

Annex A

Call-down Contract

Terms of Reference

Identifying Multinational Enterprise Investments in Africa

1. Introduction

The UK Department for International Development (DFID) manages UK support for efforts to end extreme poverty. The Growth and Resilience Department (GRD) works to promote broad based economic growth in DFID partner countries.

DFID is in an early scoping period for a programme aiming to boost Foreign Direct Investment (FDI) in DFID focus countries in Africa in order to kick start labour intensive economic transformation. This involves both identifying first mover investments and a robust investment pipeline that will produce the clustering and agglomeration effects that deepen the economic transformation impact. An earlier part of the scoping work identified priority countries and sectors (Ethiopia, Kenya, Uganda, Rwanda, Tanzania, Nigeria), and we are now looking to deepen and expand this work and identify Multinational Enterprises (MNEs) that are either actively looking to make an investment in Africa, or that could be persuaded to invest in Africa.

2. Objective

Drawing on the work we have already conducted which identified countries and sectors with the highest probabilities for success in attracting new FDI with significant job impacts¹, and expanding this work to canvas key producing firms that we expect to move out of China or other Middle Income Countries (MICs) in search of more competitive production costs (eg labour), we envisage a systematic analysis of potential investments drawing on information held by investment promotion agencies as well as private sector networks.

The main objectives of this assignment are to:

A. Identify at least 20 investments with realistic prospects of happening in the target countries, but which may not otherwise come to fruition without host country government/donor intervention to overcome a barrier.

- This will include the identification and analysis of specific key constraint/s to each investment, as well as broader sector specific constraints; solutions to overcome constraints; support needed to facilitate the investment; and ideas on the particular role DFID could play in the process.
- This will also include a clear assessment of the firm's commitment to making the investment and the growth potential.
- This will distinguish between potential investments that could happen in the short, medium and longer term – looking towards advising on future large longer term pipelines of investment deals.

¹ [Palladium. 2016. DFID - Understanding Multinational Enterprise Investment Decisions in DFID Focus Countries]

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- This must include an investigation of the expected use of local supply chains, domestic goods and services markets of likely investments in order to identify some of the spillover effect potential from specific investments.

B. Identify a prioritised list of companies for DFID to engage with about these investment possibilities.

- It is envisaged that this list of companies will comprise of a range of MNEs either actively looking to make an investment in Africa, or that could be persuaded to do so, as well as companies that could be potential buyers of manufactured products from Africa.
- Categories should be identified and firms categorised accordingly (e.g. firms that are on the cusp of making investments; firms that are exploring ideas or scoping markets but are not close to committing yet) alongside an analysis of the differences between these firms to increase our understanding of both types and if and how the latter type of firm can transition into the former type (i.e. move from interest and intention to firm deal commitments).
- It will build on a list of MNEs that we have already identified / engaged with in earlier studies², and expand this list to other key possible firms – in particular Low Income Countries (LICs) / Middle Income Countries (MICs) located firms, especially manufacturing firms supplying big high income country buyers / key producing firms that are considering moving out of China or other MICs.
- It should also present a strategic categorisation of potentially relevant MNEs to be targeted – e.g. manufacturers, buyers, investors with operations in Africa either through licencing agreements or export and local sales agents who may consider transitioning to opening a full manufacturing plant.
- It should also identify firm clusters where they exist and identify constraints to their growth.
- This process will require the development of a clear strategy of how best to engage with different sets of MNEs – to be discussed and shared with DFID along the way. This will support DFID's engagement with the private sector by effectively setting out a suggested private sector engagement strategy.

3. Recipient

DFID will be the recipient of the services provided.

4. Timing

This contract will be awarded for 2 months. This work is a priority for the growth team in DFID and will be delivered in two stages. An interim report is due by 7th December 2016. The interim report will set out a summary of the initial findings and key gaps that are still to be filled. A final report should be delivered by 27th December 2016.

5. Scope

The predominant focus of this project is on efficiency seeking FDI. However, market seeking FDI projects with the potential to create significant additional jobs should not be ruled out. In addition, strategic asset seeking FDI (i.e. driven by the need of firms to acquire specific technological capabilities and/or management or

² [A list to be used as a non-exclusive starting point will be provided]

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marketing expertise, to promote the long-term strategic objectives of the acquiring firm) should also not be ruled out.

