

Section 1 – Form of Contract

Framework Agreement for:	CONFLICT, STABILITY & SECURITY FUND (CSSF) FRAMEWORK 2018
Reference Number:	CPG/2350/2018
Call-Off Title:	Public Resource Management in Somalia Phase two (PREMIS 2)
Call-Off Reference:	PROJ 10204

This Call-Off Contract is made between the Secretary of State for The Foreign, Commonwealth and Development Office, acting as part of the Crown ("the Authority"),

and

Adam Smith International ("the Supplier") having his main or registered office at Tallis House, 2 Tallis Street London, EC4Y 0AB, United Kingdom.

("the Parties")

SIGNED on behalf of the Parties:

For the Supplier:

For the Authority:

By: Adam Smith International

By: FCDO

Full Name: /REDACTED/

Full Name: /REDACTED/

Position held on behalf of Supplier:

Position held on behalf of Authority:

Chief Executive Officer

Commercial Lead

Date: 07/10/2022

Date: 07/10/2022

Framework Agreement with:	ADAM SMITH INTERNATIONAL
Company Number:	02732176
Sub Contractor:	/REDACTED/
Framework Agreement for:	CONFLICT STABILITY & SECURITY FUND 2018
Framework Agreement Number:	CPG/2350/2018
Call-off Contract For:	Public Resource Management in Somalia Phase two (PREMIS 2)
CIMs ITT Reference Number:	PROJ10204
Call-off Contract Purchase Order Number:	

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Section 2 – Call-Off Terms & Conditions

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- 1. The above mentioned Framework Agreement.**
 - 1.1. Capitalised terms used in this Call-Off Contract shall (save where specified otherwise) have the meaning set out in the Framework Agreement.

- 2. Your proposal of 27 April 2022**
 - 2.1. The Authority requires (“the Supplier”) to provide the Services as stated in the **Terms of References at Annex 1** and, under the Terms and Conditions of the Framework Agreement, which shall apply to this Call-off Contract as if expressly incorporated herein.

- 3. Commencement and Duration of the Services**
 - 3.1. This contract shall commence on **07 October 2022** (“the Start Date”) and the Supplier shall fully mobilise their resources and commence the services within 2 weeks from the contract Start Date but no later than by **24 October 2022**. The Services shall be completed by **30 October 2025** (“the End Date”) unless the Call-off Contract is terminated or extended in accordance with the terms and conditions of the Framework Agreement and by contract variation.

 - 3.2. The Authority reserves the right, without prejudice to its termination rights under the Framework Agreement, to terminate this Call-Off Contract (where it is a multi-year contract) at the end of each United Kingdom (UK) financial year, if the Supplier’s performance is not deemed satisfactory or the fund available to the CSSF programme is no longer sufficient to continue financing the programme.

- 4. Recipient**
 - 4.1. Authority requires the Supplier to provide the Services to the **FCDO Somalia** (“the Recipient”).

- 5. Financial Limit**
 - 5.1. Payments under this Call-off Contract shall not exceed **£8,932,739 (eight million nine hundred and thirty-two thousand seven hundred thirty-nine)** (“the Financial Limit”) inclusive of government tax, as detailed in the Framework Agreement and the **Terms of References (ToR Annex 1)** and **Schedule of Prices and Rates Annex 2 and Proformas Annex 2a**.

 - 5.2. To support invoicing the Supplier shall provide monthly financial statements, covering activities delivered together with the Contract reference number.

 - 5.3. Payment of invoices will be made monthly in arrears on receipt of an itemised invoice.

- 6. Milestone Payments and Charges**
 - 6.1. Any Supplier Personnel employee fees payable are deemed to cover the cost of salary, overseas inducements, leave allowances, bonuses, profit, taxes, insurances, superannuation, non-working days and all other costs including, but not limited to, clothing, passports, visas and vaccinations, overheads and expenses of whatsoever nature that may be incurred except those otherwise specifically provided for in this Call-off Contract.

 - 6.2. Where applicable Milestone Payments, will be made on satisfactory performance of the Services, at the payment points defined as per Schedule of Prices and Rates. At each payment point set criteria will be jointly agreed as part of the payments. Payment will be made if the criteria are met to the satisfaction of the Authority when the relevant Milestone is achieved in its final form by the Supplier or following completion of the Services, as the case may be, indicating both the amount or amounts due at the time and cumulatively. Payments are subject to the satisfaction of the Project Officer in relation to the performance by the Supplier of its obligations under the Call-off Contract and to verification by the Project Officer that all prior payments made to the Supplier under this Call-off Contract were properly due.

- 7. Fixed Price**
 - 7.1. Where the Parties have agreed in the Schedule of Prices and Rates, that the Services will be provided on a fixed price basis, then the fixed price shall be paid according to the Schedule of Prices and Rates, which may relate to the achievement of specific Milestones as defined, dates or acceptance and shall be inclusive of all Supplier costs.

- 8. Time and Material**
 - 8.1. Where the Parties have agreed in the Schedule of Prices and Rates Annex 2 that the Services will be provided on a time and materials basis, then:

- a) the Services shall be provided in accordance with the rate card set out in the Schedule of Prices and Rates;
- b) the Parties shall agree a maximum price, which shall include but not be limited to a resource profile, a fixed date to start and to complete and a set of deliverables, further details of which shall be agreed by the Parties in the Schedule of Prices and Rates;
- c) the Supplier shall attach to each invoice, records of the time spent and materials used in providing the Services, together with all supporting documentation including but not limited to all relevant timesheets, receipts (if applicable), a list of Services to which the invoice relates and a reference to the Contract and Schedule of Prices and Rates, as well as any other information as reasonably requested by the Authority from time to time;
- d) the Supplier must notify the Authority immediately if it becomes apparent that the cost to complete the Services will be in excess of the maximum price, and shall only proceed with and be paid for Services in excess of the maximum price with the prior written consent of the Authority.

9. Officials

9.1. The Authority Project/Contract Officer is as follows:

Job Title	Name:	Contact Number:	Email Address:
Project Officer	/REDACTED/	/REDACTED/	/REDACTED/
SRO	/REDACTED/	/REDACTED/	/REDACTED/
Contract Officer	/REDACTED/	/REDACTED/	/REDACTED/

10. Key Personnel

10.1. The following of the Supplier’s Personnel cannot be substituted by the Supplier without FCDO’s prior written consent:

Job Title:	Name:	Contact Number:	Email Address:
Team Leader	/REDACTED/	/REDACTED/	/REDACTED/
Project Director	/REDACTED/	/REDACTED/	/REDACTED/
Customs Lead	/REDACTED/	/REDACTED/	/REDACTED/
Customs Business Process Lead	/REDACTED/	/REDACTED/	/REDACTED/
Federalism & Harmonisation Lead	/REDACTED/	/REDACTED/	/REDACTED/
PFM Lead	/REDACTED/	/REDACTED/	/REDACTED/
Civil Service Reform Lead (WiG)	/REDACTED/	/REDACTED/	/REDACTED/
Civil Service Reform Lead	/REDACTED/	/REDACTED/	/REDACTED/

11. Monitoring and Contract Performance Reports

11.1. For the purpose of monitoring of performance, the Supplier shall submit project reports in accordance with the agreements and timescales contained in the Terms of References at Annex 1.

11.2. These provisions will include without limitation:

- i. random inspections;
- ii. regular meetings;
- iii. the regular delivery of written management reports;
- iv. monthly report on Key Performance Indicators.

11.3. All such agreements will be carried out by the Supplier in a timely manner, as reasonably required by the Authority, and in line with Good Industry Practice.

12. Duty of Care

12.1. Unless otherwise agreed, all Supplier Personnel (as defined in Section 2 of the Framework Agreement) engaged in

CSSF FRAMEWORK 2018 - CALL-OFF CONTRACT

connection with the performance of this Call-off Contract will come under the duty of care of the Supplier. 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.

- 12.2. Unless otherwise agreed, 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 the Authority in respect of any claim, howsoever arising, by the Supplier Personnel or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-off Contract.
- 12.3. The Supplier will ensure that such insurance arrangements as are made in respect of the Supplier 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.
- 12.4. The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-off 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.

