MEL capacity working within the PMSST is likely to be the most effective way to achieve this goal.
3. Given the long experience that FGMC has with MEL, the supplier will not be required to develop or design a comprehensive evaluation and reporting system. An advanced draft of the MEL Handbook will be prepared by FCDO before contracting takes place. The supplier will therefore be responsible for refining, completing and testing the handbook and establishing the MEL system as described. As discussed below, suppliers are invited to provide proposals for areas where improvements are needed, particularly in areas such as the evaluation of policy influence, measuring value for money, developing systems for capturing data most efficiently and improved communication and knowledge management.

Summary of MEL approach

4. Two main instruments will guide the FGMC2 MEL process: Firstly, theories of change (TOC) developed at programme, component and thematic, as well as country levels will need to be reviewed, validated and adjusted to understand the causal pathways that connect outputs, outcomes and impacts and assess the overall contribution being made by the programme at different levels. Currently, the overall theory of change for FGMC and Component TOCs have been developed, while country-level TOCs and domain TOCs are under development. Secondly, the FGMC2 logframe which is currently under development will need to be monitored and where necessary adjusted to reflect the reality of the environment in which FGMC2 works.
5. The external environment in which FGMC2 operates changes constantly. These changes include shifting markets and trade patterns, changes in national and international laws (in turn, creating new incentives, or barriers for forest governance), changes in drivers of forest and land use change and changes in the wider political economy that influences governance decisions. Regular assessments of this external environment will be needed, and where necessary, accompanied by a recalibration of the theories of change. Furthermore, there will be a need for continual reflection and learning to ensure that lessons, experiences and results inform the programme trajectory in an adaptive and responsive manner.
6. A FGMC2 programme logframe is currently being developed, to satisfy reporting and accountability purposes for FCDO. This logframe may include additional indicators to cover value for money as well as the ICF KPIs to ensure all reporting needs are catered for. With regard to the logframe, it is recognised that many of the processes that FGMC seeks to influence (such as forest and land-use governance, inclusive and deliberative decision-making, improved legality and compliance, civil society oversight) are not amenable to more standardised systems of monitoring, using numerical indicators gathered through routine collection methods. Instead, an

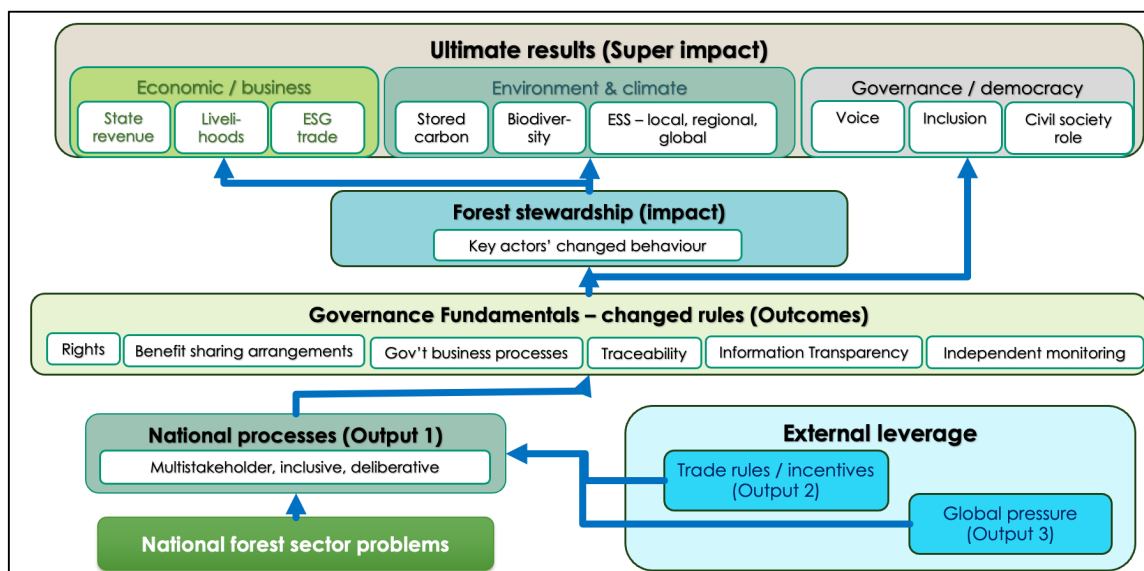
alternative approach is proposed that builds on a “score-card” method that solicits scores for key criteria under each indicator. This can be carried out by expert informants with a view to generating overall scores. Although somewhat subjective and qualitative, this approach is being increasingly recognised as a robust way of assessing relative change over time, if risks of potential bias can be overcome.

7. While the PMSST will require experts with specific MEL experience including impact assessment, theory of change analysis and evaluation tools, the MEL process will be mainstreamed across the whole team, with specific MEL responsibilities allocated to the country or sectoral responsibilities of key individuals. This is to avoid the creation of a “MEL silo” which risks isolating the process of evaluation and learning.