We envisage part of the programme identifying potential investments and then using these as leverage to drive reforms to improve the ease of doing business within target countries. Therefore, as well as identifying MNEs actively seeking to make an investment we will need to understand:

- i. What are the specific constraints to investment in the identified country and sector?
- ii. What are possible actions that could be taken (and by whom) to tackle the specific constraints (and within what timeframes)
- iii. Whether the MNE is willing to engage in discussions with DFID and host government officials.

6. The Requirements

Outputs

Drawing on team expertise, relevant MNE networks and Investment Promotion Agencies a long list of potential FDI projects in each of the focus countries should be pulled together. In addition to drawing on this existing material and knowledge, it will be required that this work expands its focus to this list to other possibly relevant firms – in particular key producing firms that are considering moving out of China or other MICs. This list should make up a key part of an interim report of approximately 15 pages which sets out emerging findings and includes a prioritised list of multinational firms (with contacts) that DFID could consider engaging with.

Following this the list of potential investments should be rationalised to 10-20 of the most promising investments that with additional government support are likely to come to bear. As well as rationalising the list by most likely to happen additional criteria should be considered; number of jobs created, displacement, forward and backward linkages in the economy, potential demonstration effect to other investors etc.

A final report of approximately 40 pages meeting the ToR objectives including a concise executive summary with main findings. Key points of contact in each of the identified MNEs should also be provided.

The supplier will have regular meetings with the DFID team in GRD to update on progress, sectoral focus, what firms they are engaging with and emerging findings.

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7. Constraints & Dependencies

The location of the scoping work will be Africa, primarily; Ethiopia, Kenya, Nigeria, Rwanda, Tanzania and Uganda. The majority of the work will be carried out in capital cities but travel to secondary cities is likely to be required.

The supplier will need to liaise with multinational firms, local firms, investment promotion agencies and industry associations to finalise its programme of work. These will need to be completed and reviewed by DFID before any in country work is undertaken.

The supplier will be responsible for its staff's duty of care, including for security, transport, and accommodation throughout the period of this assignment. Arrangements for how these will apply should be provided in bid documents.

8. Duty of care

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. Further information for the expected DoC requirements are provided below and see the attached Annex A.

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 High Commission/DFID 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 Supplier may use to brief their Personnel on arrival.

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.

The Service Provider must be fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix developed by DFID (see Annex A). They must confirm that:

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

Acceptance of responsibility must be supported with evidence of capability and DFID reserves the right to clarify any aspect of this evidence. In providing evidence Tenderers should consider the following questions:

- i. Have you completed an initial assessment of potential risks that demonstrates your knowledge and understanding, and are you satisfied that you understand

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the risk management implications (not solely relying on information provided by DFID)?

- ii. 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?
- iii. 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?
- iv. 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)?
- v. 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?
- vi. Have you appropriate systems in place to manage an emergency / incident if one arises?

9. Reporting & Timeframe

The Supplier will deliver a first draft interim report, by 7th December 2016, and a final report by 27th December 2016. Given the complex nature of this task and the requirements of DFID we would expect regular contact between the Supplier and DFID to communicate early findings and methodological issues. Key check in points should be identified early:

- List of potential investments in each country as they are finalised.
- Criteria for focussing the list down to the most realistic and beneficial FDI projects.
- Planned engagement with investors.

10. Budget

The budget for this work is within the parameters of £200,000- 250,000 inclusive of VAT. Suppliers should not craft their bids in such a way as to reach the budget ceilings this parameter implies, but instead construct this to meet the evaluation criteria and the pursuit of Value for Money.

11. DFID Co-ordination

The Programme Manager, DFID economist, and Private Sector Development Adviser, will be the point of contact for the selected supplier.

12. Output based Contract

DFID adopts a payment by results policy. This work has two deliverables in the form of reports; the interim report and a final report. Payment will be made only on acceptance of the final report which will go through DFID quality assurance. The commercial proposal should provide the value to deliver the report and the component costs that go to make up the total cost (i.e. day rates, transport, security etc). Please note that where day rates are provided this should also provide the information as to what the rate consists of (i.e. payment to individual, tax, insurance, etc).

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Failure to deliver the Outputs to the agreed timelines and to the expected quality (assessed by DFID) will result in no payment being made. In the event that this occurs, feedback will be provided to the supplier.