13. Third Party Rights for Sub-Contractors

- 13.1. The Supplier shall ensure that all Sub-Contracts contain provisions") to the effect of "in respect of security and secrecy, intellectual property and audit rights corresponding to those placed on the Supplier under this Contract (subject to such variations as the Authority may reasonably specify), which the Authority shall have the ability to directly enforce under the Contracts (Rights of Third Parties) Act 1999.

14. Call-off Contract Signature

- 14.1. If the original Form of Call-off Contract is not returned to the Contract/Project Officer (as identified at paragraph 9 above) duly completed, signed and dated on behalf of the Supplier within 10 working days of the date of signature on behalf of the Authority, the Authority will be entitled, at its sole discretion, to declare this Call-off Contract void.

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PROJ10204

Public Resource Management in Somalia Phase two (PREMIS 2)

7th October 2022-30th October 2025

1. INTRODUCTION

The UK Foreign Commonwealth and Development Office (FCDO) is awarding a contract to deliver a large-scale Public Finance Management (PFM), Domestic Revenue Mobilisation (DRM) and Learning and Knowledge management programmes in complex environments under the **Public Resource Management in Somalia 2 (PREMIS 2) programme**.

The budget for the programme shall not exceed £8,932,739 exclusive of VAT but including any local government taxes, over 3 years with a possibility that the budget will increase/contract term extended, subject to receiving co-financing from other donors.

The programme has four components with the following anticipated spread of costs:

- Component 1: strengthening **Domestic Revenue Mobilisation (DRM)**, with a focus on Customs modernisation in Mogadishu, Kismayo and Bosasso, as well as domestic tax collection in four Federal member states (Hirshabelle, Galmudug, South West State and Jubbaland) (£5m);
- Component 2: further enhancing **Public Financial Management (PFM)** [the ability to manage and spend revenue] and strengthening the civil service, with a focus on women in government, in four key Federal Member States (Hirshabelle, Galmudug, South West State and Jubbaland) (£4m);
- Component 3: supporting **macroeconomic and fiscal policy**
- Component 4: Independent Evaluation

These TOR set the scope for the contract to cover the activities under the components 1 and 2.

Contracts for the Components 3 and 4 will be procured separately.

2. PREMIS 2 OBJECTIVES

Objectives of PREMIS 2 programme are to increase DRM and improve PFM in Somalia. It will develop policies and systems that are robust and transparent at Federal Government of Somalia (FGS) and federal member state (FMS) level. It will incrementally advance agreements on equitable fiscal federalism and, combined with separate support on macroeconomic and fiscal policy, this will put the Somali economy on a more resilient footing. It will also support Somalia to achieve the reform benchmarks required to complete the debt relief (Heavily Indebted Poor Countries Initiative – HIPC) [process](#), a more trusted and accountable government which is more able to deliver for citizens and sustain core state functions, will support a more stable Somalia.

Intended impact and outcomes:

- 1. Impact:** A more effective and trusted federated public administration, that contributes to the conditions necessary for building greater legitimacy, stability, and a resilient economy.
- 2. Outcomes:** Two outcomes attributable to PREMIS 2 will contribute towards this impact. Details on metrics to assess these are provided in the draft logframe (annexed to these ToR):
 - **Outcome 1:** More equitable revenue sharing agreements and sustainable Inter-Governmental Fiscal Transfers (IGFTs).
 - **Outcome 2:** Enhanced harmonisation and transparency of public resource management in Somalia.

3. DELIVERABLES AND ACTIVITIES

The **deliverables** being procured under this ToR are:

Component 1: Strengthening **Domestic Revenue Mobilisation (DRM)**, with a focus on Customs modernisation in Mogadishu, Kismayo and Bosasso as well as domestic tax collection in four Federal member states (Hirshabelle, Galmudug, Southwest State and Jubbaland) (£5m);

Deliverables	Activities
Customs policies, systems, administrative capacity	<ul style="list-style-type: none">-Roll out and embed the customs automated (IT) system, a harmonised, value-based national tariff regime- Implement the FGS customs reform roadmap, including the design and roll out of new business procedures in line with a modern Customs operation.-Draft and implement regulations supporting the effective implementation of the Customs Act (2020);-Provide training and mentoring to front line customs staff on customs administration/operations, and to Ministry of Finance on customs policy.-Provide infrastructure to improve the functioning of customs procedures.
Private sector/ trader engagement	<ul style="list-style-type: none">-Design communications campaigns and open events to consult and raise awareness about changes to customs policy, processes, and obligations.-Collaborate with Chambers of Commerce and other business fora on customs reform and tax compliance.
Revenue sharing agreements: trade taxes	<ul style="list-style-type: none">-Work with Ministries of Finance (MoFs) to prepare them for dialogue on an equitable agreement on revenue sharing e.g. for trade taxes.
Domestic tax revenue	<ul style="list-style-type: none">- support development of tax policy at Federal Member State (FMS) level- support harmonisation with national tax regimes- support basic tax administration activities such as taxpayer registration, taxpayer education, tax compliance-Develop revenue forecasting tools

Component 2: Further enhancing **Public Financial Management (PFM)** and strengthening the civil service, with a focus on women in government, in the Federal Member States (£4m);

Deliverables	Activities
Intergovernmental fiscal relations and fiscal decentralisation	<ul style="list-style-type: none">-Work with MoFs on finalising the aligned charts of accounts, progress agreements on revenue and expenditure assignments, support design of IGFT formulae.-Work with MoFs with preparations for Intergovernmental Fiscal Forum/ Finance Ministers Fiscal Forum.
Economic and fiscal analysis (FMS level)	<ul style="list-style-type: none">-Work with macro-fiscal units in FMS MoFs to improve fiscal analysis skills, roll out budget framework papers, align macro-fiscal assumptions, improve Own-Source Revenue/IGFT forecasting.
Core PFM systems, chiefly the Financial Management Information System in the FMS (BISAN)	<ul style="list-style-type: none">-Manage the BISAN (FMIS system already in place in four FMS Finance Ministries), provide training and effective use of the system.
Harmonisation of systems and financial reporting	<ul style="list-style-type: none">-Ensure interoperability of FGS and FMS systems, so information can be exchanged, and confidence built.

Deliverables	Activities
Civil service reform	-Provide capacity building support to civil service commissions on organisational design, merit-based recruitment, dispute resolution and competency frameworks
Women in government	-Design and deliver a targeted capacity building programme to increase the number of female civil servants in FMS Ministries.

4. THE SCOPE

PREMIS 2 is a technical assistance programme, which needs to be informed by a strong understanding of the political economy. To achieve the deliverables outlined above, it is expected that the programme will provide on the ground embedded technical assistance, capacity building and training (in person and online). The supplier will also support the ongoing development of customs and financial management information systems ensuring effective use and ongoing maintenance.

Additionally, PREMIS 2 will provide analytical and policy support to other FCDO programmes that require strong state institutions to achieve their objectives. Such support from the supplier (facilitated by FCDO) might include dissemination of evidence/ lessons learned and advice on how other programmes could best deliver shared objectives given institutional capacities and constraints. For example, stability and political governance, security sector reform, health system strengthening, trade and regional integration.

There is a strong emphasis on learning. The supplier for PREMIS 2 will design and deliver a robust Monitoring, Evidence and Learning (MEL) strategy, and take a Problem Driven Iterative Adaptation (PDIA) approach to programme delivery. Evaluation of the PREMIS 2 contract to assess the impact and effectiveness of PFM/DRM reform will be procured separately. The supplier will be expected to work closely with the evaluation provider and to have a strong emphasis on MEL in their own work. To ensure the independence of MEL activities, the suppliers and its sub-contractors delivering the PREMIS 2 programme Component 1 &2 shall be precluded from bidding for Component 4 - Independent Evaluation contract.

PREMIS 2 programme will coordinate with other key international partners such as the World Bank, the IMF, the AfDB and the EU to ensure complementarity between interventions supporting PFM, DRM and macroeconomic reform.

Evidence from the supplier should enable the FCDO to leverage progress on a political level, using a granular understanding of the reality of the ground and the technical and political blockers for reform.

Note, finally FCDO proposes to move out of bilateral programming on PFM/DRM in Somalia at the end of PREMIS 2 (2025), handing over to other multilateral actors which are increasingly engaged (including at FMS level). This exit should be managed, coordinated by supplier and be sustainable.

