

CONTRACT FOR SUPPLIER SERVICES

Section 1 - FORM OF CONTRACT

CONTRACT FOR                      **Nepal Climate Change Support Programme-2 (NCCSP-2) under the IMDP Framework Lot 1**  
PURCHASE ORDER NUMBER :              **TBC**

THIS CONTRACT is made

**BETWEEN**                      :The Secretary of State for Foreign, Commonwealth and Development Affairs at the Foreign Commonwealth and Development Office, [King Charles Street, London ("**FCDO**")];

**AND**                                :Pegasys Europe Limited ("**Supplier**") [whose principal place of business, or, where the Supplier is a company, whose registered office is situated at Tower Bridge House, St Katharine's Way, London, E1W 1DD

(and FCDO and the Supplier together shall be the "**Parties**").

WHEREAS:

- A.**        FCDO requires the Supplier to provide the Services to FCDO (the "Recipient"); and
- B.**        the Supplier has agreed to provide the Services on the terms and conditions set out in this Contract.

IT IS HEREBY AGREED as follows:

1.        **Documents**

This Contract shall be comprised of the following documents:

Section 1	Form of Contract
Section 2	Standard Terms and Conditions as signed April 2023 Contract Number PO 8373/ ECM 4058 IMDP Framework Lot 1 (not included in this document)
Section 3	Terms of Reference
Section 4	Special Conditions/supplier tender response
Section 5	Schedule of Prices

2.        **Contract Signature**

If the original Form of Contract is not returned to the FCDO Contract Officer (as identified in Section 4) duly completed (including the applicable Purchase Order Number at the top of Section 1), and 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 Contract void.

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

3.        **Commencement Date and End Date of Initial Period**

September 2020



Foreign, Commonwealth  
& Development Office



The Services shall commence on 1<sup>st</sup> July 2023 and the end date of the Initial Period shall be January 2025.

4. Financial Limit

Payments under this Contract shall not, in any circumstances, exceed £ 1,199,989 exclusive of any government tax, if applicable.

5. Programme Name

The Programme Name to which this Contract relates is **Nepal Climate Change Support Programme-2 (NCCSP-2)**

6. Time of the Essence

Time shall be of the essence as regards the performance by the Supplier of its obligations under this Contract.

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

Name: [Redacted]  
Position: Commercial Lead  
Signature:  
Date: 27/06/2023

Signed by an authorised signatory  
for and on behalf of the Supplier

Name: [Redacted]  
Position:  
Signature:  
Date:

**TERMS OF REFERENCE**  
**Technical Assistance to the Nepal Climate Change Support**  
**Programme**  
**NCCSP2**

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**A. Introduction**

1. FCDO is seeking the services of a Supplier to deliver Technical Assistance (TA) and Financial Management Assistance (FMA) to the Government of Nepal (GoN). The Supplier will help the government to implement the second phase of Nepal Climate Change Support Programme (NCCSP2).

The Supplier contract will run for 19 months (expected July 2023 – January 2025), with a budget of up to £1.2 million (exclusive of any applicable UK VAT and inclusive of any local taxes). There is provision to extend by up to 2 months. The support is designed to cover Nepali financial years 2023/24 – 2024/25 (the Nepali financial year runs from July to June).

Indicative breakdown:

UK Financial year (April – March)	Amount in £
2023/2024	0.5m
2024/2025	0.7m

2. The delivery timeline for the TA Supplier will be as follows:

- July 2023: contract mobilisation
- August 2023: Inception
- September 2023–December 2024: Implementation
- January 2025: close down period.

There will be an overlap and handover with the existing NCCSP Supplier from to the end of October.

3. NCCSP2 is the GoN’s flagship programme to support adaptation planning and implementation at the local level. The programme works with communities to design, implement and mainstream Local Adaptation Plans of Action (LAPAs) into annual Local Development Plans.
4. LAPAs are designed in line with existing local government planning systems and institutional mechanisms. NCCSP2 finances the LAPA mainstreaming and planning process as well as implementation and monitoring of the adaptation activities to build resilience. These include for example irrigation systems, improved seeds, rainwater harvesting, and flood defences. More than 140 LAPAs have been implemented since the programme started in 2011 and over 300,000 people have benefitted from the programme since its inception and implementation.

**NCCSP phase 1**

- 5. Phase 1 of NCCSP was delivered by the GoN with financial assistance from the UK and EU. Government implementation was supported by TA provided by the United Nations Development Programme (UNDP). Programme funding was channelled through local bodies in 14 districts in western Nepal.
- 6. Phase 1 started work in 2011 and closed in July 2017. Total expenditure for phase 1 was ~£17 million. This includes approximately ~£3.8 million on TA.

**Design of NCCSP phase 2**

- 7. FCDO has been designing and implementing NCCSP2 in collaboration with the GoN.
- 8. NCCSP2 will run for 8 Nepali financial years (2017/18 to 2024/25) and with a total budget of £23 million, provided by the UK for both TA and FA. The first year of NCCSP phase 2 was covered by UNDP TA. Out of the £23 million budget the FA was not fully spent due to COVID-19, thus the FCDO intends to extend the Supplier until January 2025 to further support the GoN in continuing the FA implementation and mainstreaming of LAPAs.
- 9. The programme will follow a different approach following an internal FCDO review in the second phase of the NCCSP, working the local governments in the Karnali Province.
- 10. The number of spending units under this contract will be a total of 35 local government (LGs) units (Gaunpalikas and Nagarpalikas) making a total of 52 LGs for the whole programme, with a focus in the Karnali Province. We estimate that the total number of people who live in an area covered by an NCCSP LAPA will increase from ~600,000 in phase 1 to ~900,000 in phase 2.
- 11. The extension of the NCCSP2 will support the poorest and most vulnerable people through investments in community-based adaptation and nature-based solutions. To deliver this the Supplier, in the extension of the NCCSP2 programme, will support local governments in mainstreaming climate change in local development plans and implementing the adaptation actions across local infrastructures, agriculture, water resource management, flood and landslide protection based on the vulnerabilities and LAPAs.
- 12. NCCSP2 will continue to build the capacity of GoN to design and deliver LAPAs and to integrate these into local development plans and budgets. There have been challenges in the slow scale up of LAPAs and FCDO will be doing an internal review to inform how LAPAs will be integrated into the local development plans. In the extension of the NCCSP2, the programme will have a stronger focus on national coordination, quality control of LAPA activities and improving climate finance management across public finances given the NCCSP is also piloting sub-national financial aid co-financed with

the local governments. Experience of the NCCSP2 programmes has shown that a stronger auditing process needs to be established with the local governments in coordination with the FCGO and the OAG office in coordination with PLGSP. The programme will look at how LAPAs implemented by organisations other than NCCSP can be brought into the local (and national) planning and budget processes and try to make a shift from a projectized approach to mainstreaming climate change into local development plans.