13. Transparency Requirement

DFID has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. DFID requires Suppliers receiving and managing funds, to release open data on how this money is spent, in a common, standard, re-usable format and to require this level of information from immediate sub-contractors, sub-agencies and partners.

It is a contractual requirement for all Suppliers to comply with this, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this DFID – further IATI information is available from;

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Annex A: Risk Assessment Matrices

Location: Ethiopia

Date of assessment: 29th June 2016

Assessing official: X

This is a general risk assessment for the whole of Ethiopia. Risk does vary by region and the supplier should take this into account when planning travel. Risk ratings for individual regions can be shared with the preferred supplier. It is envisaged that the majority of the work of the TRAMP will take place in Addis Ababa or other regional capitals.

Theme	DFID Risk score (average of whole country)	DFID Risk score: Addis Ababa
OVERALL RATING	Med	3
FCO travel advice	3	2
Host nation travel advice	N/A	N/A
Transportation	3	3
Security	3	3
Civil unrest	3	3
Violence/crime	3	3
Espionage	3	3
Terrorism	3	3
War	3	2
Hurricane	1	1
Earthquake	2	2
Flood	2	2
Medical Services	3-4	3
Nature of Project/Intervention	3	3

Very Low risk	2 Low risk	3 Med risk	4 High risk	5 Very High risk
			SIGNIFICANTLY GREATER THAN NORMAL RISK	

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Theme	DFID Risk score
OVERALL RATING	Medium
FCO travel advice	There are no travel restrictions to the majority of the country, however the FCO advises against all travel to large parts of the Somali region, border areas, the Danakil dessert area and parts of Gambella region. The FCO advises against all but essential travel to west and south-west Shewa zones in the Oromia region, Jijiga town and parts of Gambella region.
Host nation travel advice	Not available
Transportation	<p>Driving standards are poor, and traffic accidents are common and sadly often fatal. Visitors should be very careful when travelling by car. Drivers should also be aware that under Ethiopian laws, drivers involved in car accidents can face severe punishments, including custodial sentences and fines.</p> <p>Traffic accidents are a regular occurrence in Ethiopia and Addis Ababa specifically. Driving after dark in rural areas is dangerous: vehicles often have no lights and livestock may be roaming the roads.</p>
Security	The security situation in the country as a whole is rated as moderate, however there are pockets of insecurity. Specific incidents of insecurity are reflected in the FCO travel advice for Ethiopia, which should be consulted regularly.
Civil unrest	Protests and demonstrations sometimes take place in Addis Ababa and other cities. In the past, some of these have become violent. There have been widespread protests across the Oromia Region in 2016, some of which have reportedly turned violent and resulted in casualties, and others which have caused severe disruption to road travel. You should avoid any protests or demonstrations
Violence/crime	Petty theft and mugging is common and on the rise. Take particular care when visiting crowded public places, especially at night. Be aware of the risk of pick-pocketing, and bag and jewellery snatching including from vehicles stopped at traffic lights in Addis Ababa. Incidents involving parked and unattended cars are on the increase. Levels of violent crime are low.
Espionage	The threat of espionage is considered to be moderate.
Terrorism	There is a high threat from terrorism. Attacks could be indiscriminate including in places frequented by foreigners. The terrorist group Al-Shabaab, although based in Somalia, poses a threat across the East Africa region. There are

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	credible reports that Al Shabaab plan, and have the capability, to attack targets in Ethiopia, particularly in Addis Ababa, Jijiga and Dolo Ado.
War	The Ethiopia-Eritrea border remains closed. Several security incidents have taken place along the border. The risk of cross-border tensions remains.
Hurricane	No identified risk
Earthquake	Low risk in most of the country with medium risk in Oromia and Afar regions.
Flood	Seasonal and localized floods cause temporary displacements and damages to roads. In mid-April 2016 there were severe floods in parts of Ethiopia including Jijiga, the Jinka road in South Omo, Moyale on the Kenyan border, and parts of the Afar region.
Medical Services	There are a number of hospitals in Addis Ababa but only private hospitals offer a reasonable standard of basic care for minor health problems. Elsewhere, medical facilities (including dentistry) are extremely poor.
Nature of Project/Intervention	It is envisaged that the project will mainly be operating in Addis Ababa and regional capitals. Work will be mainly office based and therefore is not deemed to have heightened levels of risk in any area.