The **success criteria** for the PREMIS 2 programme are as follows. The logframe (attached) provides further details on how these will be assessed:

- Enhanced Customs systems and capacity, enabling sustained revenue growth and facilitating trade.
- Increased PFM capacity and stronger systems and processes within the FMS.
- Increased harmonisation of PFM systems and processes between FGS and FMS.
- Agreements reached on revenue sharing for key revenue streams e.g. trade taxes.
- More timely and predictable IGFTs, based on agreed formulae.
- Further increases in civil service capacity and gender balance.
- Improved fiscal policy, macroeconomic analysis and statistics (Component 3).
- HIPC completion point in sight.

5. RECIPIENTS AND BENEFICIARIES

Intended beneficiaries: The intended beneficiaries are Somali citizens and private enterprises across Somalia, with support delivered to the Somali government/civil service/customs authorities to increase capacity to collect revenue in a fair and transparent manner and effectively manages public expenditure that

delivers public services equitably. This programme will work at both Federal Government of Somalia (FGS) and Federal Member State (FMS) tiers of government.

6. PROGRAMME METHODOLOGY

Inception phase

Inception period. There will be an inception phase at the start of the contract. It is expected that the inception phase will last **3-months**. During the inception period the supplier will engage with the FCDO team at least fortnightly to discuss and agree requirements before the finalisation of the inception report and associated plans.

During the inception phase the following the supplier shall deliver the following deliverables in conjunction with FCDO:

- **Inception Report** which will cover both operational and technical plans (see detail below)
- **Performance management framework**, KPIs and linked payment values (see detail in section 4)
- **MEL strategy** (also in conjunction with the evaluation provider)

The supplier will lead on the Inception Report, engaging with FCDO and ensuring the following are included:

- **Confirmed programme management and governance arrangements** between the supplier and the FCDO team, proposals for engaging Somali counterparts e.g. steering committee, and a performance framework (including milestones/KPIs and the nature of a payments by results modality).
- **Confirmed team structure** as proposed in the bid and where iterations exist to be communicated as part of the inception deliverable including confirmation of how the supplier will access a demand-driven technical expertise when necessary (this will be critical to ensure we can access the right technical expertise across a range of thematic areas and monitoring and evaluation approaches and methods).
- Confirmed agreements between the supplier and their downstream partners, including **fully elaborated delivery chain mapping**.
- **A confirmed detailed work-plan for the first year of implementation, which outlines clear deliverables and time-frames.** A **broad workplan for the remaining years** of the implementation period will also be required. This will be reviewed and revised regularly in close collaboration with the FCDO team.
- A finalised approach outlining how the programme proposes to engage with the **WB and IMF** to support coherence and complementarity of actors' interventions.
- **A detailed log-frame** to correspond with the work plan.
- Final **value-for-money indicators**.
- A final **risk-matrix and mitigation measures**, including confirmation of how the supplier will ensure adequate security arrangements are in place to manage the safety of monitors in the field.
- **A Stakeholder Engagement plan** - in consultation with the SRO and Lead Advisor - which maps out who the key stakeholders are, how they will be engaged with and by whom.
- **A knowledge management plan**, including how this connects to the MEL strategy.
- **An inventory of all assets procured using UK funds.** Procurement must be in accordance with the UK guidance in regard to supplier.
- **Administration and Personnel Policies** to guide the supplier's day to day operations.
- **An exit strategy.**

Additionally, a performance management framework and a MEL strategy should be annexed to the Inception report. Details on the performance management framework are given above. The MEL strategy should include: i) a baseline public administration maturity matrix so that there is a clear starting point against which progress towards achieving the theory of change can be measured; ii) an articulation of how the PDIA approach will work in practice; with feedback loops to ensure programme learning informs adaptations in focus and delivery approach

Additionally, **an agreed format and content for all standard reports** including verification reports, lesson learned summaries and progress reports should be agreed between FCDO and the supplier during inception phase.

Progression to the implementation phase will be subject to the FCDO’s approval of the inception report and reaching agreement on all aspects within it. Activities for implementation will not begin until the FCDO has approved the inception report. The FCDO will review the inception report within 5 working days and respond with feedback and / or approval. However, we expect that parts of the inception report will be finalised and agreed with FCDO throughout the inception period, before submission of **the final inception report, MEL strategy and performance management framework which are due at the end of the inception phase.**

Implementation phase

During the implementation phase the supplier will be expected to deliver on the commitments agreed in the logframe and workplan agreed during the inception phase and updated every quarter throughout the implementation phase. The key deliverables expected from the implementation phase will include but not be limited to the following:

- Monthly progress updates
- Quarterly performance reports
- Inputs to FCDO Annual Reviews
- Progress reports on action taken on recommendations made on the three above points

Exit phase

There will be a 3-month close down period before the contract ends to ensure a responsible programme closure including the hand-over of all technical and intellectual property. The supplier will deliver a final report covering the results and lessons learned over the life of the contract. An asset disposal plan will also be required if any assets were procured with the programme funds, the service provider will provide a disposal proposal guided by the UK asset disposal guidelines.

Since this contract will have annual review points and a strong emphasis on MEL, the supplier should continually look for ways to actively transfer knowledge to downstream partners and beneficiaries to ensure sustainability. As noted above, in the case of poor performance or changed priorities FCDO reserves the right to terminate the contract and recover unspent funds, funds not used as per the agreed workplan and assets procured using programme funds.

7. PAYMENT MODEL and PERFORMANCE MANAGEMENT

The budget for this contract is limited to £8,932,739 for 36 months of the contract duration. The contract may be extended by up to an additional £3 million and by a further 24 months duration subject to performance, programme requirements and secured co-financing from other donors.

The Capital fund limit shall not exceed 5% of both Components 1 & 2 combined total value. The spend will be approved on need basis, for example, meeting additional requirements of the customs automated system or upgrading the offices for customs, providing warehousing etc.

7.1 Payment Model

The inception phase payment(s) will be output-based and linked to the successful delivery and acceptance of the inception phase deliverables (as per Clause 6 and listed in the Commercial ProFormas Tab 4.0-Payment). The expenses shall be reimbursed on a monthly basis and shall be based on actuals. The value of payment for each deliverable should be based on the realistic requirement of staff input and associated expenses in line with the payment Tab 4. of cost ProFormas.

During Implementation and exit phases a hybrid input & output-based payment mechanism will be used by FCDO under the terms of this contract with 40% of gross fees payment linked to the Supplier’s performance at the Implementation Phase measured against the pre-set management Key Performance Indicators (KPIs) using a performance management framework. These 40% of gross fees will be retained and paid on the basis of a quarterly assessment using the KPIs set out below. For output-based payments, all KPIs will be

weighted equally. The Performance management framework is intended to align incentives, increase likelihood of achieving the outcomes and ensure mutual accountability throughout the life of the programme.

The remaining 60% of fees will be paid quarterly in arrears on the following basis:

- During Implementation, payment will be based primarily on a reimbursable output basis. This means that the value of payment for each deliverable will be determined by the costs incurred by the Supplier. Payments will be on the basis of delivery of the deliverables/outputs which have been completed in the preceding quarter.
- Payment of Gross Fees linked to the performance management framework will be quarterly based on the scoring/ achievement of the agreed KPIs, using a sliding scale between performance and payment.
- FCDO and the Supplier will agree a 12-month rolling programme of workplan based on the expected requirements. The basis of this will be the workplan and Implementation phase deliverables/outputs proposed in the technical bid and agreed at the end of inception phase; however, outputs shall be adjusted based on activity in PREMIS 2 programme.

All the expenses shall be paid monthly on actuals.

The deliverables will become eligible for inclusion in invoice upon FCDO's acceptance and approval.

The value of payment for each deliverable should be based on the realistic requirement of staff input and associated expenses in line with the payment tab 4. of cost ProFormas.

During the Implementation phase, FCDO retains the right to use an input-based payment mechanism where this is deemed more appropriate. E.g. where the final output is unclear, but FCDO requires consultancy time. This would usually be agreed in the annual workplan and where budget allows, within the total financial limit of the contract.

7.2 Performance Management

KPI based quarterly performance assessments: FCDO will manage the supplier's performance throughout the duration of the contract by monitoring delivery against the rolling workplan, against log-frame output milestones and through quarterly performance assessments.

