



Foreign, Commonwealth & Development Office

CALL DOWN CONTRACT

Framework Agreement with:	PricewaterhouseCoopers LLP
Framework Agreement for:	Global Development Delivery Framework (GDD) Lot 4 – Economic Development and Trade
Framework Agreement ECM Number:	5818
Call Down Contract For:	Green Growth Nepal
Contract ECM Number:	6697

I refer to the following:

1. The above-mentioned Framework Agreement dated 18th December 2023
2. Your proposal of 1st March 2024 including post tender clarifications as detailed in Annex G

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

GGN Call Down Contract
GGN TOR ITT vol 1.2 -Annex A
Cost Proforma -Annex B
PwC Exec Summary -Annex C
PwC Response part B1 -Annex D
PwC ITT No6161 Part B2-B4 -Annex E
PwC Supporting Commercial Information -Annex F
Post Tender Clarifications -Annex G

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than 23rd July 2024 ("the Start Date") and the Services shall be completed by 22nd July 2029 ("the End Date") unless the Call Down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.

2. Recipient

- 2.1 FCDO requires the Supplier to provide the Services to the recipients as stated in GGN TOR ITT vol 1.2 Annex A (Terms of Reference) pages 9 & 10, paragraphs 21 and 22, (the "Recipient").

3. Financial Limit

March 2024



Foreign, Commonwealth & Development Office

- 3.1 Payments under this Call Down Contract shall not, exceed **£22,490,382** ("the Financial Limit") and is inclusive of any government tax, if applicable as detailed in Annex B.

4. FCDO Officials

- 4.1 The Project Officer is:

[REDACTED], Senior Programme Manager Green Growth Group, British Embassy Kathmandu

- 4.2 The Contract Officer is:

[REDACTED], Commercial Lead -Climate, IACT, FCDO

5. Key Personnel

The team proposed in the bid is expected to implement the contract. The following of the Supplier's Personnel cannot be substituted by the Supplier without discussion and FCDO's prior written consent. Changes to other team members not named below, that differ from the tender submission will also require discussion with FCDO

Name	Organisation	Role
[REDACTED]	PwC India	Project Director
[REDACTED]	Triple Line	Team Leader
[REDACTED]	Independent	Component 1 Lead
[REDACTED]	Independent	Component Lead 2 & Policy Advisor
[REDACTED]	Independent	Component Lead 3
[REDACTED]	PwC India	Programme Manager

6. Reports

- 6.1 The Supplier shall submit project reports in accordance with the Terms of Reference at Annex A.

7 Call Down Contract Signature

- 7.1 If the original Form of Call Down Contract is not returned to the Contract Officer (as identified at clause 4 above) duly completed, signed and dated on behalf of the Supplier within **15 working days** of the date of signature on behalf of FCDO, FCDO will be entitled, at its sole discretion, to declare this Call Down Contract void.

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

March 2024



Foreign, Commonwealth & Development Office

Signed by an authorised signatory
for and on behalf of

Secretary of State for Foreign, Commonwealth
and Development Affairs

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

Name: [REDACTED]

Position Head of Commercial Pillar:
IACT,

Signature:

Date:

Name: [REDACTED]

Position: Contract Director

Signature:

Date:

March 2024

Annex A

Green Growth Nepal (GGN)

Terms of Reference

Table of Contents

Acronyms	3
Overview	5
Programme Objectives and Context	7
Background on Existing work	8
Recipient & Beneficiaries	9
GGN Scope.....	10
GGN components and workstreams.....	11
Component 1: National Green Growth	11
Component 2: Green Growth for Cities	16
Component 3: Financial Sector Deepening.....	18
What will success look like	18
Inception Deliverables.....	22
Monitoring and Reviews	24
Governance, Management and Delivery Structures	25
Required Technical Competency and Expertise.....	28
Budget, Timeframe, and Contract Management.....	35
Budget and Timeframe	35
Break Point	35
Scale Up and/or Down	36
Payment and Performance.....	36
VFM indicators	38
Monitoring & Evaluation	39
Other Requirements	39
_____ UK Aid Branding.....	40
_____ Transparency.....	40
_____ Delivery chain	40
_____ Digital Spend	40
_____ Fraud and Corruption	41
_____ Safeguarding Considerations.....	41
_____ Duty of Care.....	41

Reference Documents and
Appendices.....43

Acronyms

ADB	Asian Development Bank
AIIN	Accelerating Investment and Infrastructure in Nepal
AMLCFT	Anti-money Laundering and Countering of Financing of Terrorism
APPIIC	Accelerating Public and Private Investment in Nepal
AR	Annual Review
BII	British International Investment
BIP	British Investment Partnerships
CIG	Centre for Inclusive Growth
CL	Component Lead
CV	Curriculum Vitae
FCDO	Foreign, Commonwealth and Development Office
BEK	British Embassy Kathmandu
ESG	Environmental and Social Governance
ETR	End Term Review
FA	Financial Aid
FDI	Foreign Direct Investment
FSSP	Financial Sector Stability Programme
GCF	Green Climate Fund
GDS	Government Digital Spend
GDP	Gross Domestic Product
GGN	Green Growth Nepal
GNI	Gross National Income
GoN	Government of Nepal
GRID	Green, Resilient and Inclusive Development
ICF	International Climate Fund
IECCD	International Economic Cooperation and Coordination
IMF	International Monetary Fund
KPI	Key Performance Indicator
LDC	Least Developed Countries
LISP	Local Infrastructure Support Programme
LMIC	Lower Middle-Income Country
MoF	Ministry of Finance
MOICS	Ministry of Industry, Commerce and Supplies
MoEWRI	Ministry of Energy, Water Resources and Irrigation
MTR	Mid Term Review
MW	Mega Watt
NRB	Nepal Rastra Bank (the Central Bank)
OIBN	Office of the Investment Board of Nepal
NEA	Nepal Electricity Authority
NERC	Nepal Electricity Regulatory Commission
NIB	Nepal in Business
NURP	Nepal Urban Resilience Programme
PIDG	Private Infrastructure Development Group
PD	Project Director
PPP	Public Private Partnership

