

Annex A

Terms of Reference

Programme Management Supplier (PMS) for the Promoting Inclusive Markets in Somalia (PIMS) Programme

1. Introduction

The Department for International Development (DFID) is part of the UK government that manages Britain's aid to poor countries and works to get rid of extreme poverty. We are working to reach the Millennium Development Goals (MDGs), the international targets agreed by the United Nations to halve world poverty by 2015.

DFID's mission is to help eradicate poverty in the world's poorest countries and this is underpinned by our set of values:

- Ambition and determination to eliminate poverty;
- Ability to work effectively with others;
- Desire to listen, learn and be creative;
- Diversity and the need to balance work and private life;
- Professionalism and knowledge

DFID's new programme, Promoting Inclusive Markets in Somalia (PIMS), will follow a market development approach. PIMS will build on the achievements of the Sustainable Employment and Economic Development (SEED) programme which began in December 2010. PIMS will work through the private sector to support the functioning of markets in key sectors, through addressing failures in terms of small-scale productive infrastructure, market information, co-ordination failures, and access to finance. It will continue much of the work of the successful SEED programme, while extending value chain activities into new geographical areas and new sectors. The intervention will contain two components: value chain development and, integrated with this component, cash for work. Cash for work interventions will be used to build market infrastructure, tackling the extensive need for productive infrastructure investment following 20 years of conflict. The proposed three year programme will address the market constraints to development of the private sector through improvement to key value chains and hence strengthens our focus and investment in economic development. This is in line with the conclusions of the Country Poverty Reduction Diagnostic (CPRD).

In designing the programme, due consideration has been given to gender considerations. Women and girls face numerous challenges in Somalia, and many have suffered the worst effects of the long running conflict. As a result, Somalia is in fourth lowest position globally on the Gender Inequality Index. Female formal sector unemployment stands at 74% and participation in wage employment of any sort is only 33%. Therefore, it is important that wealth creation programmes pay sufficient attention to the specific needs of women and girls, including ensuring that job creation benefits men and women equally.

Evidence shows that early attention to the fundamentals of economic growth increases the likelihood of successfully preventing a return to conflict and moving forward with renewed growth. Since 40 percent of post-conflict countries have fallen back into conflict within a decade, it is critically important to heed this evidence. Robust economic growth has proven to be more critical than political reform in preventing a return to conflict. Accordingly, many interventions designed to facilitate economic growth can and should be implemented at the very beginning of the rebuilding process, much earlier than has traditionally been the case.

2. Objective

DFID is seeking a Programme Management Supplier (PMS) to manage and facilitate the implementation of its Promoting Inclusive Markets in Somalia (PIMS) Programme over the next three years (2014 – 2017). The programme will focus on interventions and enterprises where women have significant engagement. Women are actively engaged in value adding activities of livestock, crop farming and fishing and there is potential to raise their incomes and employment through improving these markets. For example, women would substantially benefit from the interventions of livestock and crop farming because they supply the majority of labour in these sectors. In order to ensure that interventions in these value chains are benefitting women, the supplier will be expected to set realistic targets for the number of jobs created for women depending on sector analysis report. In addition, they will map sector employment by role, gender and income groups, laying the groundwork for a comprehensive monitoring framework. In order to support this work, the supplier will be expected to have Gender, Economic and Social Development expert to provide gender lenses into the programme.

The programme is expected to deliver the following targeted results by 2017;

- Generate Net Attributable income of £25.5m for poor producers and entrepreneurs;
- 50% of surveyed firms/farms reporting significant increases in net revenues;
- Leverage more than \$10million in additional private sector investment;
- Create 9000 long term jobs (including 4,400 for women) and 500,000 employment days.

The above targets are expected to be achieved as a minimum.

3. Recipient

The principal recipients of the PIMS programme are young people and women in conflict-affected communities in Somalia. The programme aims to improve economic and employment prospects for the recipients.

4. Scope

The two components of the programme are : value chain development and, integrated with this component, cash for work to build market infrastructure. The programme will address the market constraints to development of the private sector through improvement to key value chains and hence strengthens focus and investment in economic development. Therefore, the Programme Management Supplier (PMS) is responsible for the overall strategic planning, implementation, monitoring and reporting on the Promoting Inclusive Markets in Somalia (PIMS) Programme and be accountable for the implementation of the aims and objectives. Overall, the scope of work that the supplier is expected to deliver is:

During the inception phase:

- Develop a human resource capacity for the successful implementation of the PIMS programme in terms of skills acquisition and development ensuring the immediate establishment of an office presence, if no office presence already exists, in all three Somali regions with appropriate management and technical capacity;
- Develop Administration and Personnel Policies to guide the Programme Management Agent (PMA) in the way it conducts its day to day operations.
- Develop a physical resource capacity for the PMA including the acquisition of appropriate equipment;
- Undertake research and analysis which will inform the implementation of the programme including:
 - ✓ political economy analysis;
 - ✓ Sector specific economic analysis;
 - ✓ Gender analysis and framework;
 - ✓ Conflict analysis and framework;
 - ✓ Environment and social assessment framework
- Develop and refine an overall programme strategy, including how the programme will ensure value for money throughout the programme implementation. The strategy will be prepared in consultation with DFID and partners;
- Prepare a master work plan and budget for the full programme;
- The supplier will, in close consultation with DFID and partners, prepare work plans and budgets for immediate actions required, an annual work plan and a strategic plan for the duration of the project;
- Identify technical assistance (TA) needs for inception phase as well as the main implementation phase and provide TA where required. The supplier will prepare a TA plan;
- Map key partners and other stakeholders and make a plan for establishing and maintaining an effective network and identify procedures for collaboration and coordination ensuring effective and efficient service delivery;
- Finalise a monitoring and evaluation framework and refine PIMS' log frame;
- Prepare a risk mitigation strategy, including how programme risks identified in the scope of work will be addressed and managed;
- Prepare a Value for money strategy and metrics in consultation with DFID. This should cover efficiency, effectiveness and economy;
- Develop and implement an appropriate communication strategy for PIMS.

During implementation phase

- Identify and provide continuous management, technical and strategic advice on the programme;
- Prepare consolidated annual work plans, budgets and progress reports (project and financial);
- Monitor implementation progress against the log frame and work plans;
- Monitor risks and undertake mitigation action (in close consultation with DFID and partners);
- Plan and procure TA in line with work plans;
- Monitor strategic gaps and opportunities, propose relevant action;
- Monitor the results and VfM of the training and mentoring offered through the programme;

- Monitor the results of capacity building of local private sector and NGOs ensuring the M4P approach works through and builds the capacity of local private sector players and NGOs;
- Prepare annual reviews (documentation, support partners, prepare strategic analysis, propose changes where relevant);
- Support in audit preparation and audit follow-up;

5. Requirements

Anticipated areas that the Programme Management Supplier (PMS) will consider but not be limited to include the following tasks:

➤ **Programme strategy, planning and design:**

- Undertake an economic analysis of project proposals to ensure they are cost effective and value for money;
- Undertake a Conflict Analysis of project proposals to ensure adherence to “do no harm” principles;
- Prepare annual and quarterly work programmes which ensure that activities are supporting the milestones, outputs, purpose and goal of the programme as contained in the log-frame;
- Determine the scope and costs of the work programmes and the extent of the logistics support required for the programme;
- Prepare documentation, descriptions and detailed specifications for projects and activities included in the programme;
- Develop and implement an appropriate communication strategy for PIMS.

➤ **Management:**

- Provide skilled personnel to manage and deliver the programme in close collaboration with regional Somali governments and related stakeholders;
- Develop an Operations Manual covering all aspects of the Fund.
- Provide overall management of the programme including programme management, organisation of meetings/events, the preparation of work plans and budgets, the keeping of records, liaison with all implementing partners and interested parties, etc.

➤ **Financial management:**

- Develop appropriate financial procedures; implement and enforce an adequate control system;
- Document accounting and reporting procedures for implementing and facilitating organisations;
- Design and set up a computerised financial management system for the adequate capture, analysis, and reporting of financial information;
- Develop programme budgets in line with the work-programme and ensure that the annual forecasts are realistic and achievable.
- Effect payments to appropriate implementing sub-contractors;
- Ensure all payment documentation is in order and in accordance with international best practice;

- Receive and examine financial and narrative reports from implementing and facilitating organisations;
- Monitor utilisation of payments and monitor actual expenditures against budgets and disbursements;
- Maintain up to date asset inventory records, accounting records and ledgers and record all financial transactions pertaining to the PIMS programme;
- Contract, through PIMS programme funds, an annual independent audit of PIMS. Auditing services will be procured from a reputable audit company.