Theory of change and links to programme logframe

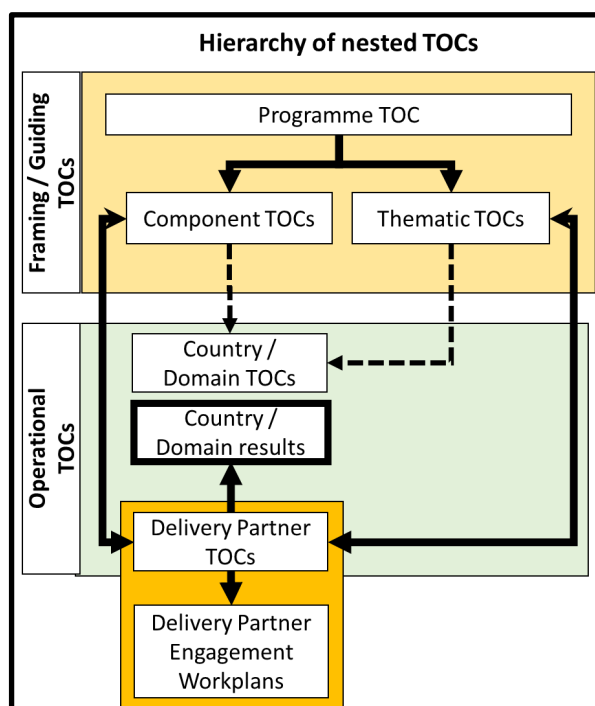
8. The programme-level theory of change aims to address a number of key challenges facing forests and land-use such as:
 - Governance and economic failures in the forest and land-use sector
 - Weak and poorly enforced trade incentives for forest products and forest-risk commodities
 - Weak global policy frameworks and processes regulating forests and trade in forest products
9. The FGMC2 programme will work at global and national levels. It will identify and engage international levers that incentivise national level governance reform in producer countries. A summarised) TOC for driving such systemic transformations is described below.
10. The programme’s intended **impact** is indicated as “forest stewardship” which is the changed behaviour of key actors in the governance of forest lands in the context of multiple and, often competing, interests.
11. **Outcomes** are defined in terms of ‘governance fundamentals’ and refer to the means and by whom, forest sector decisions are made, overseen and enforced. Forest sector decisions relate to the institutional arrangements (laws, rules, norms) which determine forest management and trade practices, including: (i) legal rights, entitlements and benefit-sharing arrangements; (ii) government and trade business processes, including traceability systems, transparency, public access to information and independent third-party monitoring; (iii) voice (inclusion) and process over decision-making, oversight and enforcement.
12. The ‘means’ through which forest sector decisions are made and overseen relates to a national multi-stakeholder process which brings representative of key actors (government, private sector and civil society) together to ‘deliberate’ and reach consensus to address their competing interests. ‘Competing interests’, reflects the multiple claims on forests between different forest stakeholders: IPLCs, forest operators, agricultural producers; miners between current and future generations; and between private and public benefits/services.
13. The results of improved forest stewardship are not easily separable. They include economic benefits (livelihoods, revenues, profits, carbon stored) as well as less tangible externalities (ecosystem services, biodiversity, identity, etc.). This mix of private and public goods and services needs to be considered over time. The changed behaviour of key actors in the forest land sector is the essence of forest stewardship. This results from compliance and alignment with new, revised or more effectively implemented institutional rules (i.e. the “rules of the game”). These rules and norms are developed through domestic policy processes (Component I), Consumer market policies (Component II) and international rule and norms (Component III). A simplified programme-wide TOC is presented below.

Summary of FGMC Theory of Change⁴



14. The summary of the programme level TOC presented in this section provides the overall framing for the programme and the logic underlying its causality and impact pathways. Nested underneath the programme TOC, component TOCs, play a similar role for each of the relevant domains (Partner countries, Alliance countries and international processes). Again, nested under the programme TOC, thematic TOCs (covering for example mining, carbon, green finance and investment, biodiversity and ecosystem services) and cutting across the component TOCs will be prepared to expand on particular aspects or issues within the programme TOC.

Hierarchy of TOCs



15. Specific country or domain TOCs will be developed for each country or domain where the programme is working, grounded in country realities and again nested under the overarching programme and component TOCs and aligned with relevant thematic TOCs.

16. At a programme level, a logframe is being developed that will map onto the programme TOC. It will assess changes at the output level (by assessing the degree to which direct changes resulting from FGMC-supported actions are taking place); at outcome level (by assessing the degree to which changes are taking place with regard to the development of rules-based systems (new laws, regulations, governance arrangements); at impact level by assessing changes in behaviour regarding the stewardship of forests and land-use and finally at super impact level by assessing changes in condition of forests, livelihoods, economic flows, environmental services and trade patterns.

⁴ For a more detailed presentation of the programme-level TOC, please refer to the FGMC2 Business Case Annex F

How logframe monitoring will work

17. FCDO is currently developing and refining the FGMC2 Logframe and indicators and work has started on defining the individual indicators at output, outcome and impact levels, as well as designing methodologies for how evidence will be collected when measuring different indicators. A summary of the indicators is presented below, by component and intervention level.