PLGSP	Provincial and Local Governance Support Programme
PRO	Programme Responsible Officer
PSC	Public Service Commission
PPPIA	Public Partner Partnership and Investment Act
RAIN	Resilience, Adaptation and Inclusion in Nepal
SEBON	Securities Board of Nepal
SME	Small and Medium Enterprises
SOAS	School of Oriental and African Studies
SRO	Senior Responsible Officer
TL	Team Leader
TDF	Town Development Fund
TOC	Theory of Change
TOR	Terms of Reference
VfM	Value for Money
WB	World Bank

Overview

1. The UK Foreign, Commonwealth and Development Office ('FCDO') seeks a Supplier ('Supplier') to undertake the mobilisation ('Mobilisation'), delivery and management (collectively 'Implementation') of FCDO Green Growth Nepal ('GGN') programme.
2. GGN will increase green, resilient, and inclusive growth by expanding investment in green industries and services, improving climate-resilient infrastructure and investment in cities, and strengthening sustainable economic policy and implementation. GGN will support the Government of Nepal's 16th periodic plan to create prosperity while protecting the environment and the natural resources that underpin sustainable growth in Nepal. To achieve this, Nepal needs to encourage greater levels of foreign investment and climate finance to flow into the country to enable and expand infrastructure and business services in a way that protects the environment and supports rapidly growing urban centres.
3. The contract breakdown (note initial 5 year, £26m contract):

Component	Value	What we are procuring
Component 1: National Green Growth	£13.6m	TA including Financial Aid to the Investment Board Nepal (£9.1m).
		Out of the total £9.1 million, <i>up to</i> £1.13 million can be earmarked as FA which will be channelled through the supplier to OIBN Independent Fund (reimbursement for specific activities, subject to strict governance processes).
		TA to the federal and provincial governments (e.g., MoF, MoICS, planning ministries, Chief Ministers offices) (£4.5m)
Component 2: Green Growth for Cities	£6.1m	TA to clusters of municipal governments in growth corridors to improve urban development and investment in infrastructure.
		Possible Financial Aid (<i>up to</i> 10% of budget allocated to this Component). FA budget is included in the component budget of £6.1 m.
Component 3: Financial Sector Deepening	£6.3m	TA to federal government (i.e., Central Bank, MoF) and financial institutions
Total	26.0m	

4. GGN is expected to achieve results in 3 main areas:
 - Component 1 (National Green Growth): Promote green growth through investments and economic policy implementation.
 - Component 2 (Green Growth for Cities): Enable investment in climate resilient infrastructure in cities.

- Component 3 (Financial Sector Deepening): Deepen financial sector and increase access to green and international finance.

The support on economic, industrial and services policies at the federal level, and the support to provinces on economic management and planning under Component 1.1, and the Component 3 work on financial sector deepening will require an adaptive approach. This should be reflected in the Technical Proposal that will demonstrate how programme management is different for an adaptive programme at the start, and how the management approach will change once areas of intervention are more settled.

5. To deliver these results FCDO is issuing one contract for three main components. The Supplier should:
 - Work jointly across components to achieve programme objectives together.
 - Ensure excellent relationship management with multiple stakeholders in Nepal (including governments, agencies, private sector and communities), the multilateral system is critical to the success of many of the outcomes, and British Investment Partnerships (BIP) [Delivering the UK's international development strategy: 2023 progress update - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/uk-governments-strategy-for-international-development) <https://www.gov.uk/government/publications/uk-governments-strategy-for-international-development>
 - e.g., British International Investment, link to website: <https://www.bii.co.uk/en/> , InfraCo Asia, link to website: <https://infracoasia.com/> , etc.
 - Maximise Value for Money .
 - Work adaptively for the economic policy part of component 1, and component 3 on financial sector deepening (for more details refer to the Flexible and Adaptive Management section in the Business Case p38, ToR Appendix B, p42).
 - Ensure effectiveness through proportionate monitoring, learning, management, and reviews.
 - Foster and sustain coordination and cooperation between various spheres of Government of Nepal and ensure TA does not substitute government's capability building process.
 - Coordinate and collaborate with other FCDO programmes, the implementing partners and FCDO initiatives as necessary.
6. The expected programme start time is summer 2024 subject to Government of Nepal approval. There will be a 5-month inception period, see page 32. While the GGN Business Case is approved for 7 years, the initial contract will be for a period of 5 years, with a contract value of up to £26 million, inclusive of all taxes. FCDO may extend the contract for an additional two years, and/or up to £9.7 million in additional programme budget bringing the total contract duration to 7 years and/or the total contract value to £35.7 million. It is expected that all components would increase proportionately as per the Business Case (Component 1 budget would reach - £17.8 m, Component 2 - £8.9 m and Component 3 - £9 m.) however this is subject to other factors and FCDO reserve the right to use the increase as the programme requires.
7. Any extension will be subject to internal approvals including availability of funds, and the outcome of the FCDO mid-term review (MTR) of programme in Year 3 which includes an assessment of Supplier performance. A break clause is included in year 4 in case the MTR recommends closure. The MTR may recommend that fund allocations across components need to change, of that the overall contract value reduce, or reduce for a specific component. Scale up/down options are in Section F below.

8. Independent Monitoring, Evaluation and Learning (MEL) will take place. The Supplier will need to provide and share with FCDO and any MEL provider the various programme related data and reports generated in implementation of GGN as required. The Supplier is expected to work with FCDO Evidence and Learning Hub and evidence partners on improving portfolio coherence and effectiveness. This will include sharing programme related data and reports.

Programme Objectives and Context

9. Nepal is scheduled to graduate from Least Developed Country (LDC) status in 2026 and aspires to be an Upper Middle-Income Country by 2030. To achieve this, Nepal must undergo further economic transformation, that is driven by its comparative advantage. This exists in green sectors which offer an opportunity to pursue low carbon and climate resilient growth through investment in renewable energy, industries, infrastructure and services that implement and enforce strong environmental and social governance (ESG), and better planned cities. Green growth in Nepal is not inevitable. Yearly total emissions are small but are projected to treble by 2050 unless investments are made now to put Nepal on a green growth path. International and domestic investment is low, and the financial sector is underdeveloped in comparison to other lower middle-income countries (LMICs). High-quality investment into climate-resilient infrastructure is inadequate and expensive. Urbanisation is happening at a fast rate with cities increasingly contributing to country's GDP and hence regarded as the main growth engine of the country. However, existing level of infrastructure services and private sector growth in cities do not correspond with Nepal's middle-income aspirations.
10. GGN will support Nepal's long-term strategy to achieve growth and net zero emissions by 2045, and the diversification and sophistication of the economy that supports sustainable structural transformation. Green growth is defined as increasing investment, productivity, and inclusive job creation:
 - In sectors where value is rooted in the sustainable development of natural capital assets.
 - Through investment in climate resilient low carbon assets and services that are particularly important for growth.
 - Financed from sources that require effectively enforced social and environmental safeguards.
11. GGN is designed to work alongside and leverage multilateral and BIP agencies. Outcomes will result in Nepalis benefiting from better infrastructure, sustainable cities, and expanding green industries and services.
12. For the purpose of this ToR,
 - "Outputs" are defined as activities directly implemented by the Supplier or downstream partners, for example a report or a workshop.
 - "Outcomes" are defined as the positive and sustained social, economic, financial or environmental changes (e.g., results) caused by outputs.
 - "Impacts" are defined as positive macroeconomic or transformational change that result from outcomes but are significantly impacted by factors outside the Supplier's control.