➤ **Procurement:**

- Plan for and facilitate procurement in the PIMS work programme. All procurement work must be carried out in accordance with DFID Procurement Procedures. To clarify, with regard to any commodity purchases, the Supplier is authorised to procure goods and equipment up to the EU threshold (£111,676), providing they are able to demonstrate procurement capability and good value for money. The budget for goods and equipment must be calculated on an aggregated figure, the allowance for a budget of £111,676 does not mean that Supplier can spend the first £111,676 and then revert to the Procurement Agent. Any goods and equipment purchased must be reported to DFID and will be managed by separated invoices.
- It is anticipated the Infrastructure work may require specialists. Therefore, the supplier will identify and manage the specialists on a sub-contracting basis for the development of PIMS programmes and projects.
- Prepare technical specifications, Terms of Reference and bidding documents for the PIMS projects using international best practice in procurement procedures;
- Prepare Terms of Reference (ToR) and contracts in accordance with the procurement policy, procurement plan and PMS delegated authority;
- Record and monitor all procurement processes;
- Carry out due diligence checks on all implementing partners/sub-contractors before the awarding of sub-contracts to ensure close fiduciary control;
- Issue and manage sub-contracts through to successful implementation;
- Seek and maintain VfM in all aspects of PIMS programme;
- Ensure that conflict sensitive approaches to procurement are carried out at all stages;
- Manage a PIMS' asset register.

➤ **Reporting, Monitoring and Evaluation:**

- Finalise the log frame and results framework in the Inception Period;
- Develop and maintain a project monitoring and evaluation framework and report on progress to DFID Somalia every quarter;
- Generate, manage and provide baseline data, information and documents to implement, monitor performance and evaluate the programme's impact;
- Develop VfM indicators and monitor and report on progress in achieving these every quarter;
- Monitor the results and VfM of the training and mentoring offered under the PIMS programme with the aim of measuring how far the key constraints to value chain development have been addressed, with skills and human capacity being an important aspect;

- Monitor the results of capacity building of local private sector and NGOs ensuring the M4P approach works through and builds the capacity of local private sector players and NGOs rather than a direct delivery one;
- Monitor all implementation aspects of PIMS, including progress on achieving outputs and outcomes and institute corrective actions as and when required. In addition, the PMS will assist with programme review and evaluation requirements through support and the provision of access to, project sites, previous audit documentation and evaluations when required;
- The PMS, whenever necessary, is responsible for taking the appropriate actions to any evaluation, audit or review recommendations.
- Prepare quarterly progress, financial and other management reports to DFID Somalia which should include sections on Risk Management and Value for Money;

➤ **Capacity Building:**

- Provide targeted capacity building for its local partners - both private sector and NGOs.
- Outline how it proposes to provide capacity building for partners, and is expected to finalise its capacity building proposal during the inception phase.

➤ **Knowledge management/ information generation (tenderers responses to this must be in line with the Government Digital Service Design Principals <https://www.gov.uk/design-principles>):**

- Communicate and disseminate information/knowledge on the PIMS programme. Over time, the PMS will be required to build up a base of credible data on conflict, sector analysis, private sector development and impact in Somalia through:
 - Systematic gathering of data to evaluate programme progress, starting with data gathering to establish baseline indicators;
 - Implementing surveys (sector, enterprise) as far as possible in cooperation with the local institutions;
 - Synthesising information and performing data analysis to feed into reports, briefing notes and other information products for presentation to DFID Somalia;
 - Data management of all PIMS project information using modern data management techniques;

During both the inception and implementation phases, DFID will evaluate the performance of the supplier throughout the life of the programme intervention through its yearly annual review of the programme. Additionally, DFID will simultaneously implement an independent third party monitoring and evaluation of the programme. The supplier is required to comply fully with all evaluations, which will be contracted and managed separately.

6. Methodology

The PIMS objectives and outcomes can be achieved in a number of ways. The programme methodology must have a clear focus on results and value for money. DFID is ready to accept innovative or high risk/high return strategies in terms of programme implementation. In terms of financial risk, DFID has a very low risk appetite. The

programme approach must demonstrate expert-level technical knowledge on the approaches to private sector development, growth and political economy, experience of working in fragile states and conflict environments, and working knowledge of conflict sensitive programming.

7. Implementation requirements

The PMS will be expected to set up a specialist team with the task of supporting the development and management of the projects. This team will need to use a range of methodologies and processes for the successful implementation of the PIMS programme such as project management, risk management, financial reporting, and monitoring and evaluation of projects to achieve desired outputs.

The Supplier shall commit to being fully prepared in the event any decision is made to scale up (increase) or scale down (decrease) the scope of the Programme (i.e. in relation to the Programme's inputs, outputs, deliverables, outcomes and fund element) during the course of the contract.

The team should have the following desired skills and experience:

- Experience and success of running similar programmes;
- Understanding of the scope of the programme, ability to identify key issues that will face the programme and ability to develop innovative approaches to those issues;
- A management and administrative capability (covering project management, administration, procurement, financial management, fiduciary risk reduction, accounting and audit) is a must;
- Implementation team expertise; experienced team leader with an appropriate technical understanding, ability to juggle strategic, technical and implementation issues;
- Quality and availability of technical support team (short term TA);
- Demonstrate working knowledge of approaches to private sector development, growth and political economy, experience of working in fragile states and conflict environments, and working knowledge of conflict sensitive programming.