Component	Output Level (<u>Direct changes</u> resulting from FGMC-supported actions)	Outcome Level (Changes to <u>rules, laws, policies, standards</u> and regulations and governance arrangements in place):	Impact level (Changes in <u>stewardship / behaviour / governance</u> with regard to forest management)	Super-impact level (Changes in <u>condition</u> of forests, land-use, livelihoods, environmental services, trade patterns etc)
Component 1: Producer Country Systems	Deliberative Change Index (DCI)	Policy Change Index 1 (PCI1)	Transformation Change Index (TCI)	Selected key global indicators on forests, trade and governance
	Systems and Institution Building Index (SIBI)			
	Gender Participation Index (GPI)			
Component 2: Consumer Country Alliances	Bilateral Alliance Change Index (BACI)	Policy Change Index 2 (PCI2)		
Component 3: International Policy Platforms and Processes	International Policy Influence Index (IPII)	Policy Change Index 3 (PCI3)		
	International Policy and Gender Index (IPGI)			

18. Draft guidelines are being prepared by FCDO for each of the above indices in the form of a MEL Handbook which will be made available to the supplier at the start of the PMSST contract. This contains information regarding the frequency of their collection, where and how evidence will be collected, which stakeholders will be solicited to provide responses and scoring for each of the indices, by whom and for what purpose data will be used (such as for annual reviews, evaluations and project completion reports) and what level the different indices will be applied to (such as with regard to specific countries or policy processes). For each index, evidence will be compiled from different sources. This will include reports from FGMC-funded entities, focus group discussions and participatory scoring exercises with expert informants as well as longitudinal studies or periodic assessments to assess key changes in national or international law, forest revenues, legal compliance, the outcomes of benefit sharing arrangements, investment flows and business confidence as perceived by the private sector. It is recognised that not all indicators may be best served by the use of a score-card approach – particularly those relating to policy influence (such as the International Policy Influence Index and the International Policy and Gender Index). As such, **bidders are invited to suggest** cost-effective but robust approaches that might best generate evidence for policy influence in line with these indicators.

19. The use of participatory scoring techniques will be a core approach for generating evidence around most indicators. For each indicator, the different criteria that will be scored will be detailed – including a rubric that will provide guidelines for scoring. **As an example**, the Gender Participation Index (GPI) to be measured under Component 1 at Output level (within the context of nationally supported policy processes) will measure the degree to which gender opportunities and risks have been promoted and addressed within the context of national policy making processes.

Box 1: Criteria under the Gender Participation Index (GPI)

- Level of voice and inclusiveness of gender voices in national policy processes.
- Level of capacity on gender among organisations engaged in policy processes.
- Degree to which gender-based evidence is used to inform decision-making, including ex-ante analysis of gender risks and opportunities.
- Degree to which there is a collective commitment to act on gender opportunities and risks within the context of national policy.

20. For each of the criteria above, carefully stakeholders being asked to provide an assessment will use the following rubric to assess how the current situation can best be described. One of four scores will be given, ranging from none (score of zero) to high (score of 4). These scores will be aggregated to provide an overall score for a given country, on an annual basis.

Element	None	Low	Medium	High
Voice and inclusiveness	<ul style="list-style-type: none"> • No platform or means to represent voice of women and girls 	<ul style="list-style-type: none"> • Women represented but not actively communicating • Intermediary present, but not active 	<ul style="list-style-type: none"> • Women and girls voice represented through an active intermediary with gender expertise or interests 	<ul style="list-style-type: none"> • Women and girls directly represented, with active participation and influence
Capacity	<ul style="list-style-type: none"> • Little or no capacity or interest in identifying gender opportunities and risks among organisations represented within policy processes 	<ul style="list-style-type: none"> • Limited capacity and interest in gender opportunities and risks among organisations represented in policy processes 	<ul style="list-style-type: none"> • At least one actor engaged in policy process(es) has demonstrated capacity in gender-O&R 	<ul style="list-style-type: none"> • High-level of capacity within multiple organisations to identify gender O&R in policy process and able to communicate and influence effectively
Evidence	<ul style="list-style-type: none"> • No gender-specific evidence produced or commissioned to inform policy process 	<ul style="list-style-type: none"> • Limited evidence produced or commissioned with reference to gender O&R 	<ul style="list-style-type: none"> • Moderate levels of quality and relevant evidence produced regarding gender O&R to inform specific processes 	<ul style="list-style-type: none"> • High levels of quality, relevant evidence produced regarding gender O&R designed to inform specific national policy processes
Collective commitment to act	<ul style="list-style-type: none"> • Where potential gender opportunities or risks exist, no discussion or deliberation on gender issues takes place 	<ul style="list-style-type: none"> • Evidence on gender opportunities and risks presented but not acted on, or discussed 	<ul style="list-style-type: none"> • Deliberation takes place based on evidence presented, but no / limited concrete actions identified or pursued 	<ul style="list-style-type: none"> • Gender issues being actively discussed and deliberated on during policy discussions and collective decision made on how to act (including decision not to take forward / or gender not relevant)

21. Prior to contract award, FCDO will undertake a number of studies and assessments that will generate useful data for the baseline. This will include the development of country-level and domain TOCs, political economy analyses and context analyses countries where FGMC has limited experience. It is not expected that that suppliers will have to invest significant time and resources in baseline collection, rather the compilation of data from existing sources.