13.NCCSP2’s continuation will:

- Support the poorest and most vulnerable communities and local enterprises in western Nepal to become more resilient to the impacts of climate change;
- Use participatory, evidence-based processes to identify long-term adaptation priorities and integrate these into GoN planning and policy;
- Build the capacity of GoN to finance, design, mainstream and deliver adaptation interventions, including within local development plans;
- Improve coordination of community-based adaptation and nature-based solution interventions and generate evidence that can improve the quality of future adaptation planning.
- Test, learn and adapt approach to local adaptation planning to ensure scale up by GoN and longer -term sustainability.

**Time and Cost Extension of NCCSP phase 2**

14. Implementation of the NCCSP until October 2023 will be done by the current Supplier prior to the handover for the work to start in July 2023.
- 15.The Supplier team shall take over responsibility for management of NCCSP2 from the current Supplier during the overlap a period (July-October 2023). Full implementation under this contract will start in September 2023.

**B. Objective**

- 16.The objectives of the Supplier for NCCSP2 are to:
- Help the GoN and the Ministry of Forests and Environment (MoFE) to deliver the NCCSP2 effectively, efficiently, and economically through provision of technical and financial management expertise.
  - Reduce the fiduciary risk associated with the programme, (i) by providing oversight over the GoN’s financial management and reporting and (ii) through measures to strengthen public financial management systems and (iii) ensuring that all the necessary documentation is valid

and correct before releasing the payment by FCDO.

- Strengthen the capacity of GoN (both federal, provincial and local governments) to plan, design, mainstream and implement climate change adaptation programming today and in the future.
- Share learning from NCCSP2 with others, (for e.g. but not limited to GCF programmes, other bilateral development partners adaptation programs) including with other FCDO programmes ( e.g. LISP- Local Infrastructure Support Programme)) in 2024, and lead the coordination of partners working on community-based adaptation and adopting nature-based solutions in Nepal.

- 17.The Supplier will deliver these objectives with a team embedded within federal government (the MoFE), provincial and local governments.
- 18.FCDO is looking for a Supplier with the flexibility to adapt to changing circumstances and with the capability to manage change.
- 19.The Supplier will provide corporate, technical, and financial management assistance expertise:
- To support programme delivery and financial management, the Supplier will bring expertise in programme management, finance, procurement, and digital technology.
  - To enhance the effectiveness of the programme the Supplier will bring specialist technical expertise in local climate change adaptation and mainstreaming, engineering, public financial management, gender, and social inclusion and leave no one behind. The Supplier will also have a renewed focus on evidence and learning to support new ways of working in FCDO and also new approach to sustainability of LAPAs.

**C. The Recipient**

- 20.The main recipient of Supplier support will be the GoN. The Supplier will provide services to support the programme delivery by the federal government (MoFE) and the provincial and local governments in the Karnali Province of Nepal. The Supplier will periodically present progress of activities to a Project Steering Committee (PSC) comprising GoN, FCDO and other stakeholders.

**D. Scope of work**

**Roles and responsibilities of the Supplier team**



- 21. The Supplier team will be responsible for delivering output targets against a Supplier workplan. The Supplier team will develop a costed workplan for the implementation phase (includes FA) during the inception phase. This will be regularly reviewed as the programme adapts to changing circumstances. The workplan will contain progress indicators and targets for the Supplier team under each of the Supplier objectives.
- 22. The Supplier will develop a workplan setting out a series of outputs and targets. This will be agreed with FCDO (and GoN) and will be reviewed based on the Annual Reviews.

**Role of the GoN and relationship to Supplier**

- 23. GoN will have overall responsibility for the delivery of the extended NCCSP2 results (i.e. investments in adaptation planning, mainstreaming, implementation and monitoring) and scaling up public finance to support adaptation actions. The NCCSP2 extended programme will have 19 months detailed annual workplan. FCDO will make reimbursements in the form of Financial Aid to the GoN each quarter following implementation of programme activities in the workplan, and with Supplier recommendation.
- 24. The Supplier will be responsible to support the government for the delivery of the NCCSP 2 workplan activities, and will take an active role in programme management, financial assistance, and delivery. Supplier staff, embedded in both federal and local government bodies, will work closely with the GoN to ensure that the programme delivers the NCCSP2 workplan.
- 25. The GoN will have overall responsibility for financial management and reporting of the Financial Aid. Supplier staff will support the federal, provincial and local governments to handle programme funds. However, the Supplier team will also provide assurance to FCDO that funds are being well managed and ensure that financial reports are accurate through auditing processes. The Supplier team will help the GoN to continuously improve financial management and reporting practices and will also coordinate with the FCGO and OAG offices.
- 26. FCDO will commission a Fiduciary Risk Assessment (FRA) of NCCSP2 on an annual basis (thorough the FCDO’s Public Financial Management programme). The FRA will be an important source of information for the TA /FMA Supplier.

**Roles and responsibilities of other partners**

- 27. During the extension year of the NCCSP2 the Supplier will continue to work in the same mechanism as in the NCCSP2 and will deliver the following outputs:

- Strengthen management, coordination. and governance mechanisms. For example, they will continue to work with the programme steering committee and project management committee and build on mechanisms for collaboration with other LAPA programmes in Nepal;
  - Continue to strengthen and work under the existing funds flow mechanism and financial reporting systems for local bodies;
  - Revisit a log frame and M&E system for the extension period and work with RMEL/PMEL for sharing lessons learnt
  - Build on NCCSP2 policies, guideline and frameworks such as the vulnerability targeting rules;
  - Produce a final Programme Document to summarise all of the above.
28. They will also run a LAPA process to ensure that each NCCSP2 Gaunpalika /Nagarpalika has local adaptation programmes in place to support the local governments to also mainstream climate change in their annual plans.