8. Reporting

The supplier will be responsible for reporting progress and finances to DFID. The supplier will agree reporting formats and frequency for financial and technical reports with DFID. It is anticipated that the supplier will provide the following reports during the Inception and Implementation phases:

➤ Inception Phase Reporting:

The reports to be provided by the service provider during the inception phase are listed in the table below. These will include monthly narratives (financial and progress) and an end of inception phase report to be agreed with DFID.

Timeframe	Report
Monthly	<ul style="list-style-type: none"> • Monthly narratives (financial and progress) • Meetings with DFID lead adviser and DFID project officer.

Quarterly	<ul style="list-style-type: none"> Quarterly progress reports (including financial reports). An update of the risk analysis will also be provided.
End of Inception Phase (6 months after Contract Issue)	<ul style="list-style-type: none"> Inception Report (including all outputs and deliverables of the inception phase)

It is anticipated that the deliverables for the Inception phase may, among others, include the following:

Key Deliverables	Milestone Triggering Payment	Timing
I. Conduct sector and conflict analysis: <ul style="list-style-type: none"> a. Market systems analysis and strategic action plan for 6 targeted sectors (including conflict, gender, youth and environmental issues as cross-cutting themes); b. Cash for work strategic action plan; c. Detailed approach set out and agreed with DFID of the Market catalyst fund 	Inception Report delivered and approved by DFID	Month 6
II. Develop Operational Guidelines and manuals:	Operation manuals delivered and approved	Month 6
III. Develop a communication Strategy	Communication strategy delivered and approved	Month 6
IV. Analysis of local delivery / facilitators and conducting due diligence	Inception Report approved	Month 6
V. Develop programme governance structure (incl. coordination with government entities)	Programme governance agreement (between DFID and service provider) delivered and approved	Month 2
VI. Collection of baseline data	Baseline data report delivered and approved	Month 6
VII. Develop and finalise log frame (consolidated and for each subcomponent) and work plan	Monitoring and evaluation framework delivered and	Month 3

		approved	
VIII.	Develop risk matrix (to be updated continuously), VfM and conflict sensitive indicators	Risk matrix delivered	Month 3
IX.	Develop result based system and identify key milestones to trigger the payments	Payment schedule agreement (between DAI and DFID) delivered and approved	Month 6
X.	Develop methodology notes for key results areas	Monitoring and evaluation framework delivered and approved	Month 4
XI.	Develop reporting formats and schedules	Reporting templates (within governance agreement) delivered and approved	Month 3

➤ Full Implementation Phase Reporting

The reporting schedule for the implementation phase is highlighted below. Reporting will feed into DFID annual reviews. DFID staff will conduct regular field as well as independent external audits of the programme. Financial reports will present data by output as well as by type of expenditures (such as training, workshops, consultancies, grants). The detailed requirements will be agreed with DFID during the Full Implementation Phase.

Timeframe	Report
Quarterly	<ul style="list-style-type: none"> Quarterly progress reports (gender disaggregated) which will include (financial reports) against which DFID will make payments and reimbursements. An update of the risk analysis will also be provided.
Bi-annually	<ul style="list-style-type: none"> Six monthly comparison of budget with expenditure; Bi-annual case studies of successful interventions; Bi-annual monitoring and evaluation report (including an annual financial report). The M&E report will be submitted with the results of the performance reporting (gender disaggregated) against the logical framework indicators. A more detailed update of the risk analysis will be presented together with any recommendations to modify the risk mitigation strategy. Additionally an annual statement on progress on gender, climate change adaptation and value for money will be provided as part of the report.
Annual	<ul style="list-style-type: none"> Annual forecast of expenditures (the budget) disaggregated monthly – for the financial year April to March. These should be updated on a monthly basis; Annual work plans (it may be necessary to review and update this every six months). Progress in delivering these plans, especially at activity and output levels, shall be reported quarterly to DFID in an agreed format;

Timeframe	Report
	<ul style="list-style-type: none"> • Annual audited financial statements.
On-going	<ul style="list-style-type: none"> • Document and disseminate useful results and lessons learned through a variety of media, noting that DFID funds should not be used to develop or update websites. DFID can provide exceptions on a case by case when this contributes to platforms for knowledge and sharing), acting as a conduit of information and best practice between partners, and to key stakeholders.