22. The exact approach for compiling evidence for each indicator is likely to be a mix of obtaining results (or scores) from selected resource persons, complemented by other data such as project progress reports, studies or other available sources. Scoring is generally done in interview or focal group discussion sessions, but this approach has proven time-consuming and where the same persons are required to score multiple indicators, can become unnecessarily burdensome. Potential bidders are therefore invited to identify and propose alternative methods (such as aligning project progress report reporting templates, the use of digital or electronic dashboards that can be individually administered, or the use of artificial intelligence for data compilation) that combine robustness with considerations of cost and time. Bidders are invited to propose

additional (and cost-effective) approaches and sources of evidence that could be used beyond interviews, to measure the criteria and indicators described.

23. In addition to the indicators presented in Table 1, PMST will be required to collect data and evidence on the International Climate Finance (ICF) Key Performance Indicators (KPI) on an annual basis to coincide with FCDO reporting deadlines. Specifically, this will involve:
- KPI1: Countries Supported
 - KPI2: Individuals and Organisations supported
 - KPI3: Climate policies level informed
 - KPI5: Emission reductions supported
 - KPI15: Transformative change
24. Guidance for each of the above indicators has been prepared and is publicly available⁵.
25. Furthermore, PMSST will be required to compile data and evidence regarding value for money (VFM) using FCDO general guidelines⁶. No detailed method for assessing VFM has been developed and proposals are invited from bidders regarding how VFM can be assessed across the programme as a whole in a way that balances the need for robust, programme-wide evidence with cost-effective approaches.
26. FGMC2 will be subject to mid-term and final evaluations. PMSST is not expected to be involved directly in the evaluations. However, the MEL focal point will be required to work closely with the external evaluation team, to ensure that they have access to key documentation, and that relevant data regarding logframe reporting is made available to them. Furthermore, it will be necessary for the PMSST to commission evaluative studies exploring change at impact level to provide sufficiently robust evidence for the external review teams and to generate solid data and information for impact reporting.

How the TOCs will be used

27. Theories of change developed at the programme, country and component / thematic level will be reviewed periodically by PMSST and adjusted to take account of changes in the external working environment including political economy considerations. At a country level, it is envisaged that routine visits from PMSST and FCDO representatives will be used as a forum for convening FGMC stakeholders to review progress of the country-level TOC, test assumptions and adjust in light of external changes. At a thematic level, the TOC will be reviewed every two years by PMSST, together with FCDO and relevant grantees and projects. It is not expected that the programme level TOC will undergo significant change, although it will be reviewed as part of the annual review process and sense-checked during the mid-term and final evaluations to ensure its ongoing relevance and applicability.
28. Where needed and particularly at country level, political economy analyses will be conducted to understand the broader drivers, incentives and barriers to change and can be used to test and interrogate the assumptions underpinning the TOC as well as the broader logic that drives the impact pathways.

⁵ <https://www.gov.uk/government/publications/uk-climate-finance-results>

⁶ <https://assets.publishing.service.gov.uk/media/5a78a9ee40f0b632476992f1/DFID-approach-value-money.pdf>

How the system cascades through all delivery partners

29. Building on lessons from the first phase of FGMC, PMSST will align reporting formats, templates and cycles from projects (grantees, facilitators, bilateral projects and agreements with international organisations) to ensure the collection of routine indicator-relevant data through routine annual, semi-annual and quarterly reporting. By “cascading” reporting formats, cycles and responsibilities through the FGMC programme, data and evidence can be compiled on a routine basis by extracting it from the different reporting outputs delivered by different programme partners. Data and evidence “harvested” from routine reporting by programme partners will be used for both accountability as well as adaptive learning purposes. Overall, logframe reporting will serve three primary purposes:
- The compilation of FGMC-wide programme level reporting by PMSST on a quarterly, semi-annual and annual basis
 - Contributing the FCDO-administered Annual Reviews
 - Contributing to providing periodic assessment and measurement of logframe indicators (which will also be supplemented from other sources such as focal group discussions and participatory scoring exercises)
30. Of course, while this process will ensure that much of the data and evidence can be collected with least effort, there will be a need to commission or collect data on a case-by-case basis. This will include commissioning or designing specific studies or research to collect evidence at country or component level.
31. It is envisaged that PMSST will have a MEL lead who will develop and establish the MEL process across FGMC2, but also that MEL responsibilities will be integrated across all PMSST staff and their workplans to reflect individual thematic or country-level responsibilities.