29. The FCDO Nepal RMEL (Resilience Monitoring Evaluation and Learning) under the ‘Portfolio Monitoring, Evaluation and Learning’ (RMEL/PMEL) programme will be responsible for monitoring on GESI and LNOB and reporting back of resilience framework. The RMEL/PMEL unit will also have expertise in monitoring systems, which the Supplier team are welcome to draw upon as required. Mechanisms for collaboration with RMEL/PMEL will be agreed during inception.

**Programme governance structure**

30. NCCSP 2 will be headed up by the Programme Director (Joint Secretary and Chief of Climate Change Management Division in MoFE) with day-to-day management responsibility delegated to the Programme Manager (Under Secretary in MoFE).
31. A Project Management Unit (PMU) comprising both government and some Supplier staff will be housed within MoFE. The Supplier team will appoint a Team Leader and Deputy Team Leader to work in close collaboration with the GoN’s Programme Director and Programme Manager.
32. The Supplier will operate at federal, provincial, and local levels. The federal, provincial and local teams will be embedded within government bodies where possible. Office space for personnel embedded within the PMU and local bodies will be provided by the GoN or in rented spaces.
33. We welcome suggestions from Supplier to how best to structure the Supplier team in order to deliver the programme with good value for money. For example, the Supplier may wish to set up regional support teams as a bridge

between local bodies and the PMU. The number of spending units will continue in the extension period to reach 37 local bodies (existing and new) in totality and depending on the remaining numbers for the extension period, this will need to be reflected in programme structure.

**Geographic focus**

- 34. During 2017 the GoN has taken forward a programme of local government restructuring in line with the new constitution. Local elections were held in May and July 2017 and in May 2022. With the no cost extension, the geographic units / spending bodies planned will be based on the VRA (Vulnerability and Risk Assessment) ranking will be continued.
- 35. The extension of Phase 2 will work continue to work with the selected vulnerable local governments. Delivery will continue to be through selected local governments – Gaunpalikas/Nagarpalikas ;
- 36. The programme will continue to support the remaining of the 37 Gaunpalikas/Nagarpalikas, in their local planning process informed by their own LAPA. These are focused in the Karnali Province.
- 37. A LAPA to inform the local plans and will cover an entire Gaunpalika/Nagarpalika (i.e. the spending unit is now coterminous with the LAPA, which is larger in size than a VDC).

**E. Requirements**

- 38. Nepal is an ever-changing context to work in, and as such FCDO is looking for a Supplier that is able to adapt their workplan and resource allocation should circumstance, and contexts change in Nepal. This Terms of Reference sets out requirements for the inception phase and implementation phase of the Supplier contract. The Supplier team may need to be flexible and able to adapt as the structure of government evolves in Nepal.

**Inception phase requirements (one month)**

- 39. The first month of the contract will be an inception phase. Supplier is required to present an outline of the inception phase workplan and budget as part of their tender for this work. During the inception phase the Supplier will revisit the log frame for the Supplier (setting out intended impact, outcomes, and outputs). This should be closely linked to the Supplier workplan.
- 40. FCDO is looking for a Supplier to be mobilised by July 2023, with four

months overlap between Mott MacDonald and Supplier. The Supplier will need to work collaboratively with Mott MacDonald and GoN to manage this transition.

41. The following outputs will be required from the inception phase:

- Supplier log frame, workplan and indicative budget for the following 1.5 year of implementation. This should set out the proposed approach to achieving the Supplier objectives as well as a series of outputs with indicators and milestones.
- Local government capacity building strategy. This shall include the proposed approach to managing local government transition, public financial management (PFM) strengthening, and the wider capacity building strategy.
- NCCSP2 draft costed workplan. The workplan will cover UK financial year 23/24 – 24/25.
- Monitoring strategy and VFM analysis framework. This shall summarise the work of the Supplier will set out how the NCCSP programme will monitor results. This will include how the Management Information System will be improved (or replaced), what data will be collected, and how and when data will be collected. The VFM framework should set out how the Supplier and NCCSP2 more generally will seek to achieve VFM, and how this will be measured.
- Knowledge Management and communications strategy. This should set out what kinds of data / evidence the programme will generate, how it will be used, and what audiences the programme will target and how including lessons to be shared. Collaboration with other partners/initiatives (GCF funded programmes, other multilateral/bilateral programmes, I/NGOs/CSOs supported programmes) will also be key to understand and develop best practices.
- IT / digital strategy. This shall set out details of the hardware and software that will be procured by the programme, as well as how it will be used to support programme delivery.
- Procurement manual. Setting out how the Supplier will undertake any procurements (including for assets such as vehicles).
- Risk management strategy. The Supplier will develop a risk matrix and associated set of risk mitigation strategies. The Supplier will need to demonstrate how they will adapt, for example, to a restructure of GoN institutions.
- Sustainability Plan. Setting out how LAPAs will be scaled up and mainstreamed beyond the end of NCSSP2.

42. These outputs should be brought together in an Inception Report. The Supplier will submit the inception report by end August 2023 and present the inception materials to GoN and FCDO.

**Implementation phase requirements (18 months)**

43. A series of indicative activities under the four Supplier objectives are set out below. This ought to be used as a guide only as FCDO is looking for a Supplier that can innovate and adapt. FCDO welcomes Supplier to make suggestions and proposals as to how the activities under each objective can be designed to maximise impact of the Supplier.