Background on Existing work

13. This contract will continue some of the work in progress under the Accelerating Public and Private Investment in Nepal (APPIIC) component of Accelerating Investment and Infrastructure in Nepal (AIIN) ending on 1st June 2024. See Appendix C. This has supported the government to improve the quality of large government to government investments and interactions. However, progress to make it easier for private sector investors to navigate the complex Nepali government system has been much slower. GGN support will need to do both, and progress the latter, quicker.
14. Component 1 will build on the work of APPIIC and its predecessor programme that have helped to achieve the following:
 - Long term support to the government to progress legislation that will support facilitation of foreign direct investment (FDI) and public private partnerships (PPPs) in the future. For example, the PPP and Investment Act 2019 (PPPIA '19) and subsequent regulations provide the Office of the Investment Board (OIBN) a mandate to approve and facilitate all projects above NRS 6 bn (c US\$ 45m), and hydro projects over 200MW, power generation and operational autonomy including establishing an Independent Fund. Though this legislation only came into effect in 2019, and considering the impact of Covid, the OIBN is still new as an institution with this enhanced mandate and will take time to be able to evidence its ability to deliver.
 - With support from APPIIC the OIBN:
 - i. Provided legal, commercial and technical support to the design, procurement and monitoring of large-scale projects, including hydropower (e.g., Arun 3).
 - ii. Supported development and implementation of the 5-year Strategic and Business Plans to deliver OIBN's vision.
 - iii. Improved project screening practices and transparency through developing Project Screening Guidelines.
 - iv. Improved Social and Environmental screening and monitoring of projects through development of a Project Monitoring Dashboard.
 - v. Improved the human resource capability of the OIBN while supporting plans to (a) hire a specialist group of civil servants with expertise in investment, and (b) hire specialists from the market.
 - vi. Improved financial autonomy of OIBN to raise, manage and spend its own budget to deliver its functions.
15. Component 1 will also build on some of the work that was delivered through the Economic Policy Incubator (EPI) component of AIIN. GGN's work will evolve from EPI's focus on industrial policy, in that it will be more closely tied into improving the enabling environment for FDI, mainstreaming climate into economic policy implementation at Federal and Provincial level, advising the government on which parts of the service sector to support, and support Provincial governments to deliver some green investments that align with their strategy. Facilitating investment into a special economic zone could be progressed by GGN. See Appendix F for design work completed by FCDO for Component 1 and 3.
16. Component 2 will build on lessons from the Nepal Urban Resilience Programme (NURP), that closes in January 2024. NURP's implementation in three cities, Pokhara, Janakpur and Butwal, suggested that a range of issues such as local procurement, municipal resource

mobilisation capacity, economic planning, financing and partnership strategy will need to be addressed adequately to improve the business environment at municipal level. Whilst supporting three municipal governments on those areas, NURP also demonstrated that TA support at local level can deliver results including (1) putting in place economic and revenue planning frameworks, (2) infrastructure planning tools (e.g., risk sensitive land use plans and localization of building codes), and (3) supporting city governments with prioritisation and building of pipeline of investment ready pipeline infrastructure projects based on GRID (green, resilient and inclusive development). (4) Consolidation of learning including coordination challenges between various spheres of Government of Nepal for sustainable urban development. See Appendix F for design work completed by FCDO for Component 2.

17. GGN will pivot towards investment facilitation and work directly with municipal governments in Lumbini, Madhesh and Karnali Provinces to improve their business environment and investment attractiveness. Component 2 will work on:
 - Better planning of cities focussing on improving municipal government's capability on resource mobilization and building partnerships with the private sector to deliver infrastructure investment.
 - Municipal government's capacity to screen, prioritise and build an investment-ready project pipeline.
 - Enhanced inflow of investments (private investments, market funds, commercial and multilateral funds) into high quality urban infrastructure. Facilitation of collaboration and partnership with UK institutions (e.g., British Investment Partnerships including non-ODA initiatives), multilaterals and private sector to leverage and promote investments in cities.
18. Municipal governments must be fully involved in the investment process end-to-end, including deliberations with communities. The approach will be to work in clusters of municipal governments as appropriate, the exact modality of such approach will need to be further explored depending on the investments selected for GGN support.
19. Component 3 will build on work delivered through the Financial Sector Stability Programme (FSSP) of AIIN. As the International Monetary Fund (IMF) are resident in Nepal with a programme, component 3 will focus on financial sector deepening, working closely with components 1 and 2 on how to support government to facilitate private sector investment, and access climate finance, that drives growth while protecting the environment. This component is expected to coordinate and collaborate, where appropriate, with the technical assistance of the World Bank (WB) and IMF finance programmes.

Recipient & Beneficiaries

20. The principal recipient of GGN services will be the public stakeholders charged with economic, industrial and services policies in Nepal. Also, those covering foreign investment promotion, infrastructure investment, financial sector development and hydro energy development and management in Nepal. Principally the Ministry of Finance (MoF), Ministry of Industry, Commerce and Supplies (MoICS), Nepal Rastra Bank (the central bank), National Planning Commission, Office of the Investment Board of Nepal (OIBN), Ministry of Energy, Water Resources and Irrigation (MoEWRI), Ministry of Urban Development (MOUD) Ministry of Federal Affairs and General Administration (MoFAGA) and government agencies, the Securities Board of Nepal (SEBON), the provincial governments in Madhesh, Lumbini

and Karnali provinces, and select clusters of urban municipal governments in UK's priority provinces.