These quarterly performance assessments will be linked to payment for the gross fees); assessed using the key performance indicators (KPIs) as listed below – technical and programme management.

Performance against each KPI will be assessed on a 1-4 scale:

Indicator scores	Description
4	Delivery criteria being efficiently and effectively met in line with Contractual and customer expectations, including proactive adaptation.
3	Most delivery criteria are met efficiently and effectively. Few areas for improvement.
2	Some delivery criteria being met however significant performance concerns and improvements needed.
1	Serious delivery failure and under performance. Immediate and major changes needed.

The PBR payment amount will be as follows:

Weighted total score ranges	PBR payment amount
3.5+	100%
2.8 - 3.4	85%
2.0 - 2.7	65%
1 - 1.9	50%

The proposed KPIs and weightings are as follows:

Performance indicator	Criteria	Sources of evidence	Weight
Progress against outputs			
1. Overall progress of agreed work plan activities	<p>The trajectory for the overall progress of the work plan is stable in the least, positive in the best case. Quarterly reporting includes clear and concise narrative on areas on- and off-track; reasons for delays (within and outside project team control) and assessment of effects on project outputs and outcomes.</p> <p>A set of outputs relating to key reform activities and outcomes will be agreed with FCDO at the beginning of every quarter. The quarterly review will assess progress and a score assessing performance will be agreed between the provider and the FCDO and payment will be made accordingly.</p> <p>Quality and utility of activities will be determined by FCDO with inputs from beneficiaries where necessary. This will include proportion of workshops which receive positive feedback from Somali beneficiaries on the quality and relevance of support (average of 4 or more out of 5).</p>	<p>Quarterly reporting</p> <p>Interaction with FCDO (email, WhatsApp, face-to-face)</p> <p>Feedback from client</p> <p>Independent verification</p> <p>Policy/analytical documents available</p> <p>Feedback from the Evaluation provider.</p>	25%
2. Adaptive implementation	Supplier and management respond and adapt to changes in the programme context (both during period and in forward periods). Includes finding flexible solutions in line with project logframe, and proactive identification and management of project risks.		20%
3. Policy Advice	The Supplier have actively identified new and emerging policy issues and/or have received requests for support from the FGS and provided analytical advice to the FGS, as well as other initiatives such as the FGC		10%
4. Monitoring, Evaluation and Learning (MEL)	Evidence of progress against agreed MEL strategy e.g. evidence of capturing and sharing lessons learnt.		5%
Management performance			
Indicator	Criteria	Sources of evidence	Weight
5. Responsiveness to FCDO and FGS needs	Regular (monthly) meetings are held with FCDO teams.	Baseline analytics including Customs Perception Survey; WCO CCB	15%

	Regular (at least monthly) and ongoing engagement with Somali counterparts. Supplier and management regularly and effectively communicate with FCDO programme team and FGS; responding where relevant/possible to emerging FGS needs, whilst ensuring political economy realities are well-entrenched in the scheduling and sequencing of project activities; acting on lessons learnt.	Diagnostic Framework; Time Release Study; Revenue Data Quarterly and other (weekly, monthly) reporting Quarterly financial reports Quarterly financial forecasts Minutes of monthly updates, Interaction with FCDO (email, WhatsApp, face-to-face) Project invoices	
6. Relevance of key programme tools	Finalisation and constant review of key programme tools that ensure activities are linked to the overall Programme outcomes. This requires developing and constantly testing the Theory of Change, agreeing on the logframe, VfM metrics and establishing a solid baseline from which to monitor the programme.		10%
7. Quality and timeliness of reporting, including financial reporting	Reports provided to FCDO (including financial reports) are timely, concise, and receive broadly positive feedback.		10%
8. Accurate and timely forecasting and invoicing	Quarterly reported spend is within 5% variance of forecast. Quarterly forecast for next quarter submitted by the last day of the previous quarter, reviewed monthly with DFID. Invoices submitted in line with agreed invoicing calendar.		5%

The supplier will submit a quarterly performance report evidencing work delivered in the quarter, a financial report and an assessment of performance against the above KPIs. FCDO and the Supplier will hold a quarterly meeting to discuss and agree the performance assessment with FCDO having ultimate responsibility for determining the score. Following the quarterly performance assessment, the supplier will update their workplan and submit to FCDO for approval.

In line with principles of flexible and adaptable programming, the suite of KPIs and the scoring mechanism can be reviewed between the FCDO and the supplier as and when necessary, throughout the life of the contract, subject to a formal contract amendment process.

7.3 Monthly progress assessments

FCDO will hold monthly catch-up sessions with the supplier to assess progress, manage risks and adjust delivery as necessary. These meeting will include an update on the broader political and economic context as relevant to the implementation of the programme, a review of progress against the workplan, KPI update,

a discussion of particular challenges/ bottlenecks particularly where action from FCDO is required, as well as any risks that FCDO should be aware of.

7.4 ICT contract requirements

PREMIS 1 has covered the cost and management of various essential ICT contracts on behalf of the Federal Government of Somalia. The supplier shall overtake the management responsibilities of the 3 ICT suppliers and take on the obligations of covering the full costs of licenses and O&M costs associated with BISAN, HRMIS and Customs Automated System (CAS). All the source codes and IP rights will have been transferred to FGS from the incumbent PREMIS 1 supplier before the expiry of the contract on 31st March 2022. Details of each contract are included in the table below.

Supplier	Description	Activities included	Start date of contract
InfoTech	A contract was signed between a PREMIS Supplier and Info Tech to design and implement a bespoke Customs automated system (CAS) for 3 Ports (Mogadishu, Kismayo and Bossaso)	Technical support for the roll-out of the IT systems; Re-design of modules to complement business processes; and O&M support	Contracted in 2020, piloted in 2022
Sodan Tech	They manage the HR management information system which is used by the Civil Service commissions in 4 Federal Member States (GSS, HSS, SWS, JSS). The system is up and running and	User licenses, annual maintenance and product support agreement, annual cloud-based hosting service (including backup, recovery and restore facilities)	First contracted in 2014 by SSF to provide services for JSS. SWSS was added in 2015, GSS in 2016 and HSS in 2019.
BISAN	This includes 3 modules used across the 4 Federal member states: the financial management information system (FMIS), Revenue management system (RMS) and a BPM	User licenses, annual maintenance and product support agreement, annual cloud-based hosting service (including backup, recovery and restore facilities)	Contracted in 2019 with all four FMSs added at the same time

The ICT systems are at different stages of development, and the supplier will have to include in their proposal how they propose to manage these contracts, provide additional support to users where necessary and support design of additional modules if necessary. The supplier will assess the sustainability of the systems and propose a sustainability and exit plan. They will work closely with the government and the donor on implementing the plans.

Specifically, the BISAN and SodanTech systems are relatively well established. There remain weaknesses in how these systems are used by users which can affect the quality of data collected and quality of procedures of core PFM processes.

The InfoTech contract is however in the very early stages of delivering a Customs Automated System (CAS). By 31st March 2022 only a pilot version of the system will have been tested in Mogadishu. At the commencement of the PREMIS 2 contract, the supplier will not only have to take over management of the contract with Infotech but provide expert advice to the FGS and FMS (Puntland and Jubbaland) for all 3 Ports :

- To ensure users (the Authorities and importers) understand how to use the CAS and do so adequately;
- To work with InfoTech to adjust/ redesign elements of the CAS if deemed necessary; and
- To advise the Authorities on ways to continue developing the ICT system to keep pace with customs reform and if relevant, advise on future investments in a more comprehensive Customs Automated System as procedures become more complex.

All associated existing contracts with ICT providers will be shared with the supplier at the beginning of the inception phase. Below are the annual costs and the grand total cost associated with the ICT requirements that is included in the overall contract financial limit.

Supplier Name	Annual cost	No of years	Subtotal
BISAN	£/REDACTED/	2	£ /REDACTED/
Sodantech	£/REDACTED/	2	£ /REDACTED/
Infotech	£/REDACTED/	2	£ /REDACTED/
p.a total	£/REDACTED/		
Grand Total			£ /REDACTED/

7.5. Assets Management

A list of assets has been availed as Annex 4 and provides details of available programme assets that will be handed over to the incoming supplier of PREMIS 2.