***Objective 1: Help the GoN to deliver the programme effectively, efficiently and economically through provision of technical and financial management expertise***

44. The Supplier team will help to improve the effectiveness of the programme (i.e. ability of the programme to achieve intended outcomes and impacts). To do this it will:

- Improve the use of climate change data and analysis in NCCSP2. The Supplier will bring expertise to federal, provincial and local levels to produce detailed analysis of the impacts of climate change on beneficiaries. The analysis will be used to revisit LAPA interventions in local development plans. The Supplier team will demonstrate strong expertise in climate data, climate impacts, water resource management, agriculture, forestry, and urban/rural resilience.
- Create partnerships with other organisations (including Government bodies, research institutions and development partner programmes) in order to bring together climate change data and analysis of palikas and or ecologies. The data will be used by the PMU centrally and by local teams to inform design of NCCSP investments.
- Strengthen the PMU with technical expertise in programme management. Supplier officers will bring expertise in human resource development, business administration, procurement, IT and PFM (Public Finance Management).
- Support GoN engineers with design and implementation of physical investments (such as irrigation schemes and flood defences) with engineering expertise.
- Support and work with GoN CAOs (Chief Administrative Officers) at the local level to audit expenses and invoices incurred as a part of FA. Work closely with the FCDO 'PIF' Unit (Policy and Institutions Facility) on support to GoN climate change policy and institutional development.

45. With officers from the Supplier team embedded within federal and local governments, the Supplier team will help to improve the efficiency of the programme (i.e., how well the programme inputs are delivering outputs with value for money). To this aim it will:

- Support GoN programme management to ensure that the

programme is on track towards results targets.

- Develop the programme management structure / reporting systems to ensure coordination between the local governments.
- Support the GoN to report physical progress against the log frame to FCDO. Facilitate progress update meetings with FCDO, the FCDO PMEL/RMEL unit and the PIF unit .
- Support the GoN to manage programme governance arrangements. For example, by facilitating Steering Committee meetings and Project Management Unit Meetings.
- Manage NCCSP2 IT hardware and systems. Ensure that members of NCCSP2 staff can use IT systems effectively.
- Assume oversight of M&E, with a view to hand this function to GoN at the end of the programme. The Supplier team will revisit a monitoring strategy in collaboration with the PMEL/RMEL. The Supplier team will manage the Management Information System (MIS) for results collection, have oversight of monitoring activities, analyse results information and coordinate with the PMEL/RMEL on programme evaluation.
- Audit the FA expenses and support the GoN to submit the quarterly FMR (Financial Management Report) to claim the FA expenses. Based on the FMR, also advise/recommend BEK on reimbursement of expenditure.

46. The Supplier team will help the programme to deliver economically, and become more cost-efficient (i.e., ensuring that the programme is buying inputs at the right price and quality). To do this the Supplier team will:

- Generate and analyse data on key cost drivers and unit costs. The data will be used to look at how programme costs compare between different geographies or intervention type, and how costs are changing over time.
- Ensure value for money in the overall spending of the programme
- Report cost information to NCCSP2 management and FCDO. Use data to identify programme reforms that will improve economy.

***Objective 2: Reduce the fiduciary risk associated with the programme***

47. Overall responsibility for Financial Aid lies with the GoN. However, under this objective the Supplier team will provide assurance to FCDO that financial management and reporting practices are sound and improving. The team will:

- Support local governments in the planning and budget process to ensure that NCCSP2 workplans and budgets are realistic and accurate. Support local governments to develop budgets for multi-year investments where appropriate.

- Work with local officials to ensure that local governments financial reports are of appropriate quality and in line with the NCCSP2 Operational Guidelines.
  - Work closely with Federal government staff to consolidate financial reports and communicate financial data to FCDO.
  - Analyse financial information to inform strategic decision making of NCCSP2 governance bodies.
  - Ensure that the NCCSP2 Operational Guidelines are being followed by local officials, and support officials to correctly follow guidelines.
48. The Supplier team will implement measures to strengthen public financial management (PFM) systems used by NCCSP2. This will include:
- Building the capacity of GoN finance, procurement, and internal audit staff at local and federal levels.
  - Helping the GoN to implement the NCCSP Financial Management Improvement Plan (FMIP). The FMIP includes several measures such as reducing the use of cash in the programme. Reviewing and updating this plan continuously during the programme.
  - Continue to develop the Operational Guidelines and provide training for local government staff on responsibilities, rules, and procedures.
  - Support GoN to settle audit and review findings.

***Objective 3: Strengthen the capacity of GoN ( federal, provincial and local government) to implement and mainstream climate change adaptation programming currently and in the future***

49. The programme will aim to continuously develop the capability of GoN.
50. Long term success will mean that the GoN no-longer or limitedly requires Supplier to implement future programmes. Supplier are invited to suggest models under which the burden of responsibility for programme delivery and financial management is increasingly held by GoN staff.
51. Capacity development activities will include:
- Building federal government capacity to manage the risks of climate change (working with MoFE as well as other relevant GoN Ministries such as Ministry of Finance, the National Planning Commission and Line Ministries). These activities will be implemented building on the FCDO's PIF work. Developing capacity at the local level – for example local finance staff, internal audit, and line agencies like FCGO and OAG.
  - Building the skills and confidence of Environment officers (GoN

staff hired to facilitate LAPA implementation).

**Objective 4: Share learning from NCCSP with others and lead the coordination of partners working on climate change adaptation in Nepal.**

52. To enhance the sustainability of the programme, the Supplier teams will have a role in knowledge generation, learning and communications. The Supplier team will:

- Work closely with the FCDO's RMEL under PMEL unit to improve NCCSP monitoring systems (such as the ISMIS) and engage with the RMEL under PMEL on programme evaluation. Develop and take forward the programme monitoring strategy and support piloting of new learning approach in FCDO.
- Developing a knowledge and communications strategy for the programme. This will set out what types of information the programme will generate, how it will be packaged, and identify key audiences.
- Generate knowledge and communications products in line with the strategy. These could include for example research reports or short films.
- Share learning from the programme with other organisations working including PMEL on adaptation and climate change mainstreaming in Nepal including the 3R (Resilience of People, Institutions and Services). For example, NCCSP2 could develop a network of organisations working on local level adaptation developed by the earlier service provider and hold knowledge sharing workshops.