21. We expect the Supplier to work closely with the WB, IMF and BIP where their programmes align with objectives of government and GGN. There may be other agencies in Nepal that benefit from GGN technical advice, to be agreed with the Supplier (e.g., the Town Development Fund, link to website <https://tdf.org.np/>), if agencies are viewed as appropriate for delivery.
22. The ultimate beneficiaries of this support will be Nepali and foreign investors, enterprise owners and communities in Nepal who will benefit directly from higher investments in more climate resilient infrastructure and indirectly from more economic opportunities as a result of better infrastructure and services.

GGN Scope

23. The planned interventions, workstreams and activities under GGN along with the evidence, rationale and justifications are explained in the GGN Business Case (see 4 areas below for a summary). GGN will address and significantly overcome a selection of constraints and harness opportunities to advance green growth in Nepal. Each component will need to identify areas that are technically and politically feasible to influence up until 2030.

- i) Inadequate economic, industrial and services policy for sustainable growth

Nepal ranks well below the South Asian average on government effectiveness and the national 'infrastructure gap' is estimated at 10-15% of annual GDP over the next decade. Nepal has yet to establish a robust growth, industrial or services strategy to advance domestically driven economic growth. Newer provincial governments lack the capacity and resources to manage and implement economic planning and provincial scale infrastructure development, and to work with municipal governments in growth and trade corridors. Green growth targets have been established (e.g., Nationally Determined Contributions) and these need to be built into economic policy and associated institutional capability.

- ii) Insufficient large-scale FDI with associated technology transfer

FDI is very low in Nepal compared to international comparators. OIBN is well placed to improve the quality and monitoring of large scale FDI and private investments in partnerships with line ministries but lacks the necessary resources and autonomy considering the complexity and scale of its mandated functions, and portfolio. The OIBN has a strategy and business plan that is moving it towards a more effective and sustainable footing. As legislation is convoluted, FDI restrictions are broad and protectionist, and government is not well coordinated, OIBN as the FDI fast track agency can ease some large-scale investment barriers and provide a more integrated service experience to businesses. Integrating economic and investment policy is important for success. This is important for raising the quality of government-to-government agreements, and for private sector investors. The latter is the step change GGN is aiming to facilitate. However, the programme will agree some key milestones that must be met in the first 2 years of support to OIBN. If sufficient progress and reform does not materialise a change in approach and delivery mechanism will be considered by FCDO.

iii) Insufficient resilient infrastructure in cities

Many city governments struggle to deliver services, plan and manage budgets, and invest in resilient and inclusive economic infrastructure. Investment in cities is constrained by low capacity of city governments in strategic planning, tackling systemic issues and coordination with other local and provincial governments. This is further compounded by a lack of private sector investment in cities. Unplanned city expansion affects the environment, reduces climate resilience and aggravates urban poverty. Public investment and capacity to deliver infrastructure across municipal government boundaries is low. The estimated finance gap until 2030 for urban infrastructure is very high and public funds alone cannot address it. However, the opportunity still exists for sustainable development as there are national and international investors and developers that would like to invest in cities. GGN will identify such existing opportunities and support municipal governments to build relationships and progress transactions with investors (including BIPs and multilaterals) and improve the investment environment. GGN will test the approach to support a few investments end-to-end and demonstrate that these can be done in Nepal and scale up as appropriate. This will use approaches that have been successful in city developments (and FCDO programmes) in other countries.

iv) Underdeveloped financial sector and minimal climate finance

Nepal is a relatively small, closed economy, with very limited access of exposure to international capital or financial markets. The domestic financial sector is shallow, mostly dominated by the banking sector (85%) and access is largely limited to urban areas. Domestic infrastructure investments are costly and high risk in Nepal, an issue compounded by scarce finance. The costs of bank lending to the private sector are high and have remained so because of limited competition, and limited liquidity in the system. There is scope to increase access to private climate finance, support the central bank to incentivise and regulate this, and increase access to international capital. This can be through solutions for projects, as well as broader based policy reform.

GGN components and workstreams

24. There are three components (introduced here and additional detail can be found in section C).

Component 1: National Green Growth

Subcomponent 1.1: Support economic, industrial and services strategy, policy and implementation through technical assistance to federal and provincial governments. This team will need to work adaptively.

25. The main objectives of this subcomponent are:

- Technical assistance (TA) to MoF and MOICS on industry and services strategy, policy, legislation and regulation development that improves government implementation of their budgets and improves the business environment for green growth.

- FDI and business environment reform linking to OIBN facilitated projects (subcomponent 1.2) as vehicles for reform.
- TA to provincial governments on economic, industrial, services and infrastructure strategy, policies, and implementation. This includes for local growth sectors, and climate mainstreaming across economic management work. Delivery of climate-resilient infrastructure could link to component 2.

Subcomponent 1.2: Strengthen the Office of the Investment Board Nepal (OIBN) as Nepal's FDI and PPP fast-track agency. There are 2 main objectives of this subcomponent:

- is to set up an institutional blueprint that the government of Nepal can manage as an effective FDI facilitation agency and centre of expertise for PPPs, in partnership with a multilateral or BIP agency.
- Deliver results during this transition.

26. To note that support from GGN is currently focused on the OIBN under component 1.2. If during the life of the programme it becomes clear that the OIBN is no longer empowered to deliver results, the nature of support on these agendas will need to change in agreement with the steering committee of the GGN programme (chaired by the Minister of Finance). For example, as direct funding for embedded technical assistance to the OIBN reduces, the GGN pot of national and international resourcing to advance projects and improve national investment policy will grow. This resource (which could be people or money (or both)) can be used to support the OIBN, or if that is not working effectively, the SRO may decide to direct this support to another agency, following the recommendations of the independent mid-term review to the programme steering committee.