DFID will agree Key Performance Indicators with the supplier and are likely to include: quality and delivery; management, financial; personnel; and innovation indicators. The supplier should also consider the establishment of an intervention mechanism that allows for the piloting and scaling up of interventions, quality of research and analysis and quality of VfM approach to scaling up and ending interventions. The supplier should propose a suite of KPIs for the inception period as part of their bid. The KPIs for the implementation period will be agreed by the end of inception. You should note that these Key Performance Indicators (KPI's) will be linked to a percentage of the fees payable under this contract. The percentage will be agreed by the end of the inception and is expected to be a minimum of 5%

9. Timeframe:

It is anticipated that the Programme will commence late April 2015 for a duration of 3 years (2015 – 2018) with the possibility of an extension of 12 months subject to satisfactory performance of both the programme and the supplier, and the continued demonstration of both aspects delivering value for money as well as availability of additional funding.

The timeframe for subsequent phases will be established during inception phase and as part of annual planning.

10. DFID Coordination

This work will be managed by DFID Somalia Economic Development Team. The overall lead manager/adviser will be the DFID Somalia PSD Adviser.

Coordination for the selected service provider will be carried out by the Senior Programme Officer and Programme Officer. Programme document/s produced by the service provider will be discussed by the PSD/ wealth creation team and approved by the Head of Economic and Human Development team.

11. Contractual Issues

- DFID will expect the supplier to provide targets and define the measures of success for deliverables after the end of the inception phase through a results based payment mechanism;
- Due to the nature of the programme, the Contract must have adequate provision for variation to adapt to changes that may occur in the life of the programme. Milestones for payment are defined for the inception phase, with indicative milestones provided for

the remainder of the Contract, which will be further refined during the inception phase by the Supplier in collaboration with DFID.

- DFID shall, as a condition of proceeding with the current proposed milestones, have the right to review and request changes to the milestones, to ensure the proposed approach supports continued delivery of Value for Money, and will proceed into implementation of the Contract only when fully satisfied with the refined milestones.
- The inception phase report itself should therefore include the finalisation of the result based payment mechanism for the remainder of the project. In order to ensure that results are met, the successful supplier should take as a guiding principle that payments will be made based on results achieved/delivered the supplier should also propose how payments will be related to value chain development (VCD) and cash for work interventions that will be used to build market infrastructure, tackling the extensive need for productive infrastructure investment following 20 years of conflict, and increasing the impact and sustainability of value chain activities. The service provider will ensure linkages and synergies between the sectors for achieving the objectives. The expected outcome is “ Market systems developed and strengthened in key sectors for economic growth and poverty reduction”.
- The successful supplier will be responsible for the accurate forecasting and spending of funds in line with the contractual arrangements the successful supplier enters into with each element of the PIMS and in line with the mechanisms determined for the interventions.
- The contract will be issued for the full period, with review points and break clauses incorporated to coincide with the end of the 6 month inception phase; at mid-term review after 1.5 years (including the inception period). Further optional annual review points will be aligned with the outcomes of the annual programme reviews.
- At the inception stage, DFID will review the service provider’s performance and the finalised design for the implementation phase. The implementation phase activities referred to in paragraph 4 and the related KPIs for this phase against which payment is to be made will be agreed based on the finalised design;
- Continuation of the contract beyond the inception phase will be subject to acceptance by DFID of the deliverables, satisfactory performance of the service provider and agreement to the service provider’s proposed costs for the implementation phase. The implementation phase is expected to begin immediately thereafter. The service provider will be tasked with ensuring there is continuity from the completion of the inception phase through to implementation, noting that the service provider will not have full control over the decision-making process;
- In the event that DFID decides not to proceed with the implementation phase, the contract will be terminated at no cost to DFID. In the event that DFID decides to proceed to the full implementation, a contract amendment will be issued to include details of the services to be provided in the form of updated Terms of Reference and KPIs, updated implementation costing¹;
- The supplier will report primarily to DFID. The contract will be managed by the Senior Programme Officer and Programme Officer, in DFID Somalia’s Economic Development

¹ Costs for the implementation phase will be considered indicative until confirmed following the inception phase.

Team and with technical oversight from the DFID Somalia's Private Sector Development Adviser.

- The supplier will monitor the results and VfM of the training and mentoring proposed in the business case –measuring how far the key constraints to value chain development have been addressed, with skills and human capacity being an important aspect.
The supplier will monitor the results of capacity building of local private sector and NGOs. This ensures the M4P approach works through and builds the capacity of local private sector players and NGOs rather than a direct delivery one.

12. Duty of Care (DoC)

The Supplier is responsible for all acts and omissions of the Supplier's Personnel and for the health, safety and security of such persons and their property. The provision of information by DFID shall not in any respect relieve the Supplier from responsibility for its obligations under this Contract. Positive evaluation of proposals and award of this Contract (or any future Contract Amendments) is not an endorsement by DFID of the Supplier's security arrangements". Note that the term "Supplier's Personnel" is defined under the Contract as "any person instructed pursuant to this Contract to undertake any of the Supplier's obligations under this Contract, including the Supplier's employees, agents and sub-contractors.