53. NCCSP2 will be seen as the leading climate change mainstreaming and resilience building programme in Nepal and will show leadership in the sector. The Supplier team will:

- Work with GoN to better mainstream climate change in local development plans based on the LAPA framework and or propose better options to integrate and mainstream climate change; share this with the federal, provincial, local governments, development partners, I/NGOs as 'best practice' in locally led adaptation actions.
- Ensure that NCCSP2 has good knowledge of other programmes working on climate change adaptation in Nepal. For example NCCSP could revisit a database of all local governments that have developed, revised and implemented LAPAs. Facilitate knowledge sharing between partners.

**F. Assets**

54. The existing supplier has a list of project assets including six vehicles in good working condition in different project locations that will be passed on to the new supplier during handover period. The Supplier will be responsible for management and maintenance of the transport assets. The Supplier



should develop assets register which will be submitted to FCDO for review on a 6 monthly basis. This includes monitoring and oversight of assets provided to MoFE, provincial government, and local palikas by the project and ensuring that they are used for the best interest of the project. FCDO may also periodically do spot checks on assets within the register.

**Information technology**

- 55. The Supplier will be responsible for procurement, management, and maintenance of the NCCSP2 IT systems.
- 56. NCCSP2 will make use of digital technology. FCDO welcomes Supplier to make innovative suggestions on how technology could be used to improve programme delivery. In NCCSP phase 1, LAPA facilitators and district staff were not provided with IT equipment. For example, in the continuation of phase 2 IT systems could be used to connect field staff with the federal teams via email and intranet. IT hardware could be continued to be used to help collect monitoring data, unit cost information and beneficiary feedback. The Supplier be responsible for IT hardware and the systems that it will use.
- 57. A MIS was developed during NCCSP phase 1 and phase 2 (solstice) to collect results data from field activities. The new Supplier will review the MIS and suggest improvements.
- 58. The Supplier will have overall responsibility for the operation of the MIS system and analysis of the results data that it generates. As part of the capacity building objective, the Supplier shall seek to enhance the capacity of government staff to operate and manage the MIS. The MIS will be handed over by the current TA Mott MacDonald to the new Supplier and GoN and eventually it will be handed over to the FCDO at the end of the programme.
- 59. Expenditure budgeted under information services, websites, transactional services, web applications (e.g., maps), mobile apps, and extranets falls under the category of FCDO's Digital Spending Policy. Expenditure on such item(s) will require prior approval from the FCDO SRO. The Supplier should seek clearance of the list of items under IT with the SRO prior to commencing procurement.

**G. Constraints and dependencies**

- 60. Supplier should take note of the following potential constraints to implementation of the contract and develop risk mitigation strategies:
  - Political uncertainty is pervasive in Nepal and instability may slow down the pace of implementation;
  - The structure of local government is now fully in place, but

capacity gaps in terms of technical and financial management aspects still exists;

- The Ministry of Forests and Environment (MoFE) will be the line ministry for the continuation of the NCCSP2, but the ministry lacks local level connections and will thus need to rely on the local level leaderships and Chief Administration Officers of the selected palikas for the implementation of the continuation of the NCCSP2.

61. Supplier should note the following requirements for collaboration with other Suppliers:

- During the inception phase the Supplier will need to work closely with the current NCCSP (1) Supplier to understand how programme design has evolved across the implementation years, and to take over management responsibility.
- The Supplier shall work closely with the PMEL/RMEL unit and or any other entity that might be supporting the government on the post COP26 commitments during the inception phase, drawing on any political economy analysis that the PIF (which ends in December 2023) and NCCSP2 has produced. The Supplier will develop ways of working with the PIF during the main phase as applicable and or any new entity/Supplier that might be supporting the government on post COP26 commitments work.
- The Supplier shall closely liaise with the RMEL under PMEL unit during the inception phase when developing the monitoring, and knowledge and communications strategies. The Supplier shall develop ways of working with the RMEL under PMEL during implementation, including on the NCCSP2 impact evaluation.
- The Supplier will work closely with new FCDO potential new pipeline programmes including future sustainable growth programmes, LISP (Local Infrastructure Service Programme), regional programmes like CARA (Climate Adaptation for a Resilient Asia) and other UK CMPs (Centrally managed Programmes) including that funded by other development partners and donors to ensure no duplication.
- The Supplier should make good use of the outputs developed by the earlier Supplier for the NCCSP2 to shape the activities in the inception phase and implementation phase.

**H. Reporting**

62. The continued NCCSP2 will have two logical frameworks. One will set out the planned impact, outcomes, and outputs of the NCCSP2 programme. The second will set out the planned impact, outcomes, and outputs of the Climate Smart Development (CSD) portfolio.

**Routine NCCSP programme reporting (NCCSP2 log frame)**

- 63. The NCCSP2 PMU will produce physical and financial progress reports on a quarterly and annual basis, and project completion report (PCR) in line with the Nepali fiscal year. The reporting will trigger FCDO's releases of Financial Aid to the GoN. Financial data and (output level) results data will be generated by GoN field staff and local finance officers and collated centrally with support from the Supplier.
- 64. The formats (and process) for physical and financial reports used by the new Supplier will be that designed and developed RMEL/PMEL for NCCSP2.
- 65. The Supplier will be responsible for ensuring quality of physical and financial reporting to FCDO. The Supplier will help to improve quality of data and reporting over time through capacity building support.
- 66. The Supplier team will be an intelligent customer of NCCSP2 progress reports, analysing and assessing performance during implementation. The Supplier team will assess whether performance is on track, fiduciary risks are minimized, share learn lessons, and make suggestions as to how the programme can adapt.
- 67. The Supplier will facilitate a meeting with FCDO at the end of each quarter and financial year in order to review and discuss the physical and financial progress reports. FCDO will make Financial Aid disbursements to the programme based on these reports.
- 68. As part of the Risk Management Strategy, the Supplier team will develop a programme risk register and monitor programme risks. The Supplier team will present the risk analysis to FCDO each quarter and/or on a need basis.
- 69. The Supplier will have an active role in reporting programme performance to the NCCSP2 governance structures earlier created Supplier. It is envisioned that the PMU will provide an update of programme performance (physical and financial) to a programme Board on a quarterly basis, and to a wider Steering Committee on an annual basis.