27. The Supplier will need to be flexible depending on the scenario that unfolds, under direction from FCDO. 6 monthly assessments will be jointly made with the OIBN, Supplier and FCDO on progress to achieving sustainability outcomes. The mid-term review and contract review points will be used to assess the direction of travel on outcomes and determine how to proceed with the programme:

- A) **Plan A.** Legislation improves to allow for more effective functioning of the OIBN. Resources delivered as explained below.
- B) **Plan B.** Legislation is amended but in a way that does not improve the effectiveness of the OIBN. External project resources are accessible to other government agencies or multilaterals to progress FDI or PPPs in Nepal (i.e., support to National Investment Policy). Resource embedded in the OIBN government side are reshaped to progress outcomes considering the new context. This may require FCDO to change its approach to deliver through a new financing mechanism and with new partners (i.e., a World Bank Trust Fund). This would mean the scope of the contract after the mid-term review stage could change and the overall value of this sub-component could reduce.
- C) **Plan C.** Legislation is not amended. All resources are extracted from the OIBN and accessible to other government agencies or multilaterals to progress FDI or PPPs in Nepal or diverted to use by another component. This may require the scope of the contract being changed and the contract value being reduced. This would require a decision from the Development Director in consultation with the steering committee.

There are 2 ways that this component will support the OIBN from the outset, subject to change considering the above scenarios.

[1] Institutional sustainability (External Team)

A technical advice team to deliver the following work with MoF, OIBN, Central Bank, partner Ministries, multilaterals and BIPs. This will be *external* to the OIBN. This team will also be responsible for reporting to FCDO and have oversight of all aspects of GGN support to the OIBN.

28. Support the government to build a sustainable and effective institution long-term. The Supplier will be accountable for delivery against specific outputs and outcomes in these areas.

29. Financial sustainability:

- Operationalise the Independent Fund, with strong governance and accountability structures managed by the OIBN, to deliver increases in funding sources and types. Support the OIBN to manage this independently, with strong governance and transparency.
- Increasing current and leverage new sources of funding to cover OIBN's costs and to deliver all its functions.
- These require proactive engagement with the MoF, NRB, WB and IMF to ensure that the approach is in line with the broader approach to managing fiscal risks across government.
- Advancing projects and systems at the OIBN to a level where they can attract and manage new types of financing to deliver projects.

30. Human resource sustainability:

- Facilitate OIBN hiring long-term staff with the requisite skills and experience independently of UK support, to deliver all OIBN functions This is into the OIBN, as GGN will only finance embedded staff for c2-3 years pre phasing to external transaction funding (see pages 16-17).
- Facilitate OIBN setting up with the Public Service Commission (PSC) a group of civil servants that are investment specialists, which can be placed in the OIBN and other parts of governments, as required.
 - This requires proactive engagement and relationship building with the PSC and responsible line ministries.
 - This also needs to consider Provincial government requirements e.g., how will this new group of specialists be used or accessed as Provincial government needs grow.
- Support government to improve the legislative architecture relating to FDI, PPPs and the business environment. The Supplier will need to be flexible to support the functions of the OIBN, depending on how these end up being delivered by government in practice, as legislation evolves up to 2030. These functions currently are the responsibility of OIBN and the Supplier will need to:
 - Support OIBN to increase FDI into Nepal: focusing on facilitation of a smooth process for investors and developers. This includes for approvals, as well as support to navigate complex government and regulatory systems in Nepal. Success can be measured in *investor experience of an integrated service*.
 - Facilitate strong cross government monitoring and implementation of legal agreements between the government, developers and financiers. Support OIBN to establish and implement strong environmental and social safeguards.
 - Support the clear accountability and resourcing of the PPP¹ function currently within OIBN, so that a clearer separation of the PPP centre/unit is established.

¹ Note if legislation changes and the organisational structure of the OIBN changes to include clearer team structures (i.e. PPP unit, Investment Unit, Transaction Unit, Implementation Unit, etc), it will be up to FCDO and the Supplier about how to best place this resource while it is embedded.

31. FDI promotion – this is primarily the responsibility of government staff at the OIBN.
This is a relatively small proportion of funding reimbursed by financial aid via the fund for effective promotional activities, agreed in advance with FCDO (i.e., this will only cover a small % of events, requiring OIBN to draw in sponsorship and other sources of funding). The Supplier is expected to support national investment summits, via the embedded consultants and a small amount of Financial Aid, That usually take place every two years in Nepal.
32. FDI approvals and integrated investor experience – this is primarily the responsibility of government staff at the OIBN (with some support from the Supplier embedded team detailed in paragraphs 33 - 43).
- Proportion of funding reimbursed by financial aid via the fund linked to improved investor experience, reporting agreed in advance with FCDO.
 - Proportion of funding reimbursed by financial aid via the fund linked to FDI delivered through OIBN facilitation, reporting agreed in advance with FCDO.

[2] A technical advice team *embedded* in the OIBN (Internal team) that will:

- Support the OIBN to manage the PPP function (and OIBN functions critical for investment facilitation depending how legislation is amended)
- Support the OIBN to engage with private investors and build up the OIBN's reputation as a reputable agency for investment facilitation.
- Improve the monitoring function of OIBN.

This team will do this through:

33. PPP function management
- A small number of senior embedded staff at the OIBN who can oversee and manage flows of work.
 - Senior oversight of the workflows within the OIBN, PPP and other functions. Each staff member funded by GGN will have clear terms of reference detailing the work they are responsible and accountable for. These terms of reference will need to be agreed between FCDO and OIBN leadership, to ensure clarity over specific workloads of GGN funded staff. Monthly meetings will be required between the FCDO and OIBN leadership to make sure GGN resources and expertise are being used for the jointly agreed purposes.
 - Including decisions on how and when to source more TA to support outcome delivery and managing relationships between the PPP function and other government departments (and OIBN functions critical for investment facilitation depending how legislation is amended).
34. GGN will resource the PPP function (and OIBN functions critical for investment facilitation depending how legislation is amended) initially including operational costs, and phase out during GGN, as resources increase from other sources of finance. E.g., government finance via their Red Book, other development partners or agencies, and/or revenues from developers and investors for the services the OIBN. This will be fully financed by GGN for 2-3 years, then after that funding will reduce annually and transition funds from directly supported by GGN, towards external services instead (a flexible GGN pool of resource for international and domestic TA). As direct GGN resource reduces, the PPP function (and other OIBN functions) can be resourced by staff hired from the market by OIBN, via the Public Service Commission, or another arrangement agreed with another party.