The supplier factored these in determining their capex budget. These assets were in use by the PREMIS I supplier and have been kept in storage after the contract exit phase. FCDO shall hand over these assets to the supplier under the following conditions;

- the asset will be put to a good developmental purpose
- the recipient has adequate resources to maintain and operate the asset, including purchase of any consumables
- the item will not be sold or disposed of, or diverted for another purpose, within a reasonable time period (define what is reasonable to ensure not depreciating in condition)
- the recipient has adequate controls in place to ensure that the assets are used as intended
- any local requirements, regarding duties and taxes, or any other formalities, on transfer will be met
- IT Equipment is disposed of in line with UK Gov Waste Electrical and Electronic Equipment (WEEE) Regulations and all personal data will be removed. Depending on the context, **this may require IT assets to be shipped to the UK for disposal by a WEEE-accredited company.** Associated costs should be accounted for in programme budgets. Shipping costs can be high – sometimes higher than the value of the asset in question. However, teams should be wary of seeking a cheaper but less effective disposal solution, considering the potential for harm (e.g. environmental, social) and the reputational risk to FCDO if these assets are not disposed of properly.

In addition to the above, the supplier shall

- maintain a complete, accurate and up to date inventory of all assets.
- hold accountability for the use and control of assets, including responsibility for any assets being lost, stolen or damaged.
- prepare and carry out an asset disposal plan before project end.

8. Timeframe and Formal Review Points

This contract will run from 7th October 2022 until 30th October 2025. The Supplier shall fully mobilise their resources and commence services within 2 weeks from the contract award date.

The contract is awarded for a period of up to 36 months. It will be phased into an inception phase (3-month long) and a 30-month long implementation phase and a 3-month long exit phase.

There will be 3 Review Points in the contract. The contract will be subject to formal reviews where the performance of the supplier will be assessed against the agreed deliverables. Continuity will also be confirmed subject to availability of funds and organisational priorities

- Review Point 1: At the end of inception phase. The Supplier will require a formal approval from FCDO to continue the services beyond the contract inception phase. Progression to the contract implementation phase will be dependent on effective delivery of the contract inception phase deliverables;
- Review Point 2: After Year 1. Continuation of the contract will be dependent on satisfactory delivery of the yearly deliverables as well as availability of funds and FCDO priorities remaining committed to the objectives of the programme.
- Review Point 3: After Year 2. Continuation of the contract will be dependent on satisfactory delivery of the yearly deliverables as well as availability of funds and FCDO priorities remaining committed to the objectives of the programme.

FCDO will have flexibility to adjust the focus of the contract based on the operational delivery/political context in Somalia, complementarities with other FCDO programmes and alignment with the wider programming landscape. Any adjustments will be done to ensure the programme is flexible and adaptive but will not affect the core objectives for the programme.

9. Scale up/down

Following FCDO reviews, FCDO shall reserve the right to scale the requirement up or down over the contract lifetime to include potential changes to programme scope, geographical reach (where appropriate). Any such changes will be fully communicated to the Supplier and implemented in accordance with the terms and conditions and procurement regulations.

The contract may be extended by up to £3 million and a period of up to 24 months.

10. SKILLS AND COMPETENCY REQUIREMENTS

The Supplier outlined in its bid the programme management structure they intend to employ and why they believe this to be the best way to deliver the outputs of the programme. The proposal demonstrated how the proposed team structure will work to deliver the expected objectives in practice and the distribution of effort between international and national experts.

The Supplier clearly indicated how each team member will contribute to delivery of contract objectives. The Supplier proposed a team, who will lead the engagement with the Somali counterparts, lead the design and delivery of the technical assistance to achieve reform goals and oversee the quality of team, as well as members who will actively take the lead on day-to-day coordination and management of the programme including regular communications with Government counterparts, other development partners active in this field (World Bank, and IMF) and FCDO.

The proposed team is expected to have strong core public financial management customs reform skills with a dedicated lead for each of the components. The team should also represent a mix of international and national/regional experts with considerations to a gender balance within the proposed team.

The Supplier and its team of personnel will be expected to have a strong track record in:

- Successful management and delivery of large, complex public sector reform and customs modernisations programmes;
- Track record of working directly in fragile and conflict affected states (FCAS);
- Knowledge and expertise in reform of key financial responsibilities: revenue mobilisation, budget formulation and execution, audit functions, customs procedures, and data collection;
- Ability to influence policy and facilitate discussions across Government on key fiscal federalism issues;
- Expertise in financial and technical management (including managing value for money and efforts to minimise costs), commercial and financial reporting skills and administration of evaluations (including duty of care and management of fiduciary risk);
- The Supplier and/or sub-contractor(s) are expected to have extensive networks and credibility among relevant stakeholders in each sector.

The Team Leader(s) and the Project Team must have knowledge and expertise in the following areas:

- The Team Leader(s) should have strong programme management and leadership skills, and extensive expertise in leading similar public sector reform programmes in similar contexts.
- Experience of working in fragile and conflict affected States;
- Expertise in brokering policy discussions based on sound Political Economy Analysis in areas including public sector reform and institutional analysis;
- Expertise in providing expert advice;
- Knowledge of Somali governance systems and politics, including political history and federalism is a plus;

11. GOVERNANCE STRUCTURES

11.1 Collaboration with FCDO

This project will be administered by the FCDO Economic Development Team. An FCDO Governance Adviser will lead as the Senior Responsible Owner (SRO), supported by a Programme Responsible Officer and a Deputy programme manager who will be responsible for the day-to-day management of the programme; including contract management. The FCDO Monitoring & Evaluation Adviser will provide guidance on the MEL strategy and the independent evaluation.

The Supplier will quality-assure all outputs before submission to the SRO. The Supplier will be required to comply with FCDO reporting requirements. The Supplier will be responsible for alerting the SRO as early as possible of any emerging issues and risks, to ensure that the project remains on track. As noted above, the supplier will be required to attend monthly progress meeting and quarterly performance reviews. These may be supplemented by ad-hoc meetings as necessary.

Additionally, the FCDO will establish a PREMIS 2 steering committee, with a particular focus on the deployment of the flexible call-down element of the programme. The PREMIS 2 Steering Committee (Chaired by FCDO and attended by IPs and Somali Government Counterparts) will meet twice a year.

FCDO will produce Annual Reviews of the supplier’s performance and progress as per FCDO standard rules, drawing on quarterly and annual reporting by the supplier. A project completion review will also be undertaken during the closure phase of the contract. The supplier should schedule annual progress reporting and evidence syntheses accordingly to inform these reviews and may also be required to provide additional specific inputs and feedback on reviews at FCDO’s request. FCDO will take responsibility for monitoring agreed logframe outcome and impact indicators. All reviews will be published on FCDO’s website.

11.2 Collaboration with Somali government counterparts/beneficiaries
The team will closely work with Somali government counterparts and international community in the PFM and Customs space. To ensure buy-in and mutual understanding of the programme objectives, the programme will sign MOU(s) with government counterparts at FGS and FMS levels¹, to ensure clarity on the assistance provided and responsibilities for sustainability once PREMIS 2 has concluded. Government counterparts will attend the Steering Committee.

The aid architecture for Somalia is subject to change, given the fluid environment. According to the current aid architecture, PREMIS 2 would sit under Pillar Working Group 3 (economic development) and contributes to Pillar 1 (inclusive politics). Via the aid architecture PREMIS 2 will be able to coordinate with other donor programmes in the sector. The project will also support Somali counterparts with technical preparation for meetings of the Intergovernmental Fiscal Forum and Finance Ministers Fiscal Forum, and discussions between FMS and the FGS Intergovernmental Fiscal Reform Unit (as necessary).

11.3 Collaboration with World Bank/IMF
The supplier will be encouraged to hold monthly meeting with each of WB and IMF to ensure complementarity between programming.