**I. Payment and Performance**

- 70. FCDO is seeking to align financial aid payments with the Nepali financial year, which has four quarters and runs from July – June.
- 71. Payments from FCDO to the Supplier will be made in arrears with expenses paid monthly based on actuals and 90% of fees (personnel/staff pay) paid on a quarterly milestone basis and linked to activity against the workplan and logframe. In this case, the supplier will follow UK financial year (April to March).

The remaining ten percent of the fees will be linked to Key Performance Indicators. 10% of fees invoiced quarterly will be retained by FCDO to be paid on a 6 monthly basis linked to achievement of Key Performance Indicators (KPIs). Every quarterly payment cycle, FCDO will retain 10% of fees invoiced. KPI assessment and scoring will be undertaken on a six-monthly basis by FCDO. In order to allow time to assess, measure and score the quarterly achievements against KPI's the 6-month review will not take in to account the immediate ending quarter, but the previous two.

- 72. Milestone payments will be linked to delivery of pre-agreed activities in the workplan. FCDO will agree that outputs have been produced to sufficient quality standards and on time.
- 73. Inception milestones will be defined by the Supplier during their bid (see section above on 'Inception Phase Requirements') and indicative high-level milestones for implementation will be proposed. During Inception and throughout the contract, milestones will be refined, agreed and approved by FCDO. The workplan and payment profile will be reviewed and agreed annually.
- 74. If it becomes necessary FCDO will review the payment model should there be better ways to maximise VfM.

**Key performance indicators**

**Indicative high-level KPIs and weightings – targets will be fully refined during Inception**

- Number of people (e.g. 100,000 people each year) whose resilience has been improved (note: this can be measured at impact level) (15)
- Volume of public finance mobilized for climate change purposes (e.g. £300,000) (10)
- Core team retention (Team Leader, Public Financial Management expert, Programme Manager) (e.g. 8 months minimum in role) (10)
- Team performance (e.g. on time and satisfactory delivery of tasks, meeting and delivering tasks as planned e.g. co-ordination with government, timely and proactive communication and dissemination)
  - TL performance (10)
  - Team performance (10)

- Statement of work (work plan, forecast) e.g. provided on time, with adequate detail and accuracy (10)
- Invoice (quality, time) (10)

Reporting (quality and timely): FMR include review and recommendations after 15 days of each quarter, Quarterly reporting, Annual reporting (15)

- Relationship management (cross Local Governments, Provincial Government and Federal Government, and other CSD partners) (10)

75. The scoring methodology for assessing the KPIs will be as follows:

Indicator score	Description
6	<b>Excellent Performance</b> - Proactive supplier with outstanding delivery, innovation and execution, meeting or exceeding responsibilities and requirements with no improvements needed.
5	<b>Good performance</b> - Proactive supplier delivering efficiently and effectively meeting responsibilities and requirements with little improvement needed.
4	<b>Satisfactory</b> - Supplier delivering efficiently and effectively. Very few improvements needed.
3	<b>Less than Satisfactory</b> - Some responsibilities and requirements are delivered efficiently and effectively. Some improvement needed.
2	<b>Underperformance</b> - Some responsibilities and requirements met but significant improvements needed.
1	<b>Serious under performance</b> - Not meeting responsibilities or requirements. Immediate and major changes needed.

76. Each KPI score will be multiplied by the KPI weighting and the resulting summed total across all KPIs will determine the level of payment as follows:

- 500 or above (out of 600) - 100% of the retained fees will be paid
- 400 to 499 (out of 600) - 80% of the retained fees will be paid
- 300 to 399 (out of 600) - 60% of the retained fees will be paid
- 200 to 299 (out of 600) - 40% of the retained fees will be paid
- 100 to 199 (out of 600) - 20% of the retained fees will be paid
- 0 to 99 (out of 600) - 0% of the retained fees will be paid

- 77. During the inception phase and throughout the contract duration FCDO may work with the Supplier to review revise and develop and agree the KPIs to ensure focus on outcomes. KPI performance will be reported to FCDO on a quarterly basis in line with requests for milestone payments.
- 78. KPI performance may also be included in the FCDO Annual Review, and Project Completion Report (all of which are public documents).

**J. Scale Up/Down**

- 79. In order to reflect lessons learned, changes in circumstances within the local and political context, or policies and objectives relating to or affecting the programme, the Supplier must have the ability to adapt to such changes that occur during the life of the programme and that require the work to be scaled up or scaled down in terms of geographic reach, budget or timeframe.

**K. Independent assessment of NCCSP programme performance (overall log frame and Supplier’s log frame)**

- 80. FCDO will conduct an Annual Review of the NCCSP2 in October each year. The Annual Review will monitor performance of the programme against the output and outcome targets set out in the NCCSP2 logical framework. The Annual Review will include an assessment of the performance of the Supplier against KPIs and progress in the delivery of outputs. The Supplier will be required to work closely with FCDO and its PMEL/RMEL unit to prepare the data for the FCDO Annual Review.
- 81. FCDO will commission a Project Completion Review at the end of programme implementation. The review will look at the extent to which the programme is being effective, efficient, economic, and equitable. It will assess performance of the Supplier against the agreed workplan and performance indicators.

**L. Skills and Expertise Required**

- 82. The Supplier is afforded flexibility in the structure and composition of the team it assembles. However, it is expected to have a core team including a team leader, deputy team lead/programme coordinator, field coordinator and public finance management expert. The team may mix international and national experts, with the understanding that national expertise will be highly valued.

The Supplier will put together a team with a range of skills. Programme management, programme delivery, and technical skills are all essential.

- 83. The programme will need to be flexible and able to adapt to changing

circumstances in Nepal. As such the Supplier will need to demonstrate strong expertise and experience in adaptive programme management.