DFID will share available information with the Supplier on security status and developments in-country where appropriate. DFID will provide the following:

All Supplier Personnel will be offered a security briefing by the British Embassy Nairobi (Mogadishu when in Somalia) on arrival. All such Personnel must register with their respective Embassies to ensure that they are included in emergency procedures;

A copy of the DFID visitor notes (and a further copy each time these are updated), which the contractor may use to brief their Personnel on arrival.

This Procurement will require the supplier to operate in conflict-affected areas and parts of it are highly insecure. The security situation is volatile and subject to change at short notice. The supplier should be comfortable working in such an environment and should be capable of deploying to any areas required within the region, where they adjudge security permits, in order to deliver the contract.

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 and complete a UK government approved hostile environment training course (SAFE) or safety in the field training prior to deployment.

The Supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Supplier must ensure they (and their Personnel) are up to date with the latest position.

Tenderers must develop their tender on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID (see Annex II of this ToR). They must confirm in their tender Response that:

- They fully accept responsibility for Security and Duty of Care;
- They understand the potential risks and have the knowledge and experience to develop an effective risk plan;
- They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.

If you are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, your tender will be viewed as non-compliant and excluded from further evaluation.

Acceptance of responsibility must be supported with evidence of Duty of Care capability and DFID reserves the right to clarify any aspect of this evidence. In providing evidence, interested Suppliers should respond in line with the Duty of Care section in the TOR.

➤ **Duty of Care Questions**

Please state ‘yes’ or ‘no’ to each of the Duty of Care questions detailed below in the boxes provided. Please refer to any information provided on Duty of Care within the Terms of Reference, Additional Information Documents before completing this section.

Your responses must be supported by evidence (no more than 2 A4 pages) attached as a separate Annex and must include a statement confirming that you (as the Lead Organisation) fully accept responsibility for Security and Duty of Care (including any personnel and subcontractors) throughout the life of the contract. The supplier must demonstrate their capability to take on this responsibility in terms of knowledge, experience and resources.

DFID reserves the right to clarify any aspect of this evidence or to request additional evidence/information where we deem appropriate.

If you are unwilling to accept responsibility or are assessed by DFID as not having the capability to provide Security and Duty of Care for any contract awarded under this procurement, your tender will be excluded from any further Technical Evaluation and Scoring.

Note: this assessment of supplier capability does not form part of the Technical Evaluation and Scoring and should not be viewed as DFID setting any standard of Duty of Care requirements, which is for the supplier to determine.

1.	Have you completed an initial assessment of potential risks that demonstrates your knowledge and understanding, and are you satisfied that you understand the risk management implications (not solely relying on information provided by DFID)?
2.	Have you prepared an outline plan that you consider appropriate to manage these risks at this stage (or will you do so if you are awarded the contract) and are you confident/comfortable that you can implement this effectively?
3.	Have you ensured or will you ensure that your staff are appropriately trained (including specialist training where required) before they are deployed and will you ensure that on-going training is provided where necessary?
4.	Have you an appropriate mechanism in place to monitor risk on a live/on-going basis (or will you put one in place if you are awarded the contract)?
5.	Have you ensured or will you ensure that your staff are provided with and have access to suitable equipment and will you ensure that this is reviewed and

	provided on an on-going basis?
6.	Have you appropriate systems in place to manage an emergency/incident if one arises?

13. Background

Decades of conflict, economic mismanagement and political instability have exacted a heavy toll on the economy of Somalia. Estimated information finds that Somalia's GDP per capita is just \$284, the fourth lowest in the world. The Somali population is young and has high levels of unemployment and poverty: approximately 73% of Somali's live on less than \$2 per day and the incidence of poverty is estimated at 61% and 80% for the urban and rural population respectively. Somalia is unlikely to meet any of the MDGs target set for 2015.