35. The Supplier will set out a clear transition plan with milestones for how and when financial resources will transition from embedded to the external TA pool, initially to be set out in the Technical Proposal. This will include 6 monthly reviews of progress against sustainability outcomes, specifically on Act amendments.
36. Transition to external resources will begin in year 3 (at the end of year 2) of delivery of GGN, for example, a 50% reduction in direct financing in year 3, 0% direct financing in year 4 (or a more nuanced approach). As the external TA pool grows, this can be accessed by the OIBN for project development. Though if the scenario under Plan B or C develops (see page 11 paragraph 27), the SRO of the programme can decide if these resources need to be used by another agency to develop projects. In that case the scope and value of the overall contract could reduce after the mid-term review stage. This depends on legislation and how effectively the OIBN is operating. Plans B and C requires the Supplier to operate with and work closely with alternative government agencies.
37. Under Plans B and C, the outcomes set out here will need to be amended to reflect how the programme is expected to deliver considering the new context. The mid-term review will provide evidence to support the re-orientation.
38. FDI and private sector engagement and *relationship management*.
 - High level interactions and facilitation for OIBN and investors, to provide them with an *integrated service and experience*. For example, for the few international private sector investors willing to navigate the Nepali system, this team need to strive to provide them with an integrated service (by navigating the system for them via the GoN OIBN staff).
 - They can also attend events to raise the profile of expertise at the OIBN. They will need to proactively engage with the relevant parts of the civil service, problem solve and help move issues through the system.
39. Project Monitoring
 - GGN will resource this, including operational costs. A small number of embedded staff at the OIBN who are responsible for all aspects of environmental and social safeguard monitoring and enforcement for projects in the OIBN pipeline.
40. Proposals should also consider the following:
 - The Supplier should consider embedding staff or other creative ways of building networks in key agencies and ministries that can facilitate effective monitoring in sectors most important to OIBN's work. If this model works well, then this approach could be adopted by the OIBN longer term. This will exist throughout GGN if required.
 - Provide staffing and operational support to the separate PPP function. The main operational support to the PPP function are expert consultants procured and paid for by the Supplier. To note, funding for these staff members will be reduced over the life of GGN, and substituted payments for external national and international technical assistance. This is the financial incentive for OIBN and GoN to start staffing the unit from the market.
 - Include support to PPPs that include FDI, e.g., linked to subsidiary or associate company in a foreign country, or by means of a merger or joint venture with a foreign company. These should be structured in such a way that it is good for the long-term development of Nepali companies, that create economic opportunities in Nepal. Component 3 can support on the financial structuring.

- Provide expertise to OIBN to prepare, design, procure and monitor major infrastructure projects to meet international standards. Support screening of new projects, commissioning and evaluating feasibility studies. Procure advisory and legal services required to negotiate and finalise major deals.
- Ability to draw in specialist TA from international experts as required.
- Funding will be linked to success of progression of projects and bringing in alternative sources and types of financing to continue the delivery of the PPP function as FCDO support withdraws. This is critical to the sustainability and effectiveness agenda.

41. Links to BIPs:

Piloting linking BIPs to OIBN work. For example, FCDO programmes that could support pipeline development and financing for projects. Other BIPs could work with the OIBN and will be reviewed at inception in case relevant (e.g., the UK Infrastructure Projects Authority). The Supplier will need to dedicate resources to this engagement, relationship building and establishing partnerships that work in Nepal. Suppliers that leverage BIPs and can show how relationships will be built and deliver outcomes will be viewed favourably.

42. OIBN technical advice team operational cost covers consultants' salary, IT systems and communication, international and domestic travel, and vehicles and vehicle operations cost, office running cost, office stationery, utility cost maintenance and support, software. Does not need to cover office rent. For example, the total operational cost during the (14 month) with 25 consultants and 4 support staff was around £500,000. Suppliers are encouraged to consider carefully the skills and staff mix required and present team composition considering the objectives to start up an organisation that can deliver more effectively, but also potentially grow in the future (we are looking for a change in model to incentivise the creation of a more effective institution long term, considering changes in legislation that are required to increase human resource and financial autonomy). The work of the consultants will be closely monitored, bound by terms of reference agreed between FCDO and the OIBN senior management. This is to provide expert advice to the OIBN and government of Nepal.

43. Suppliers are asked to set out the exit plan for direct support to the OIBN, recognising that the external resource pool for project development could then be used by other agencies if the OIBN does not draw down from this. The Supplier needs to be ready to flex resources in this way, under direction from the SRO. Suppliers need to take into account how they would operationalise Plans A, B and C above.

44. As GGN takes over from APPIIC on OIBN support, the Supplier will need to transition from APPIIC to GGN sensitively considering how the current team will change under GGN. FCDO will aim to build in a handover period of at least a month if possible, but this might not be the case and cannot be guaranteed if the tendering process is delayed.

Component 2: Green Growth for Cities

45. Improve urban development and investment in green infrastructure by providing TA to municipal governments in UK priority provinces (Madhesh, Lumbini and Karnali). A technical advice team embedded in municipal offices of Karnali, Madhesh and Lumbini Provinces. Dedicated technical experts to engage with BIPs, and/or financial intermediaries to deliver tangible investment results and build capability. It is important that the delivery model and

Supplier work in a way that support the municipal governments to build their own capability over the life of the programme. Payments are linked to progression and implementation of high-quality projects. This team will need to work flexibly and adapt to the changing context/need of municipal governments.

46. **System strengthening:** Better planning of cities focussed on improving municipal government's capability for resource mobilization and partnership with private sector to increase investment. The Supplier will explore opportunities and implement activities that contribute to better planning of cities so that urban infrastructure and services can be made affordable, sustainable and lower carbon. The current city planning process is not adept at taking climate risks into account, making investments vulnerable to climate change. In addition, the urban poor and migrants, women and youth in particular, are located in the rural-urban continuum and most vulnerable areas with the most limited resources, so are particularly at risk from the risk of climate change. The Supplier will consider these factors and support municipal governments to improve governance, management and inclusivity in the planning and budgeting cycle. This may include managing Financial Aid flows to municipal governments to strengthen systems (to be determined during inception).
47. **Cluster approach to intervention:** The process for approach to cities selection will begin before awarding the contract. However, the final selection of cities and municipal government clusters will be completed at inception. The Supplier will ensure that Government partners are kept informed of the criteria and approach for cities selection and decisions will be taken in agreement with the Government partners.
48. **TA to build pipelines of high-quality projects:** Provide end-to-end support to municipal governments, so they can deliver an investment process that is deliberative and represents best practice in environmental and social safeguards. Prospective sub-sectors include urban centre re-development projects (including crowding in non-ODA), transport, solid waste management, water management, settlement development, business parks, tourism, heritage and green space enhancement. The Supplier will ensure project pipelines are green, resilient, and inclusive, and embedded in provincial and municipal government economic strategies and frameworks. It is important that the delivery model and Supplier work in a way that support the municipal governments to build their own capability over the life of the programme.
49. **Delivering private and PPP investments:** The Supplier will support municipal and provincial governments to access private and/or blended finance from BIP agencies and others to fund and implement large scale investments, including development and piloting of innovative finance mechanisms. Some key areas of support will be as below:
 - End-to-end investment facilitation between municipal governments, BIPs and financial intermediaries.
 - Support project implementation throughout the delivery cycle, including building the capacity of municipal government to manage and monitor them once GGN ends.
 - Supporting municipal governments to manage debt associated with investments.
 - Supporting municipal governments to group together as clusters and work in a joined-up way in relation to cross boundary investments.
 - Supporting dialogue with the private sector, to improve public-private engagement, and private investments, where these are linked clearly to the delivery of outcomes.