84. FCDO is looking for a core team to work on continued NCCSP2 full time. We envision that many of the staff will be local/national to ensure capacity building.
85. The core team will be led by the Supplier Team Leader, who must have expertise in management of programmes of a similar size, complexity and context.
86. The core and locally based teams will be embedded within GoN structures. The Supplier must demonstrate expertise in managing complex development programmes and working with the GoN or similar country governments. The team must demonstrate experience of building capacity of government partners.
87. In terms of corporate skills, the Supplier team shall demonstrate skills / experience in:
- Programme management. The team shall have expertise in managing and delivering complex development programmes of similar size. The team shall demonstrate expertise in business administration and procurement – with detailed knowledge of GoN procurement systems.
  - Capacity building. It is essential that the team demonstrate experience working with GoN or similar contexts and demonstrate how they have successfully built capacity in Nepal or other similar contexts.
  - Financial management and reporting. The team shall demonstrate experience in managing the finances (or supporting financial aid management) of large development programmes. At least one member of the team should have a relevant accountancy qualification.
  - Information / digital technology – knowledge of hardware, ability to manage IT systems and provide IT support to users (or ability to draw in this expertise).
  - Monitoring and evaluation of development programmes. Quantitative and qualitative data analysis skills are desirable.
  - Knowledge management and learning. The team will be able to intelligently analyse the MIS and other performance data, generating learning about programme performance.
  - Communications – experience developing and implementing communications strategies. Technical expertise such as graphic design is desirable.
88. In terms of technical skills, the TA team will need to have expertise in:



- Climate change and climate vulnerability. This should include knowledge of Nepal’s climate data / models; climate change economics; natural resource management (especially water); forestry, agriculture, and resilient urban planning.
- Public financial management – The FA team must have detailed knowledge of Nepal’s PFM systems;
- Engineering. The TA team shall be able to provide expert engineering advice to local bodies during the design, implementation, and monitoring of infrastructure/renewable energy investments.
- Support to policy development. The team will have knowledge of Nepal’s climate change policy and institutional framework, and how this compares to international best practice. Experience working on policy and institutional development is desirable.
- Political economy analysis. The team shall be able to analyse the political context in order to continuously inform programme delivery.
- Gender and social inclusion. Particularly in the context of Nepal or other relevant contexts, and in relation to climate change and natural disasters.
- Knowledge Management and Communications: The team should be able to document and communicate the work of the NCCSP2

**M. Exit & Closure Requirements**

89. The Supplier will ensure a responsible exit leading up to the withdrawal of FCDO funding at the end of the programme.
90. An Exit plan will be developed and agreed in line with the Framework Standard Terms and Conditions. The Exit plan and implementation will be reviewed regularly with FCDO.

**N. Other Requirements**

**UK Aid Branding**

91. The Supplier will follow the [UK Aid branding guidance](#) throughout the programme. Any deviations or exceptions to this guidance will need to be discussed with the FCDO on a case-by-case basis.
92. Transparency, value for money, and results are top priorities for the UK Government. FCDO has a duty to show UK taxpayers where their money is being spent, its impact, and the results achieved. FCDO has guidance on the use of its logos, which will be shared with the Supplier as necessary.

**Transparency**



93. FCDO has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. FCDO requires Supplier receiving and managing funds to release open data on how this money is spent in a common, standard, re-usable format and to require this level of information from immediate sub-contractors, sub-agencies and partners. 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 to FCDO. Further information is available from: <http://www.aidtransparency.net/>

**Value for Money**

94. Value for Money (VFM) in FCDO is about maximising the impact of every pound spent to improve poor peoples’ lives. This means more than just the benefits of our work outweighing the costs. It means that in everything we do we try to maximise impact given the financial, political and human resources we have available.
95. At the programme level, this requires us to think about whether we are getting the most value out of our activities with the best use of resources. This influences how we procure our inputs (economy), how we use inputs to deliver activities (efficiency) and, most importantly, what overall value we are generating for the intended beneficiaries and at what cost (cost effectiveness). We will continuously challenge ourselves to see if we can do the same for less, if we can deliver activities in more efficient ways that drive better value and if these are the best activities to achieve the right benefits, for the right people in the right ways.
96. Therefore, we expect Supplier to outline a VfM analysis framework. The framework shall set out how they will demonstrate VFM of the bid and how VFM will be evidenced and analysed during programme implementation. The framework will make references to key indicators for VfM analysis over the life of the programme, the programme results, and potential measurement approaches. This information will provide reassurance that VFM will be central to programme and commercial considerations. Final agreement on the VFM approach and framework will be agreed during the inception phase.

**Procurement of Goods and Equipment**

97. Where procurement is undertaken as part of programme activities, this must be done using robust systems which ensure best value for money for the programme. The Supplier must ensure that programme assets are accurately tracked, reach their intended beneficiary, and are used for their intended purpose.

98. Any procurement undertaken for this project by the Supplier will be done in accordance with international best practice. The Supplier shall provide a Procurement Manual (setting out the way in which they will undertake procurement) for agreement with FCDO during the inception phase. On the basis of the agreed Manual, FCDO will carry out procurement audits and financial audits of any goods and services procured by the Supplier.

**FCDO co-ordination**

99. The central point of contact during programme implementation will be the Senior Responsible Officer (SRO) for the 'Climate Smart Development for Nepal' programme in FCDO Nepal. The Supplier needs to coordinate and communicate with Program Responsible Officer (PRO) and Programme Manager on regular basis to manage programme. Financial and progress reports shall be submitted to the Climate and Resilience Senior Programme Manager in FCDO Nepal.

**Security and Duty of Care**

100. FCDO will not take responsibility of personal security of Supplier. They have to be responsible by themselves.
101. Regarding information security, Supplier is responsible for not sharing sensitive information with any parties other than FCDO.
102. The Supplier is responsible for the safety and well-being of their personnel and third parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.
103. FCDO will share available information with the Supplier on security status and developments in country where appropriate. A security briefing by FCDO is available to all Supplier personnel on request. All such personnel must register with their respective Embassies to ensure that they are included in emergency procedures.
104. This programme will require the Supplier to operate in a seismically active zone which is at high risk of earthquakes. Following the earthquakes in April and May 2015 a number of aftershocks have been felt and continue to occur including that occurred in November 2022 in the far west region. Earthquakes are impossible to predict and can result in major devastation and loss of life.
105. There are several websites focusing on earthquakes, including <http://geology.about.com/library/bl/maps/blworldindex.htm> and [GDACS - Global Disaster Alert and Coordination System](#) the Supplier(s) should be comfortable working in such an environment and should be capable of

deploying to any areas required within the region in order to deliver the contract (subject to travel clearance being granted).