Supporting learning and adaptive management

32. A key element of the MEL system is ensuring that lessons and experience are fed back into management decision making and used to adapt and adjust the overall programme strategy at global and national levels. This is particularly relevant for a programme like FGMC that works in complex or uncertain contexts and in politically contested spaces.
33. The experience from FGMC1 suggests that learning happens on three levels: programmatic, community of practice, and the wider forest governance sector beyond the FGMC community of practice. Below is a summary of what is expected at each level. However, suppliers are requested to provide greater detail on how they would deliver learning activities at the community of practice and wider sector levels. Moreover, FCDO encourages suppliers to propose innovative ways of structuring a learning mechanism to ensure that the three levels intersect with and leverage one another.
34. An FGMC Knowledge Management System (KMS) has been established to support learning objectives at all three levels. The FGMC KMS – currently hosted on Microsoft SharePoint – is a curated platform for storing and selectively sharing final documentation generated by the FGMC programme, along with selected materials from associated initiatives and organisations. It comprises a range of content, including technical reports from the PMST, grantees, and FGMC projects, contributions from the TA pool, important country and thematic documents, presentations, and other relevant materials. The PMSST supplier will be expected to manage the KMS. A KMS Handbook has been developed under FGMC1 and will be shared with the successful bidder.

1) Programme-level learning:

35. While learning at all three levels should feed back into the design and implementation of FGMC2 activities, FCDO anticipates that PMSST will primarily draw on programme-level learning to ensure that FGMC2 is an adaptive programme. Learning to improve the delivery of FGMC2 will be facilitated through:

- Analysing evidence produced across FGMC2 (such as monitoring data and political economy intelligence) to make decisions about starting, stopping, or scaling activities.
- Strategic discussions with FCDO about emerging opportunities for (or potential blockages to) policy reform or programme activities.
- Sharing and promoting evidence-driven learning across FGMC2 instruments to create a programme-wide culture of reflection and openness, rather than culpability.

2) Community of practice-level learning:

36. FGMC has fostered a community of practice of practitioners, academics, and policymakers who contribute to the programme in various ways, such as conducting reviews, participating in workshops, promoting FGMC's approach in global forums, etc. Learning through the community of practice will be facilitated through:

- Supporting stakeholders to participate in trips or remote workshops to share cross-country learning.
- Forming working groups around specific focal areas or cross-cutting topics (such as a gender learning group) and dissemination/adoption of key recommendations made.
- Undertaking annual learning events through Annual Stakeholder Forums. Supporting the wider FGMC community of practice to meet and exchange emerging experiences.
- Contributing to routine and ad hoc reporting requirements such as annual reviews and evaluations, where required.
- Maintaining the KMS for FGMC2 which can be accessed both internally and externally.

(3) Sharing beyond FGMC community of practice:

37. FGMC has over twelve years of learning about how to strengthen forest governance systems. The PMSST will be responsible for ensuring this information and experience is captured and disseminated to the appropriate audiences in the appropriate format in order to contribute to a global dialogue on forest governance. Learning within the wider ecosystem of organisations and people working in the forest governance sector will be facilitated through:

- Supporting dissemination and learning across HMG to ensure that lessons and experiences gained through FGMC are well disseminated across relevant departments.
- Communicating evidence and learning through the production of, for example, policy briefs, research papers, and articles for practitioners and decision-makers.
- Engaging in efforts to influence policy and practice at national & international levels. This could involve working with coalitions, engaging with policymakers, and participating in public consultations.

Outline of the MEL Manual to be made available to suppliers at start of contract

38. The MEL Manual will be developed and produced before end of March 2025. Although the exact format for this has yet to be agreed, it is likely to include the following broad sections:

- Overview and summary of overall approach
- Programme-level, component, thematic and country-level theories of change
- FGMC2 Logframe
- Logframe indicators – including means of verification, reporting structures, frequency of collection, users and any other methodological aspects
- Monitoring at impact level – the economic analysis
- Baseline data collection
- ICF Key Performance Indicators including how they integrate with logframe reporting
- Value for money assessment and tools
- Evaluative studies commissioned to support reporting and learning
- Political economy analysis and links to the theories of change
- Using theories of change in an adaptive manner
- External programme-level evaluations
- Knowledge management

Annex 6: FGMC2 PMSST Performance KPIs

Detailed Scoring criteria against Supplier KPIs

20% of payment in arrears is subject to the KPIs outlined in the tables below.

General Management Performance KPIs (of service contract, and of the accountable grants) totalling **10%**

- This includes KPI criteria 1,2,3,4,5 – each KPI being valued at 2%
- Acceptance criteria: The Supplier must meet the stated measurement criteria for each KPI in the tables below as judged by FCDO on the last Working Day of each quarter
- Methodology: for each KPI criteria 2% of fees can be withheld by FCDO where performance is poor and there is limited evidence of criteria being delivered. As indicated in the table, depending on performance, a proportion of KPI payments may be withheld.