12. FINANCIAL MANAGEMENT REQUIREMENTS

With the changing, dynamic, and challenging environment of operating in Somalia, it is very important to have robust financial management for PREMIS 2. Finances should be managed in a transparent and accountable manner. This includes the following:

- Develop appropriate financial procedures, implement and enforce adequate control systems
- Document accounting and reporting procedures during implementation
- Develop programme budgets in line with FCDO guidelines, maintain realistic forecasts, ensure all payment documentations are in order and in accordance with international best practice
- Prepare and submit financial and annual audit reports (as required).
- Keep financial expenditure evidence in an accessible manner that would allow spot check (which will be conducted by FCDO regularly) or an independent audit if commissioned.
- Monitor financial risks i.e fraud, corruption etc., manage and escalate as necessary
- The supplier (as the lead organisation) will ensure robust financial management for all downstream partners/ sub-contractors as per UK requirements. They will also be expected to maintain delivery chain map², funds flow, undertake due diligence, monitor risks etc.

13. RISK MANAGEMENT REQUIREMENTS

Some of the key risks that FCDO has already identified, and which will be monitored and mitigated are as follows. The supplier will be expected to continually assess and manage these risks:

13.1 Strategy and Context

- Likely shifts in the political and security situation – e.g. conflict emerging from elections.

¹ Ministries of Finance and Civil Service Commissions
² Delivery Chain mapping: Delivery Chain Mapping is a process that identifies and captures, usually in visual form, the name of all suppliers involved in delivering a specific good & service, charges, ideally down to the end beneficiary. With increasing project complexity influencing supplier / partner selection and impacting delivery chains, mapping the delivery chain down through every tier is the only way to improve visibility, provide a level of assurance and mitigate a growing burden of risk. This includes FCDO funds being distributed to each implementing (downstream or indirect) partner.

- Some parts of Somalia remain inaccessible either due to conflict and Al-Shabaab control, or due to Covid-19 restrictions on travel.

13.2 Fiduciary and financial risk

- Risk of fraud and collusion of supplier's staff with downstream partners thereby compromising value for money in the procurement chain.

13.3 Reputational risk

- The programme carries an inherent reputational risk due to the nature of the work it intends to deliver and the locations.

13.4 Policy and Programme Delivery

- The main delivery risk is poor capacity to deliver the programme. Lack of a strong track record in the sector and understanding of the Somalia context
- The programme may be complicated for a single supplier to manage as it is unlikely that a single supplier will have the necessary skills and experience to deliver in all required activities, resulting in multiple partners and therefore relationship management and stakeholder engagement becomes a risk to be closely monitored.

13.5 Safeguarding

- There is a risk of negative behaviours of partners' staff when interacting with beneficiaries, taking advantage of local communities among others.
- There is a risk to the safety and well-being of staff whilst conducting field work in insecure areas of Somalia.
- There is a risk of mismanagement of personal data collected by the suppliers/partners.

14. DUTY OF CARE REQUIREMENTS

All supplier personnel (including their employees, sub-contractors or agents) engaged under a FCDO contract will come under the duty of care of the lead supplier. The supplier is responsible for the safety and well-being of their personnel and any third parties affected by their activities, including appropriate security arrangements. The supplier will also be responsible for the provision of suitable security arrangements for their domestic and business property. FCDO will share available information with the supplier on security status and developments in-country where appropriate, but we also expect the supplier to monitor this to the best of their ability. Travel advice is also available on the FCDO website and the supplier must ensure they (and their personnel) are up to date with the latest position.

The Supplier should set out duty of care arrangements for any country visits or field-based activities for their staff and downstream partners. The supplier will be responsible for all their in-country arrangements including travel and accommodation and arrangements for meetings.

The supplier is responsible for ensuring that appropriate arrangements, processes, and procedures are in place for their personnel, taking into account the environment they will be working in and the level of risk involved in delivery of the contract. The supplier must ensure their personnel receive the required level of training prior to deployment (where applicable).

The Supplier must comply with the general responsibilities and duties under relevant health and safety law including appropriate risk assessments, adequate information, instruction, training and supervision, and appropriate emergency procedures. These responsibilities must be applied in the context of the specific requirements the supplier has been contracted to deliver (if successful in being awarded the contract).

FCDO will not award a contract to a supplier who cannot demonstrate they are willing to accept and have the capability to manage their duty of care responsibilities in relation to the specific procurement.

15. MANAGEMENT OF DOWNSTREAM PARTNERS

The lead supplier is responsible for managing all agreements with downstream partners and quality assuring the delivery of their work. The supplier will ensure robust financial management for all downstream partners/ sub-contractors as per UK requirements. They will also be expected to maintain delivery, chain map, funds

flow, undertake due diligence, monitor risks etc. The supplier is accountable to the FCDO for all deliverables, including those developed by downstream partners.

16. CONFLICT, GENDER AND DISABILITY SENSITIVITY

To successfully deliver this programme it will be necessary to adopt a conflict sensitive approach and use contextual understanding to ensure the project does no harm, avoids negative impacts, and maximises positive impacts. Programme interventions should strive for gender and disability equity, promoting equality and inclusion for women and persons with disabilities. Results data should be disaggregated wherever possible.

17. SAFEGUARDING

FCDO requires assurances regarding protection from violence, exploitation and abuse through involvement, directly or indirectly, with FCDO suppliers and programmes. This includes sexual exploitation and abuse but should also be understood as all forms of physical or emotional violence or abuse and financial exploitation. During programme mobilisation the FCDO will carry out a due diligence assessment for first tier suppliers that includes a review of safeguarding policies. The supplier will be responsible for due diligence assessments of downstream partners including assessing their safeguarding policies, escalating any concerns and working with downstream partners to remedy any deficiencies.

18. COUNTER TERRORISM

FCDO requires the supplier to put systems in place that enable transparency and accountability and full compliance with counter terrorist financing rules. Any concerns about diversion of funds or terrorist financial risks will be escalated to FCDO immediately.

19. TRANSPARENCY REQUIREMENTS

FCDO requires suppliers receiving and managing funds, to release open data on how the programme funds have been spent, in a common, standard, re-usable format. This level of information is required from immediate sub-contractors, sub-agencies and partners. It is a contractual requirement for all Suppliers to comply with this, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this – further IATI information at <http://www.aidtransparency.net/>

20. GENERAL DATA PROTECTION REGULATIONS (GDPR)

FCDO will be the data controller and the supplier would be the data processor. All data and metadata are owned by the FCDO and suppliers should ensure that all data is rigorously stored, protected and documented in line with the [GDPR Commercial Guide](#)

21. CONSTRAINTS

Somalia is one of the most dangerous countries in the world for aid workers to operate. Threats and kidnappings have led some humanitarian organisations to withdraw from some areas of the country, while others have been thrown out by armed groups. To deliver the programme effectively the supplier should be able to deploy and work across Somalia.

22. CONTEXT AND TECHNICAL BACKGROUND

Context

Somalia is one of the world’s poorest and most fragile states. It sits at the bottom of most development league tables, with widespread poverty and inequality, very low human development indicators, endemic gender violence and discrimination, a persistent humanitarian crisis, a weak productive economy and limited domestic revenue. Over half the population lives below the national poverty line, only 40% are literate and nearly one in seven of Somalia’s 14.7m people are internally displaced as a result of conflict and climate

shocks, fuelling humanitarian crises. Whilst Somalia appears to have avoided the worst-case COVID-19 (C19) there has been a significant public health and an economic impact. The situation continues to evolve but current estimates suggest the economy may contract in the order of 2.1% in 2021.³

There are number of contextual challenges which make delivering reform in Somalia difficult. The Somali political landscape is characterised by a narrow political settlement (4.5 clan formula⁴), that is based entirely on power-sharing between a small number of individuals and reinforces a closed elite bargain, where there are few incentives for those in power to change their behaviour⁵. The Constitution remains interim; therefore, the system of government and nature of federalism is not agreed. Linked to this, there is intense competition over the sharing of power and resources, which disincentivises establishing rules based systems⁶ or agreeing a sustainable fiscal model. Trust between political and security actors is low.

However, Somalia has seen important progress in recent years. Notably, last year (March 2020) Somalia accessed debt relief under the Heavily Indebted Poor Countries (HIPC) Initiative. This was a clear sign of increasing FGS-FMS cooperation and increasing confidence in PFM administration, the developing legislative framework and revenue generation. However, further efforts are needed to ensure completion of the HIPC process and for Somalia to clear its debt with bilateral creditors.