Component 3: Financial Sector Deepening

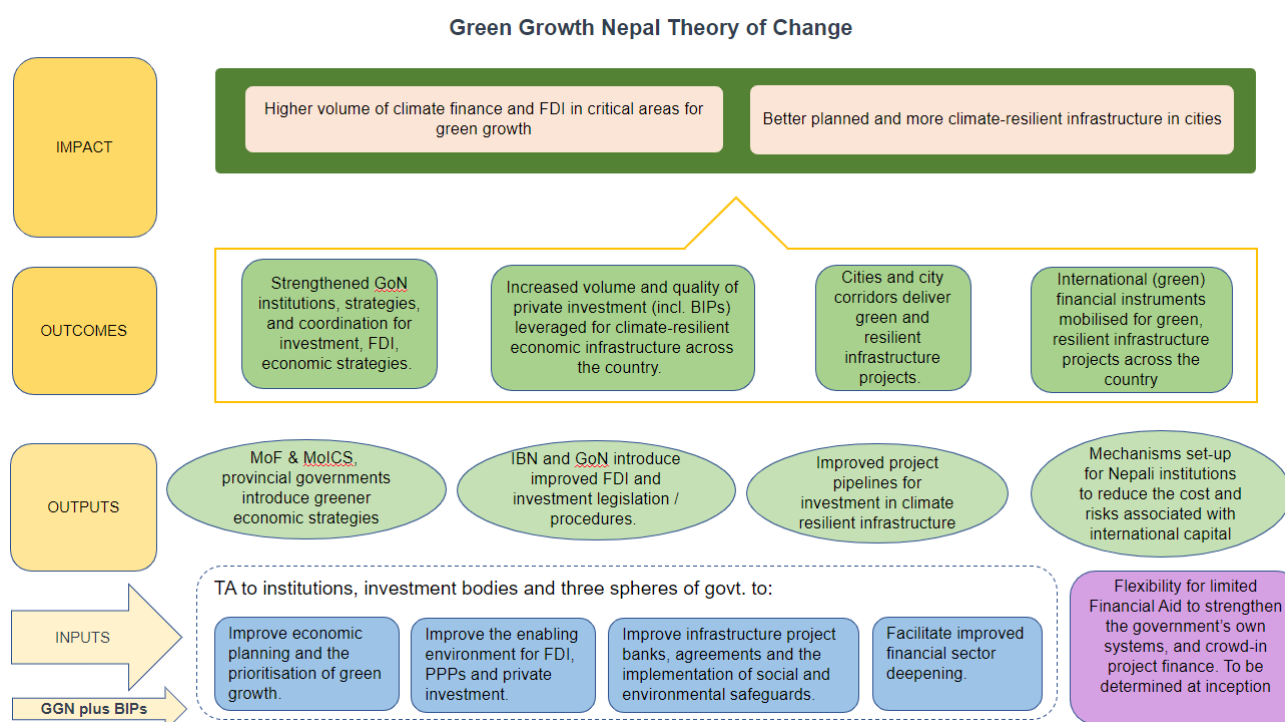
50. TA team to Federal government (Central Bank, Ministry of Finance, Securities Board of Nepal (SEBON) and other agencies). Staff embedded as necessary at Federal government Ministries and the Central Bank to deliver the outcomes. This requires dedicated staff to engage with other components to deliver tangible investment results. Payments will be linked to progression and implementation of high-quality projects, including FDI. It is important that the delivery model and Supplier work in a way that supports the government to build their own capability over the life of the programme. For example, the previous programme established an IT system at the Central Bank, which required the Central Bank to establish its own team to deliver and manage the system (this took 5 years to build the system and the team there that is now managing the system). This team will need to work adaptively to deliver:

- Working with investments being facilitated by Components 1 and 2 to:
 - Facilitate green financial vehicles and instruments to mobilise domestic and international finance for green infrastructure.
 - Draw down from relevant BIPs and the UK Centre of Expertise (CoE) for finance.
 - Provide support to domestic banks or financial institutions to issue green bonds.
 - Develop and operationalise solutions that mitigate investor risk and reduce cost for investors (e.g., hedging mechanisms, credit guarantees).
- Green finance taxonomy implementation in Nepal's financial sector, including for climate finance access, supervision, and regulation purposes by the Central Bank. This will require co-ordination with other development partner/s.
- TA to MoF to maintain the sovereign credit rating, if/when appropriate.
- TA to the Central Bank and MoF to strengthen the governments' investment and FDI legislation, regulations and procedures, working with Component 1.
- Work collaboratively with BII and their Development Financial Institution network to deliver joint outcomes where they align with GGN.

51. To note that FCDO's other programme, Resilience Adaptation and Inclusion in Nepal (RAIN), will also include work around climate finance. GGN needs to share information with RAIN on its work and activities to avoid duplication.

What will success look like

52. The Theory of Change (ToC) and results chain for GGN are represented in diagram below, which explain how GGN aims to remove critical constraints to green growth in Nepal, including in the financial sector and enable cities to become engines of growth. These fit within the framework set in the Theory of Change for Campaign Goal 3 on Growth and Trade.