Strategic Advice, Coordination, Collaboration and Learning KPIs totalling **10%**

- This includes KPI criteria 6,7,8,9,10 – each KPI being valued at 2%
- Acceptance criteria: The Supplier must meet the stated measurement criteria for each KPI in the tables below as judged by FCDO on the last Working Day of each quarter
- Methodology: for each KPI criteria 2% of fees can be withheld by FCDO where performance is poor and there is limited evidence of criteria being delivered. As indicated in the table, depending on performance, a proportion of KPI payments may be withheld.

Supplier KPI Category	5 - Excellent Full payment	4 - Good Full payment	3 – Satisfactory 75% of payment	2 - improvement needed 50% of payment	1 - Poor 0% of payment	Evidence sources
General Management Performance KPIs 1-5 (10% total)						
KPI1 Quality of Financial Management for the service contract and administration of grant finance (% variance) Maintains effective financial management with accurate and timely forecasting	2% or less variance in financial forecast, for services or grants relative to agreed baselines*	3 - 6% variance between forecast and spend in services & grants relative to agreed baseline	7-12% variance in forecasts and spend relative to agreed baseline. (allowances made for events outside the control of grantees or the Supplier)	13-20% variance in forecasts and spend relative to agreed baseline. (allowances made for events outside the control of grantees or the Supplier)	Over 20% variance in forecasts over several quarters	Quarterly Financial reports and forecasts to ECED/FCDO, Invoices Feedback from grant holders Monthly meetings
	Updated forecasts in real time	Financial data and forecasts are clear, accurate and regularly updated, by the 20 th preceding month.	Financial data and forecasts are regularly updated, by the 20 th preceding month, but information is sometimes unclear or inaccurate	Outdated, incorrect or insufficient information occasionally provided. Forecast is late (after the 20 th of month)	Multiple examples of outdated or incorrect financial information provided	
	Grant disbursement within 1 day of receiving funds from FCDO and according to schedule	Grant disbursement in 2-3 days of receiving funds from FCDO and according to schedule	Grant disbursement in 4-7 days of receiving funds from FCDO	Grant disbursement 8-10 days after receiving funds from FCDO	Grant disbursement over 10+ days after receiving funds from FCDO	
KPI 2 Handling of suspected fraud cases: 2%	FCDO notified the same day as concerning information comes to light; response to follow up from the FCDO Fraud team on the same	FCDO notified within 5 days of becoming aware of a case of suspected fraud Response to any queries from the FCDO Fraud team within 2	FCDO notified within 5 days of becoming aware of a case of suspected fraud. Response to any queries from the FCDO Fraud team within 3	ECED notified within 10 days of becoming aware of a case of suspected fraud; response to any queries from the FCDO Fraud team within 5 working days; concerning	ECED notified more than 10 days after becoming aware of a case of suspected fraud; slow response to queries from the FCDO Fraud team (more than 5 days); concerning lack of	Incident logs for cases of fraud reported to ECED/FCDO with evidence of reporting

Supplier KPI Category	5 - Excellent Full payment	4 - Good Full payment	3 – Satisfactory 75% of payment	2 - improvement needed 50% of payment	1 - Poor 0% of payment	Evidence sources
	working day to any queries	working days; efficient oversight of any suspected fraud or financial mismanagement	working days; but requires prompting for any follow up reporting of any suspect cases	lack of oversight in follow up to any cases	oversight in follow up to any cases	
KPI 3 Quality and timeliness of deliverables/reports: 2%	Reports delivered ahead of deadlines, and of highest quality requiring no amendments	Reports meet agreed deadlines and written outputs require minimal amendment.	Reports occasionally miss deadlines by 1-3 days (unless exceptionally agreed in advance by FCDO) and need few exchanges to finalise	Reports miss deadlines by 3-5 days (unless exceptionally agreed in advance by FCDO) and need multiple exchanges to finalise	Multiple missed deadlines, sometimes by over 5 days and of poor quality requiring redrafting	Quarterly and Annual progress reports Commissioned reports, analysis by pool of experts Evaluative studies
	FAQs anticipated in advance and updated as issues become live with grantee guidance updated and shared with every update	Appropriate FAQs and grantee guidance kept up to date and shared at least monthly	FAQs and grantee guidance occasionally updated, but not routinely shared	FAQs and grantee guidance only updated with prompting and not routinely shared	FAQs and grantee guidance not updated or socialised	Guidance notes and FAQ documents
KPI 4 Value for money and improvement: Supplier actively managing the cross-cutting dimension of the programme, ensuring that	Cross-cutting themes monitored through all grant actions; learning identifies new priority cross cutting issues	Proactively help FGMC2 to deliver cross cutting themes ensuring effective reporting across all delivery partners. Proactive in making adjustments to deliver on new cross-cutting	Routine reporting on FGMC2 cross-cutting themes, but without reflection or analysis to inform new prioritisation Engagement with delivery partners on cross cutting themes	Partial reporting of cross cutting themes and partial response to delivering on new priorities. Limited evidence of encouragement to grantees and delivery partners to integrate cross cutting	No evidence of a focus on cross cutting themes; limited effort to adjust to new cross-cutting themes Limited reporting by grantees or other delivery partners on crosscutting themes.	PMSST Strategies, Plans, Guidance, workshops to socialise cross-cutting themes