Less positively, the extended political impasse and the failure to hold federal elections in a timely manner, illustrate the increasingly difficult political context in Somalia. From the citizen's perspective, the legacy of war, the limited territorial reach of governments outside capitals, the young population and the weakness of institutions mean the majority of Somali's have little or no interaction with the State/formal government, and therefore have no expectation of government. There has been slow progress on establishing a more functional social contract, in which citizens begin to have trust in institutions and where government delivers for citizens.

Technical Background

PFM systems and capacity is low but improving. In recent years PFM reforms have delivered impressive results and institutional capacity to raise, manage and spend revenue has been built, but gains need to be further embedded. Ministries of Finance, Civil Service Commissions and Offices of Auditors General have been established in Galmudug, Hirshabelle, Jubbaland and Southwest State. Some semblances of harmonisation in PFM with the FGS have also started to emerge, most recently with the alignment in the Charts of Accounts between both levels of government. The number of women in government has also increased. However, significant challenges remain, for example off-budget financing, limited political will to share information between FMS and FGS levels of government, politicisation of IGFTs and a very small, distorted tax base (for example limited formal payments by businesses, who should be major taxpayers).

The scale of DRM in Somalia is very limited. Somalia has one of the lowest tax: GDP ratios globally⁷. Customs revenue is the single largest domestic revenue stream, accounting for 60-70% of government revenues⁸. Yet, customs administrative capacity is increasing and the roll out of a national tariff (ad valorem) and the establishment of a customs automated IT system to improve efficiency and enhance accountability. However, ongoing reforms are needed. In terms of domestic taxation, own source revenue levels in the FMS are very low.

³ World Bank 2020. Domestic Resource Mobilization. IMF (2020) First Review under the Extended Credit Facility. IMF Country Report No. 20/310.

⁴ The 4.5 clan sharing formula emerged out of the Arta conference in 2000 that agreed future representation in Somalia's governance institutions as being equal across major clans (Hawiye, Dir, Darod and Digil Mirifle). Minority groups were collectively allocated 'half or -0.5 - the number of seats of each of the major clans.

⁵ See: De Waal, A. The real politics of the Horn of Africa (2015) and Pritchett, L, Sen, K. and Werker, E. (2018) Deals and Development.

⁶ Note that the concept of rules based systems can be problematic in Somalia, as customary rules (xeer) and kinship (tol), which are characterised by horizontal as well as vertical hierarchies and exist alongside western concepts such as the social contract and formal rules based approaches which prioritise vertical hierarchies.

⁷ Domestic resource mobilisation in Somalia, Raballand, G., Knebelmann, J. 2021. Figure 2 (p8). Note that a tax:GDP ratio of 15% is generally accepted to be the minimum needed for an effective state.

⁸ Domestic resource mobilisation in Somalia, Raballand, G., Knebelmann, J. 2021. Figure 2 (p8). IMF Country Report 20/85, p27 (2020) states 70%

More broadly, whilst some progress has been made on fiscal federalism over the past decade, progress has been uneven and unpredictable⁹. Agreeing a clear division of responsibility between the FGS and FMS has been very difficult. However, it is generally agreed that a federal structure is the only stable long-term solution to government in Somalia. Technical reforms focused on capacity building and the agreement of responsibilities for who has powers for raising revenues and who should pay for different government functions and services is a critical foundation for future political agreement on fiscal federalism.

Finally, IGFTs¹⁰ will remain an important feature of the government’s finances at FGS and FMS level for the long-term (as is common in most developing countries/many developed countries) given the weak own source revenue potential. Key revenue sharing agreements have not been reached which means future arrangements for IGFTs remain at risk of politicisation and are vulnerable to fluctuations.

23. UK Aid Branding

Suppliers that receive funding from FCDO must use the UK Aid logo on their development and humanitarian programmes to be transparent and acknowledge that they are funded by UK taxpayers. Suppliers should also acknowledge funding from the UK Government in broader communications, but strictly no publicity is to be given to this contract without the prior consent of FCDO. For more information see: www.gov.uk/government/publications/uk-aid-standards-for-using-the-logo.

24. Modern Slavery

The HMG Modern Slavery Statement sets out how UK Government departments must take action to ensure modern slavery risks are identified and managed in government supply chains.

The FCDO Supply Partner Code of Conduct sets out the expectation for all supply partners to have full awareness of the International Labour Organisation (ILO).

Appendices:

- **Appendix 1:** /REDACTED/
- **Appendix 2:** /REDACTED/
- **Appendix 3:** /REDACTED/

⁹ For a more detailed discussion see World Bank (2020) Somalia – Moving the Federalism Agenda Forward and IMF (2020) First Review under the Extended Credit Facility. IMF Country Report No. 20/310.
¹⁰ Largely financed by international donors.

Annex 2 – Schedule of Prices & Rates /REDACTED/

Annex 3 – Security Risk Disclaimer

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N/A

Annex 4 – Processing, Personal Data & Data Subjects
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FCDO will be the data controller and the supplier would be the data processor. All data and metadata are owned by the FCDO and suppliers should ensure that all data is rigorously stored, protected and documented in line with the [GDPR Commercial Guide](#)

This Annex 4 shall be completed by the Controller, where required on a Call-Off Contract by Call-Off Contract basis, who may take account of the view of the Processor, however the final decision as to the content of this Annex 4 shall be with the Controller at its absolute discretion.

- 1. The contact details of the Controller’s Data Protection Officer are: audrey-nafula@fcdo.gov.uk
- 2. The contact details of the Processor’s Data Protection Officer are: Adrian.Hollister@adamsmithinternational.com
- 3. The Processor shall comply with any further written instructions with respect to processing by the Controller.
- 4. Any such further instructions shall be incorporated into this Annex 4.

Description	Details
Identity of the Controller and Processor	The Parties acknowledge that for the purposes of the Data Protection Legislation, and in relation to Public Resource Management in Somalia Phase two (PREMIS 2), the Customer is the Controller and the Supplier is the Processor in accordance with Clause 33.1.
Subject matter of the processing	The processing is needed in order to ensure that the Processor can effectively deliver the Call-Off Contract to provide a service to members of the public.
Duration of the processing	from the commencement of the contract 07/10/2022 until the end date 30/10/2025
Nature and purposes of the processing	<p>The nature of the processing means any operation such as collection, recording, organisation, structuring, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, restriction, erasure or destruction of data (whether or not by automated means) etc.</p> <p>The purpose might include: employment processing, statutory obligation, recruitment assessment</p>
Type of Personal Data being Processed	The processor will have access to data but won't be collecting data. The data is Government data, such as taxpayer numbers, contact details, civil servant HR databases. These are collected and maintained by the Government with support from the processor.
Categories of Data Subject	Supplier Personnel (including volunteers, agents, and temporary workers), customers/ clients, suppliers, patients, students / pupils, members of the public, in particular: Taxpayers’ information and Civil Servant registers
<p>Plan for return and destruction of the data once the processing is complete</p> <p>UNLESS requirement under union or member state law to preserve that type of data</p>	There should be no data retained by the Processor. All data will be stored and held by the Government of Somalia with support from the processor.

Annex 5 – Insurances

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REQUIRED INSURANCES (SCHEDULE 3 OF THE FRAMEWORK AGREEMENT REFERS)

CALL-OFF CONTRACT REFERENCE: PROJ10204

PART A: THIRD PARTY PUBLIC & PRODUCTS LIABILITY INSURANCE

1.INSURED

1.1 The Supplier.

2.INTEREST

2.1 To indemnify the Insured in respect of all sums which the Insured shall become legally liable to pay as damages, including claimant's costs and expenses, in respect of accidental:

death or bodily injury to or sickness, illness or disease contracted by any person;

loss of or damage to property;

happening during the period of insurance (as specified in Paragraph 5 of this Annex 1 to this Schedule 3) and arising out of or in connection with the provision of the Services and in connection with this Call-Off Contract.

3.LIMIT OF INDEMNITY

3.1 Not less than £5,000,000 in respect of any one occurrence, the number of occurrences being unlimited, but £5,000,000 any one occurrence and in the aggregate per annum in respect of products and pollution liability.

4.TERRITORIAL LIMITS

worldwide

5.PERIOD OF INSURANCE

5.1 From the commencement date of the Call-Off Contract for the term of the Call-Off Contract and renewable on an annual basis unless agreed otherwise by the Authority in writing.