106. Supplier must develop their proposals on the basis of being fully responsible for Duty of Care in line with the details provided above. They must confirm in their Tender that:
- they fully accept responsibility for Security and Duty of Care.
  - they understand the potential risks and have the knowledge and experience to develop an effective risk plan; and
  - they have the capability to manage their Duty of Care responsibilities throughout the life of the contract.
107. The subjective assessment of Duty of Care is placed at Annex 1 to this Terms of Reference. Please note that this risk assessment will be re-examined at the point of transition between the design phase and the implementation phase. If at any stage, there are concerns that the Supplier cannot manage Duty of Care then they may be precluded from operating in that region. The ability of the Supplier to manage Duty of Care shall remain a pre-condition of the contract.

**Safeguarding**

108. FCDO safeguard the interests of all our stakeholders, ensuring we comply with the humanitarian imperative to “do no harm” through our actions in all our work. FCDO launched a new HMG strategy for safeguarding against SEAH in September 2020 [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/916516/Safeguarding-Strategy-10092020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/916516/Safeguarding-Strategy-10092020.pdf)). The strategy challenges us to ensure that we take all reasonable steps to prevent harm, particularly SEAH, from occurring; and listen and respond sensitively but robustly when harm or allegations of harm occur. FCDO has zero tolerance of sexual exploitation and abuse. We consider this to constitute gross misconduct, and therefore grounds for termination of employment. The supplier should never abuse the trust and power placed in you to benefit yourself or others, including your family. The Supplier/Partner should report at [reportingconcerns@fcdo.gov.uk](mailto:reportingconcerns@fcdo.gov.uk) any allegation credible enough to warrant an investigation of SEAH.

**Delivery Chain Mapping**

109. The Supplier shall provide and maintain an up to date and accurate record of named downstream delivery partners in receipt of FCDO funds and/or FCDO funded inventory or assets. This record must demonstrate how funds/Assets flow from the initial source to end beneficiaries. This record needs to be updated regularly by the Supplier and when there are material changes to the delivery chain. Delivery Chain Mapping should be included as a standing agenda item in the regularly scheduled

(quarterly) progress meetings, for discussion and review.

**O. General Data Protection Regulations (GDPR)**

110. Supplier to ensure meeting FCDO’s legal requirements under the GDPR legislation [GDPR Commercial Guidance Note](#). Please refer to the details of the GDPR relationship status and personal data (where applicable) for this project as detailed in Appendix 1 and the standard clause 33 in section 2 of the IMDP Framework Agreement.

**Digital Spending Policy**

111. Any expenditure on digital services will fall under FCDO’s Digital Spending Policy. Expenditure on such item(s) will need to be approved by the FCDO SRO through FCDO’s internal systems.
112. Digital in FCDO is defined as any external-facing service provided through the internet or mobile to citizens, businesses, civil society or non-government organisations. It can range from text messaging to enable mobile cash transfers, satellite mapping to identify the spread of deforestation or disease, databases of beneficiaries and their feedback, knowledge portals to share programme research, web applications and mobile applications (apps). It does not apply to internal-facing digital tools between FCDO and the Supplier within the Supplier organisations/consortium.

**P. Key documents**

113. The following key documents can be made available on request:
1. Independent Review of NCCSP (phase 1)
  2. Annual Reviews of NCCSP2
  3. Draft programme document for NCCSP phase 2

Background Information can be found at - [DevTracker Programme GB-1-204984 Documents \(fcdo.gov.uk\)](#)

Annex 1 – Duty of Care

FCDO/British Embassy Kathmandu (FCDO/BEK) Overall Project/  
Intervention Summary Risk Assessment Matrix

Project / intervention Title: **FCDO**  
Location: **NEPAL**  
Date of assessment: **February 2023**  
Assessing official: **PSM RS**  
Signed Off by: **Deputy Head of Mission/PSO**

*Note that this risk assessment will be re-examined at the point of transition between the design phase and the implementation phase*

Theme	FCDO/FCD O- N Risk score	Comments if any
OVERALL RATING 10 <a href="#">[1]</a>	3	
FCDO travel advice	N/A	<a href="#">Travel Advice</a>  Latest updated 21 <sup>st</sup> January 2023
Host nation travel advice	N/A	<a href="http://nepal.gov.np:8080/NationalPortal/view-page?id=113">http://nepal.gov.np:8080/NationalPortal/view-page?id=113</a>
Transportation by:  1. Air	4	Transport by air and road both carry substantial risks in Nepal, particularly during the monsoon period. All air carriers from Nepal have been refused permission to operate air services to the EU due to safety concerns. See <a href="#">Air travel</a> .
Transportation by:  2. Road	4	Car and motorbike accidents are one of the biggest causes of injury and death overseas. If possible, avoid travelling at night. Always travel in a well-maintained vehicle with seatbelts. See <a href="#">Road travel</a>
Security	2-3	Depending on the area you are travelling to. See <a href="#">Safety and Security</a>
Civil unrest	2-3	Depending on the area you are travelling to.
Violence/crime	2	There's a low rate of serious crime in Nepal. However, you should take sensible precautions. See <a href="#">Safety and Security</a>
Terrorism	2	Terrorists are likely to try to carry out attacks in Nepal. See <a href="#">Terrorism</a>

War	1	
Hurricane	1	
Earthquake	4	Kathmandu valley and western part of Nepal most vulnerable.
Landslides	4	High risk during monsoon season especially in hills/mountains region. See <a href="#">Monsoon season</a>
Flood	4	High risk during monsoon season especially in Terai region. See <a href="#">Monsoon season</a>
Medical Services	3	Depending on the area you are travelling and remoteness.
Nature of Project/ Intervention		Depends on location of the project and visit sites.

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

[\[1\]](#) The Overall Risk rating is calculated using the MODE function which determines the most frequently occurring value.