Supplier KPI Category	5 - Excellent Full payment	4 - Good Full payment	3 – Satisfactory 75% of payment	2 - improvement needed 50% of payment	1 - Poor 0% of payment	Evidence sources
delivery partner build in gender, inclusion and political economy analysis to inform actions Work planning and reporting capture VfM		priorities, encouraging integration to delivery partner actions	as part of routine monitoring	themes into their work and reporting		Grantee reports, other delivery partner reports Country work plans and budgets,
	Innovative approach to capturing the VfM of policy influencing	Effective prioritisation, work-plans are clear, timely, and allocation of resources optimises vfm All monitoring reports include clear VfM analysis	Work planning requires revision based on review by FCDO (one iteration) and/ or work planning delayed by more than 5 days VfM reporting is adequate across delivery partners	Work planning requires revision (more than one iteration) and/ or work planning delayed by more than 10 days VfM reporting is patchy across delivery partners	Work plans require significant revision and updating by FCDO; planning delayed by more than 2 weeks; Inadequate VfM reporting	PMSST resourcing plans Monthly meetings
KPI 5 Risk Management and safeguarding	Thorough updated Political economy analysis (at no additional charge) socialised with all delivery partners	light touch political economy analysis to understand operating context in-country routinely informs FCDO and delivery partners	light touch political economy analysis to understand operating context in-country routinely informs FCDO, but limited sharing of PEA with delivery partners	Reflection on risks and political situation analysis provided occasionally and with prompting, and limited sharing with other delivery partners	Out of date understanding of country situations or grant risks where the ECED team is better informed on country processes than the PMSST& no effort to support other delivery partners	Monthly meetings. Advice to FCDO Triangulated with Posts and Facilitators reports monthly meetings, recorded in quarterly reports
	Proactively identifies and manages risks and communicates immediately with FCDO	Proactively identifies and manages risks, and safeguarding and communicates these immediately to FCDO	Identifies and manages risks, and safeguarding and communicates these to FCDO within 3 days	Risks are only identified in response to others having identified the problems and reported more than 5 days after initial concerns are flagged	Reporting risks more than 10 days after initial concerns were flagged, and/ or identified by colleagues at Post.	Safeguarding policy updates Safeguarding incident reporting logs,

Supplier KPI Category	5 - Excellent Full payment	4 - Good Full payment	3 – Satisfactory 75% of payment	2 - improvement needed 50% of payment	1 - Poor 0% of payment	Evidence sources
	Offers safeguarding training to other forest/ FCDO programmes	Safeguarding best practice part of routine of grant administration	Safeguarding guidance part of grant guidance but no active training	Partial or sporadic oversight on safeguarding, not consistently applied across grantees	Oversight on safeguarding inadequate.	
Advice, Coordination, Collaboration and Learning KPIs 6-10 (10% total)						
KPI 6 Quality and timeliness of advice to FCDO and other delivery partners	Immediate response to urgent enquiries, responses within 1 days for other requests	Response to FCDO enquires marked “urgent” within 1 working day. Response to FCDO, grantee and external enquiries within time frame requested.	Response to FCDO enquires marked “urgent” within 2 working day. Response to FCDO, grantee and external enquiries late by less than 2 days of time frame requested.	Enquiry responses take longer than 5 days	Enquiries frequently go unanswered	Written responses to requests, delivery partner and Post feedback, analytical reports and delivery logs.
	Proactive advice, well evidenced, and helpful advice, focussed on results and priorities, and identifying future priorities.	Evidence based, clear, timely and helpful advice given, strongly focussed on programme results and priorities.	Evidence based, timely advice, sometimes requiring revision or further consideration	Advice sometimes of lower quality and not always well targeted to the audience	Inadequate use of evidence, poorly targeted to audience and not directly relevant or timely for programme results and priorities	
KPI 7 Relationships and ways of working: Supplier facilitates engagement between delivery partners and	Proactive engagement with FGMC partners, effectively growing community of practice.	Regular engagement with FGMC delivery partners and with external stakeholders.	Regular engagement with FGMC delivery partners but more limited with stakeholders external to FGMC2.	Some engagement with FGMC delivery partners and with stakeholders external to FGMC2	Inadequate engagement with FGMC delivery partners and stakeholders external to FGMC2	Monitoring reports Progress meetings Annual Forum FCDO (centre and posts) check in