6.COVER FEATURES AND EXTENSIONS

6.1 Indemnity to principals clause.

7.PRINCIPAL EXCLUSIONS

7.1 War and related perils.

7.2 Nuclear and radioactive risks.

7.3 Liability for death, illness, disease or bodily injury sustained by employees of the Insured during the course of their employment.

7.4 Liability arising out of the use of mechanically propelled vehicles whilst required to be compulsorily insured by applicable Law in respect of such vehicles.

7.5 Liability in respect of predetermined penalties or liquidated damages imposed under any contract entered into by the Insured.

7.6 Liability arising out of technical or professional advice other than in respect of death or bodily injury to persons or damage to third party property.

7.7 Liability arising from the ownership, possession or use of any aircraft or marine vessel.

7.8 Liability arising from seepage and pollution unless caused by a sudden, unintended and unexpected occurrence.

8. MAXIMUM DEDUCTIBLE THRESHOLD

8.1 N/A

9. APPLICABLE FIGURE FOR PURPOSES OF PARAGRAPH 7.2 (INSURANCE CLAIMS) OF SCHEDULE 3

9.1 £N/A

PART B: PROFESSIONAL INDEMNITY INSURANCE

1. INSURED

1.1 The Supplier.

2. INTEREST

2.1 To indemnify the Insured for all sums which the Insured shall become legally liable to pay (including claimants’ costs and expenses) as a result of claims first made against the Insured during the Period of Insurance by reason of any negligent act, error and/or omission arising from or in connection with the provision of the Services.

3. LIMIT OF INDEMNITY

3.1 Not less than £5,000,000 in respect of any one claim and in the aggregate per annum.

4. TERRITORIAL LIMITS

4.1 worldwide

5. PERIOD OF INSURANCE

5.1 From the date of this Call-Off Contract and renewable on an annual basis unless agreed otherwise by the Authority in writing (a) throughout the term of the Call-Off Contract or until earlier termination of the Call-Off Contract and (b) for a period of 6 years thereafter.

6. COVER FEATURES AND EXTENSIONS

6.1 Retroactive cover to apply to any claims made policy wording in respect of this Call-Off Contract or retroactive date to be no later than the commencement date of the Call-Off Contract.

7. PRINCIPAL EXCLUSIONS

- 7.1 War and related perils
- 7.2 Nuclear and radioactive risks

8. MAXIMUM DEDUCTIBLE THRESHOLD

8.1 N/A.

9. APPLICABLE FIGURE FOR PURPOSES OF PARAGRAPH 7.2 (INSURANCE CLAIMS) OF SCHEDULE 3

9.1 N/A

PART C: UNITED KINGDOM COMPULSORY INSURANCES

10. GENERAL

10.1 The Supplier shall meet its insurance obligations under applicable Law in full, including, UK employers' liability insurance and motor third party liability insurance.

Annex 6 – Supplier Code of Conduct

(APPENDIX B OF THE FRAMEWORK AGREEMENT REFERS)

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1. The required Compliance Level for this Call-Off Contract is Compliance Level 1

Sub-Appendix A: Compliance Level matrix *(From Framework Agreement)*

The table below sets out the evidence that Suppliers are required to make available when requested by the Authority to demonstrate compliance with the Code.

For Call-Off Contracts requiring adherence to Compliance Level 1 (CL1) or Compliance Level 2 (CL2) the Supplier shall provide the evidence below at the frequency stated below to the Authority.

Compliance Area and requirement		Evidence Required	Frequency	CL1	CL2	CL3
i.	Declaration of compliance with the Supplier Code of Conduct	Declaration set out at Sub-Appendix B provided.	Annually	X	X	X
ii.	Declaration of sign up to the UN Global Compact	Certificate/Confirmation of membership	Annually	X	X	X
1. Value for Money (VfM) and Governance						
a.	Economic and governance policies in practice	Relevant organisation policies, including detailed annual financial breakdown related to the contract	Annually	X	X	0
b.	VfM being maximized over the life of a contract.	Relevant documentation to include: <ul style="list-style-type: none">- Confirmation of annual profit level fluctuations since contract award;- Evidence of timely resolution of identified issues;- Evidence of lessons learned	Annually	X	X	0
c.	Tax declaration (HMRC format)	<ul style="list-style-type: none">- Tax the organisation paid on profits made in the last 3 years, and in which countries;- Compliance with relevant country level tax regulations fully understood and met	Annually	X	X	0
2. Ethical Behaviour						
a.	Adherence to conflict of interest management procedures	Relevant organisation policies, including recruitment policy which must address circumstances where there may be potential or actual conflict of interest	Annually	X	X	0
b.	Ethical training and staff updates	Copy of training programme; Training logs; Relevant communication to staff	Annually	X	X	0
c.	A workforce whistleblowing	Relevant organisation policy	Annually	X	X	0

	policy	and evidence of continuous staff awareness maintained.				
d.	Staff involved in Authority funded programmes are aware of how to report all suspicions or allegations of aid diversion, fraud, money laundering or counter terrorism to the Authority.	Relevant organization policy and evidence of regular communication to staff.	Annually	X	X	0
e.	Declaration of direct or delivery chain staff members proposed to work on Authority funded programmes if employed by the Crown in the preceding two years.	Proof of compliance with the HMG approval requirements under the business appointments rules.	Annually (and when a new member of staff who this applies to joins the project team)	X	X	0
3. Transparency and Delivery Chain Management						
a.	IATI compliance for Suppliers and delivery chain partners	Proof of compliance with IATI	Annually	X	0	0
b.	Provision of up-to-date and accurate records of all downstream supply partners provided within the required frequencies, including annual contractual spend on MSME's, women owned businesses and apprenticeships in place	Record of all downstream supply partners	Annually	X	0	0
c.	Policies and practices for the management of delivery chain partners and affiliates aligned to the Supplier Code of Conduct	Verification that policies and practices for the management and governance of delivery chain supply partners is in place	Annually	X	0	0
d.	Tax evasion, bribery, corruption and fraud compliance	Statement of assurance that there has been no change to previous statements	Annually	X	X	0
e.	HMG prompt payment policy adhered to by all delivery chain partners	Confirmation of adherence to HMG prompt payment policy	Annually	X	0	0
4. Environmental Issues						
a.	Processes in place to identify environmental risks (e.g. by maintaining a risk register) ensuring legislative requirements are met and context specific environmental issues addressed	Documentation demonstrating how environmental risks are identified (e.g. risk register) with formal context specific environmental safeguarding policies in place	Annually	X	0	0
b.	Annual environmental performance reports	Published reports	Annually	X	0	0
5. Terrorism and Security						
a.	Reporting of terrorist offences or offences linked to terrorist activities or financing	Status declaration	Annually	X	X	0
b.	Confirmation that no engaged employees or deliver chain personnel appears on the Home Office Prescribed Terrorist Organization List.	Appropriate certification or documentation	Annually	X	X	0
c.	Data is managed in accordance	Appropriate certification or	Annually	X	X	0

	with the Authority’s security policy and all systems are in accordance with the HMG cyber essentials scheme	documentation				
d.	Adherence to best practice global principles for digital development	Appropriate certification or documentation	Annually	X	0	0
6. Safeguarding, Social Responsibility and Human Rights						
a.	Compliance with key legislation on international principles on labour and ethical employment	Confirmation of UN Global Compact Membership; Internal documentation demonstrating best practice and compliance	Annually	X	X	0
b.	Measures in place and cascaded to assure the prevention of actual, attempted or threatened sexual exploitation or abuse or other forms of inequality or discrimination by Relevant Individuals. Robust procedures for the reporting of suspected misconduct, illegal acts or failures to investigate in place.	Proof of application and embedding of a safeguarding policy	Annually	X	X	X
c.	Membership of the International Labour Organisation or Ethical Trading Initiative	Membership Number	Annually	X	0	0
d.	Principles cascaded to employees and sub-contractors via an internal policy or written outline of good practice service deliver approaches to Human Rights and Safeguarding reflecting UN Global Compact Principles 1 & 2	Internal policies or communication demonstrating communication to staff and delivery chain partners showing appropriate level of commitment to the UN Compact Report on number and details of organization safeguarding allegations reported.	Annually	X	0	0

Signed on behalf of the supplier	
Full Name	
Position held on behalf of Supplier	
Date	

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