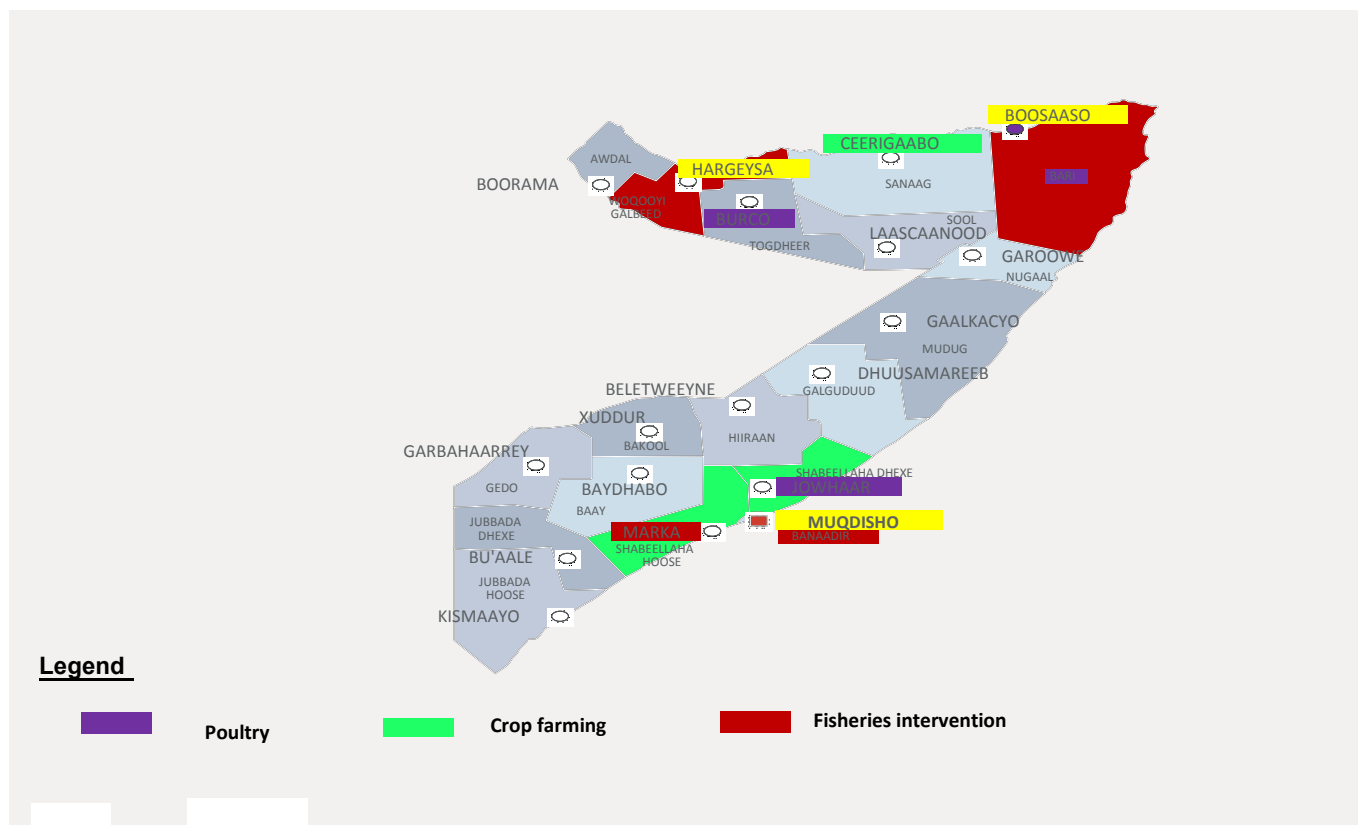
Recovery of the private sector in Somalia is vital for job creation and poverty alleviation. Development of the private sector would generate vested interests in peace by providing alternative livelihoods for those that would otherwise take up arms. It would expand the economic choices of women and youth. It would shift political economy forces in favour of a more representative and responsive state. It would provide the state with the tax revenue to deliver much-needed social services.

However, OECD DAC figures for 2010/2011 show that aid for economic sectors and production amounts to less than 5% of total aid flows to Somalia, suggesting a clear role for DFID, which has significant expertise in this sector globally. The programmes of other major donors in Somalia (especially South-Central Somalia) are largely focused on peace building, conflict resolution and political settlement. Supporting the private sector is seen as a longer-term issue after the return of stability and effective institutions. UK support can demonstrate how private sector development can break the cycle of conflict, unemployment and low growth, repositioning private sector investment at the heart of peace building and poverty reduction efforts in Somalia.