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NIGERIA SUMMARY RISK ASSESSMENT MATRIX

COMMERCIAL IN CONFIDENCE
(When completed)

**DFID Overall Project/Intervention
Summary Risk Assessment Matrix**

Project/intervention title: Identifying Multinational Enterprise Investments in Africa

Location: Abuja & Lagos

Date of assessment: 18/08/2016

Assessing official: X

Theme	DFID Risk score (Abuja & Lagos)
OVERALL RATING ³	2
FCO travel advice	2
Host nation travel advice	Nil
Transportation	2
Security	4
Violence/crime/ Civil unrest	4
Terrorism	4
War	1
Hurricane	1
Earthquake	1
Flood	2
Medical Services	2
Nature of Project/ Intervention	2

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

³ The Overall Risk rating is calculated using the MODE function which determines the most frequently occurring value.

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DFID Rwanda - Country Risk Assessment Matrix – Overall Rated LOW

Updated: September 2015

Rwanda - Provincial Risk Rating

Theme	Northern Province	Eastern Province	Southern Province	Western Province	Kigali Province	OVERALL
Overall Rating	2	2	2	2	2	2
FCO Travel Advice	2	2	2	3	2	2
Host Nation Travel Advice	Not available					
Transportation	2	2	2	2	1	2
	Do not recommend driving at night in rural areas due to poorly lit roads, dense population, untethered livestock, variable condition of vehicles.					
Security	2	2	2	2	2	2

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				Potential for security to deteriorate depending on events over the border in DRC.	Occasional grenade attacks in public/market areas. Not targeting UK nationals.	
Civil Unrest	1	1	1	1	1	1
Violence/Crime	2	2	3 Reports of criminal gangs operating on Burundi border and spillover from unrest in Burundi.	3	2	2
Terrorism	1	1	1	1	2	1
War	1	1	2 Depends on events in Burundi.	2 Depends on events in DRC.	1	1
Earthquake	3	3	3	3	3	3
Flood	3	3	3	3	2	2
	Risk is to rural infrastructure: roads, power, poorly constructed domestic dwellings. Rains are seasonal: Feb to June and Sep to Dec.					
Medical Services	3	3	3	3	2	3

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Legend	1 Very Low Risk	2 Low Risk	3 Medium Risk	4 High Risk	5 Very High Risk	
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**DUTY OF CARE OVERALL PROJECT/INTERVENTION SUMMARY RISK
ASSESSMENT MATRIX – DFID TANZANIA**

**Project/intervention title: Identifying Multinational Enterprise Investments in
Africa**

Location: Dar es Salaam

Date of assessment: 25/08/2016

Assessing official: X

Theme	DFID Risk score	DFID Risk score
	Dar es Salaam only	Whole of the country (including Dar)
OVERALL RATING	2 Low	3 Medium
FCO travel advice	1	1
Host nation travel advice	Not available	Not available
Transportation	2	3
Security	3	3
Civil unrest	4	4
Violence/crime	4	4
Terrorism	3	3
War	1	1
Hurricane	1	1
Earthquake	2	3
Flood	2	2
Medical Services	2	3
Nature of Project / Intervention	2	2

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DFID Overall Country Risk Assessment matrix - Location: Kenya

Date of assessment & assessing official: **17 May 2016, XX**

Theme	Risk Score	Risk Score	Risk Score
	Kenya (excluding areas listed separately)	Advise against all but essential travel to within 15km of the coast from the Tana River down to the Sabaki River North of Malindi. It covers Lamu County and those areas of Tana River County north of the Tana river itself.	Advise against all but essential travel to Mandera, Daadab and Garissa plus anywhere else within 60km of the Somali border (including areas North of Pate Island on the coast)⁴ and Eastleigh in Nairobi
OVERALL RATING	4	5	5
FCO travel advice	4	5	5
Host nation travel advice	Not available	Not available	Not available
Transportation	4	4	4
Security	4	5	5
Civil unrest	4	4	5
Violence/crime	4	4	5
Terrorism	4	5	5
Espionage	4	2	2
War	1	1	3
Hurricane	1	1	1
Earthquake	1	1	1
Flood	3	3	3
Medical Services	3	3	3

1 Very Low risk	2 Low risk	3 Med risk	4 High risk	5 Very High risk
			SIGNIFICANTLY GREATER THAN NORMAL RISK	

CB129 (February 2007)

⁴ For these areas specific travel advice should be sought. See latest FCO travel advice for Kenya