Supplier KPI Category	5 - Excellent Full payment	4 - Good Full payment	3 – Satisfactory 75% of payment	2 - improvement needed 50% of payment	1 - Poor 0% of payment	Evidence sources
establishes strong and effective networks growing the FGMC community of practice Regular engagement with delivery partners and external stakeholders	Excellent feedback from delivery partners indicates positive working relationships (on a scale of 1-10 scoring consistently 9 and 10).	Good feedback from delivery partners indicates positive working relationships (on a scale of 1-10 scoring consistently no less than 7).	Adequate feedback from delivery partners indicates effective working relationships (on a scale of 1-10 scoring consistently no less than 5).	Feedback from delivery partners and Posts indicates mixed quality of working relationships (on a scale of 1-10 scoring consistently no less than 4).	Feedback from delivery partners and Posts indicates poor working relationships (on a scale of 1-10 scoring consistently scoring less than 4).	with delivery partners
KPI 8 Monitoring for learning	Innovation in monitoring approach provides evidence and understanding on policy influence and leverage**	Monitoring processes and outputs are tailored to specific audiences with user friendly presentation shared with sufficient regularity to be useful to programme partners	Monitoring processes and outputs are well clear and well presented for FCDO, but not tailored to specific audiences	monitoring information is clear but often slow to be compiled and made available and/or not in a user-friendly format.	monitoring information is inadequate, out of date and irregularly shared	Quarterly reports Monthly meetings Learning event reports Delivery partner feedback at Annual Forum
KPI 9 Learning and communicating	Proactive learning informs community of practice Active communications inform FCDO-practitioners and Posts	Regular meetings with FCDO, and other delivery partners facilitate timely decision taking. Effective learning events including the annual stakeholder forum, and workshops fostering S-S exchange and effective communications	Meetings and events are organised, but at least 1 notable incident when meetings or events have not taken place as planned during a quarter. Some sharing of meeting outcomes with delivery partners	Meetings and events are organised, but at least 3 notable incidents when meetings or events have not taken place as planned during a quarter. Only patchy sharing of meeting outcomes with programme partners	Meetings and events are organised, but with many notable incidents when meetings or events have not taken place as planned during a quarter. No sharing with programme partners.	Meeting readouts, minutes Compilations of presentations Workshop reports Stakeholder feedback Lessons documented

Supplier KPI Category	5 - Excellent Full payment	4 - Good Full payment	3 – Satisfactory 75% of payment	2 - improvement needed 50% of payment	1 - Poor 0% of payment	Evidence sources
KPI 10 Knowledge management The Knowledge Management System (KMS is routinely used for information management and regularly informs strategy, briefing and reporting	(KMS) is improved and accessible to all FGMC partners and widely used as an interactive sharing tool	KMS is actively maintained, its utility continually improved with key resources accessible or shared in appropriate formats externally where feasible KMS facilitates FCDO briefing requests	KMS is maintained, with key resources accessible to delivery partners	KMS is periodically maintained, but with limited effort to encourage its use and socialise information held there	KMS is not maintained and not being used	Knowledge Management System updates Review of information held Information summary for Annual Review

Annex 7: Schedule of Processing, Personal Data and Data Subjects

This schedule must be completed by the Parties in collaboration with each-other before the processing of Personal Data under the Contract.

The completed schedule must be agreed formally as part of the contract with FCDO and any changes to the content of this schedule must be agreed formally with FCDO under a Contract Variation.

Description	Details
Identity of the Controller and Processor for each Category of Data Subject	<p>The Parties acknowledge that for the purposes of the Data Protection Legislation, the following status will apply to personal data under this Contract: </p> <ol style="list-style-type: none"> The Parties acknowledge that Clause 33.2 Protection of Personal Data and 33.4 (Section 2 of the Contract) shall not apply for the purposes of the Data Protection Legislation as the Parties are independent Controllers in accordance with Clause 33.3 in respect of the following Personal Data: <ol style="list-style-type: none"> where the parties will need to exchange personal data such as names, email addresses, phone numbers, employment history, address, data of birth, bank details, etc of project staff and consultants for recruitment purposes; circumstances where FCDO contracts a supplier to carry out activities such as surveys, focus groups, communications and events but which the supplier designs and implements and where FCDO does not stipulate to the supplier what personal data they should gather and use in order to carry out the activities, and the supplier is responsible for determining what data it requires to carry out the activities such as: <ul style="list-style-type: none"> where the supplier intends to gather and use personal data (including names and email addresses) for any programme workshops, training and other events) and the supplier is responsible for determining what data to collect for such purposes. where the supplier intends to gather and use personal data from citizens participating in surveys, studies, focus groups or through programme activities and the supplier is responsible for determining what data to collect for which purpose, how they will use, store, and disseminate it, etc. where the supplier intends to gather and use personal data from individuals engaged through communication and knowledge management activities, e.g. interviewees and the supplier is responsible for determining what data to collect and for which purpose. For the avoidance of doubt the Supplier shall provide anonymised data sets for the purposes of reporting on this Contract and so FCDO shall not be a Processor in respect of the above as it does not constitute Personal Data.

Supplier's Technical Proposal (Tender) Information has been withheld under Section 40 (Personal Information) and Section 43 (Commercial Interests) of the Freedom of Information Act 2000 (FOIA 2000).

Supplier's Commercial Proposal (Price Schedule) Information has been withheld under Section 40 (Personal Information) and Section 43 (Commercial Interests) of the Freedom of Information Act 2000 (FOIA 2000).