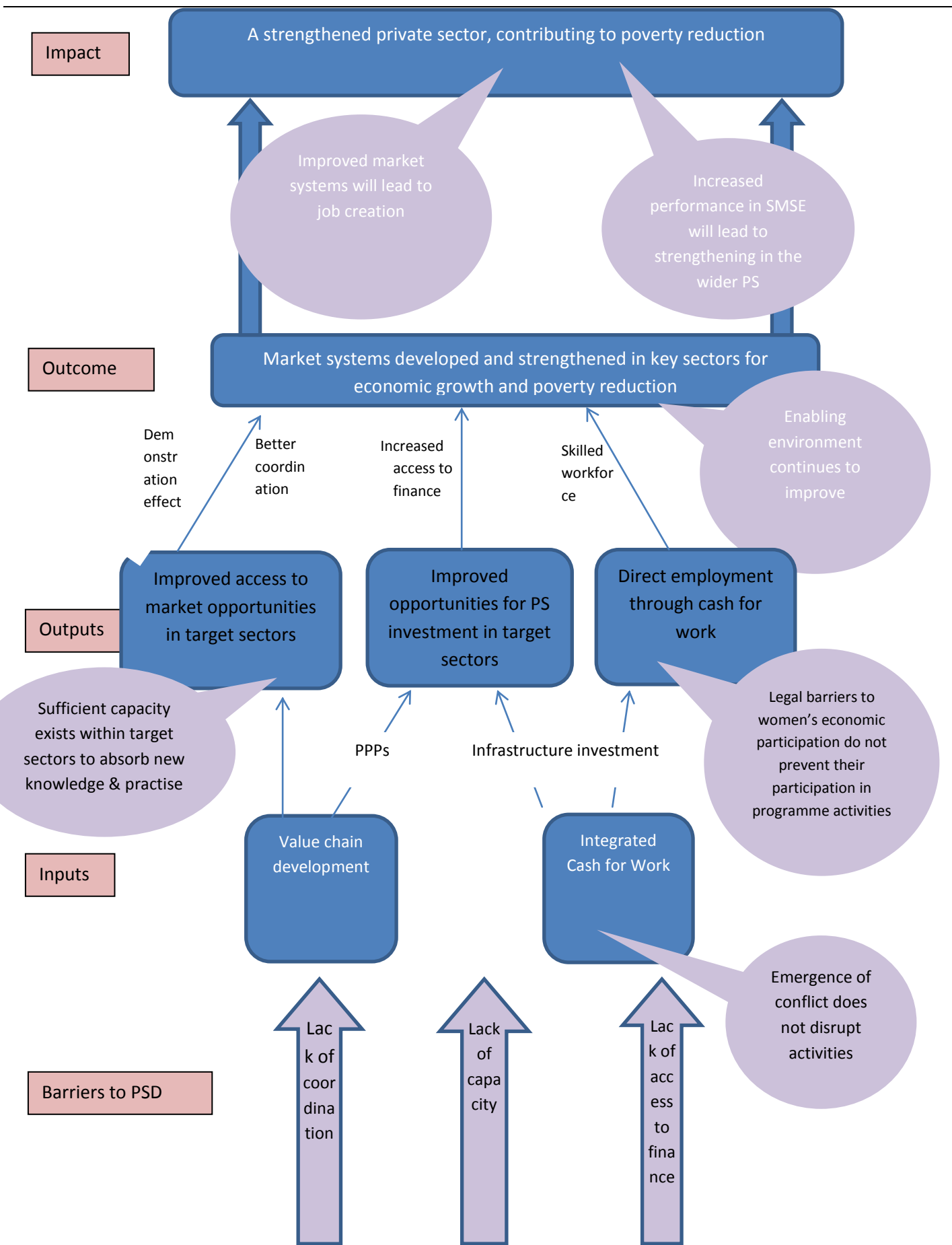
As one of the largest bilateral donors to Somalia, DFID has also gained a comparative advantage in this sector through experience on its first private sector development (PSD) programme, Sustainable Employment and Economic Development (SEED), which, amongst other results succeeded in creating 20,000 long-term jobs and leveraging \$10 million of additional private sector investment into key value chains.

Annex I: Theory of Change

Map 1: The interventions and potential locations.



1. The logic of the theory of change (ToC) is that transformational change can be achieved in Somalia by strengthening market systems. The PIMS programme aims to encourage the growth of the private sector, job creation and, as a result, reduce poverty in Somalia. The programme rests on increasing investment, market growth and improving productivity to achieve the impact.
2. The ToC is based on a number of assumptions:
 - a. That the adoption of improved business practices will produce outcomes that increase productivity, encourage new investment by project beneficiaries, which in turn increase incomes and employment.
 - b. That this creates a “demonstration effect” whereby other firms can see for themselves the benefits of the new practices and are inspired to emulate the beneficiary firms. This has the potential to increase the scale of the benefits beyond the initial project beneficiaries.
 - c. That the wider business environment (e.g. infrastructure, property laws, financial regulation) will continue to improve (supported by the WB MPF) and that this will further support the ability of the outputs to convert to a sustainable outcome and impact.
3. These assumptions will need to be tested throughout the programme, and an evaluation will be conducted for this purpose (see management case for more detail).
4. A diagrammatic Theory of Change is presented in figure 3 below:



***Annex II: DFID Risk Assessment - Somalia**

*** text redacted under the exemptions set out by the Freedom of Information Act**