53. Joint results delivered across all GGN components:

- [All components] Develop at least 10 new transformative green projects towards FDI and market readiness.
 - 50% of these need to evidence co-creation, or co-financing, with the private sector, multilaterals, or BIPs.
- [All components] ESG embedded, monitored and enforced across all policies and investments progressed.
- [Components 1 and 2] Capital budget execution and climate resilient infrastructure spend at provincial and/or municipal governments attributable to GGN activities.
- [Components 1 and 3] Streamlined FDI and PPP legislation and policies. Investor experience for approvals, and financial aspects of transactions (e.g., repatriation) are improved. Evidenced by improved investor experience of the approvals system.
- [All components] Ways of working. Clear evidence that components are working together and delivering jointly where possible.
 - Build networks necessary for engaging politically and support necessary parts of the bureaucracy to deliver agreed joint GGN and government goals.
 - Strong engagement and relationship building between multilaterals, BIPs and government to facilitate investment progression.
 - Subcomponent 1.1 and Component 3 will need to evidence *adaptive* programme management and delivery.
- Support Nepal in Business FCDO programme to deliver its objectives, where it aligns with GGN and government objectives.

54. The expected results off Component 1: National Green Growth

54.1 1.1 Economic policy

- a) Revised Federal industrial and services policy that is greener, grounded in Nepal's economic realities (e.g., large trade deficit, energy surplus, graduation from LDC, low FDI), which focuses on comparative advantages. Evidenced by
 - i. GoN incorporation in annual budgets, policies and programmes and under implementation.
 - ii. Progression of implementation of critical aspects of Federal plans e.g., improved WB business environment indicators, capital budget expenditure delivered by a project facilitated by this component, or investment secured into a special economic zone.
 - iii. Enhanced capacity and effectiveness of Department of Industry (DOI).
- b) GoN and provincial governments (Madhesh, Karnali and Lumbini) introduce and implement greener economic strategy, policies and programmes in their annual budget and other government plans. Evidenced by:
 - i. Functioning green project pipeline in use for provincial plans and annual budget.
 - ii. Aspects of climate mainstreaming in budgets.
 - iii. Effective monitoring and enforcement mechanisms relating to ESG.
- c) Provide effective and targeted technical assistance to the energy sector Ministry, Nepal Electricity Authority (NEA), Nepal Electricity Regulatory Commission (ERC) and private sector as appropriate. TA will be strategic, catalytic and visible that is important for accelerating the energy transition and cross border energy trade, for example, TA that facilitates progression of energy projects at the OIBN.

54.2 1.2 FDI and PPP progression:.

Institutional

- a) The legislative architecture for FDI is streamlined. Policies and regulations (e.g., funds repatriation procedures are simpler and well regulated), and investor experience for approvals, monitoring and developing infrastructure are more integrated. Evidenced by:
 - i. Improved and simplified legislation that clarifies ministry and agency roles in the FDI ecosystem.
 - ii. Improved investor experience of the approvals system.
 - iii. Higher FDI inflows and/or progression of projects for FDI readiness.
- b) Significant improvement in sustainability of OIBN. Evidenced by:

Financial

- a) The independent fund being used by the OIBN for daily business. Strong governance and transparency of the fund.
- b) Increased number of funding sources and funding types using the independent fund to deliver OIBN business and develop programmes.
- c) Multilateral agencies, or BIPs, supporting at least 2 PPP projects via grant or other sources of finance that go through the fund.

Human Resource:

- a) The OIBN can hire staff from the market to deliver functions.
- b) The PSC introduce a group of specialist civil servants that can be appointed into the OIBN.

- c) Staff in the OIBN have a career path that attracts and retains high quality staff. Stronger environmental and social governance (ESG) with a focus on safeguarding, are adopted and enforced in project development and through the project lifecycle. Evidenced by:
 - i. Legal agreements where roles and responsibilities are set out.
 - ii. The OIBN team mobilises cross government teams to monitor ESG requirements.
 - iii. Engagement with municipal government, wards, districts and developers as required.
 - iv. Records of ESG issues dealt with due process.

Projects:

- a) Standard Operating Procedures are developed and in use at the OIBN. Roles between OIBN and other Ministries and agencies are clarified for investors.
- b) At least 2 high quality green infrastructure PPPs are co-developed and financed by the private sector, multilaterals or BIPs towards financial close.
- c) Large-scale green projects, of more than \$500 million investment in total, reach financial close, or reach major milestones towards financial close. These must have strong ESG. TORs for all GGN staff in the programme and at the OIBN will be explicit on projects that GGN can or cannot support (to be agreed with the FCDO on a case-by-case basis).

55 The expected results of Component 2: Green Growth for Cities

- a) Improve the approach to economic investment strategy, planning, delivery of capital budgets by sub-national governments that GGN works with. Ensure city infrastructure project pipelines are green, resilient, and inclusive, and embedded in municipal government economic strategies and development plans.
- b) Municipalities enabled to plan, design, develop and implement climate resilient urban infrastructure projects.
- c) Co-create, finance and deliver investments leveraged at subnational level (>\$100m total), including through British Investment Partnerships. Including leveraging resources from multilateral agencies and development finance institutions.
- d) Develop new or use existing financing mechanisms to leverage public and private finance for resilient urban infrastructure, including in collaboration with relevant financial intermediaries (e.g., BIPs, Town Development Fund). Component 3 could support this.
- e) Evidence end-to-end support to municipal government of deliberative and inclusive investment processes throughout the project cycle. Ensure ESG is considered and enforced throughout.
- f) Establish mechanisms for clusters of municipal governments to work together in relation to economic policy and investments that have cross boundary implications, in line with the constitution. This may include facilitating public-private sector dialogues.

- g) Partnerships built among stakeholders including GoN, multilaterals and like-minded development partners to share knowledge and build evidence in urban planning, infrastructure design and investment.

55. The expected results of Component 3: Financial Sector Deepening

Infrastructure finance (and FDI):

- a) Support financial aspects of project development in components 1 and 2 as required.
- b) If requested by GoN and approved by FCDO, provide support to the government on country's credit rating maintenance, and support on anti-money laundering and countering of financing of terrorism work (AMLCFT).

Green finance:

- c) At least \$80 million of green finance is raised in international capital markets e.g., London Stock Exchange, either through issuance of green bonds or other suitable instruments.
- d) Green Finance Taxonomy, to be introduced by the Central Bank, is implemented with incentives for investors and necessary capacity building in the private sector.
- e) Appropriate financial instruments or mechanisms to reduce investor risks and costs (e.g., credit guarantees from BIPs), are operationalised to raise green and other project financing.
- f) Collaborate with the WB and IMF deliver their programmes, where it aligns with GGN and government objectives.

Domestic financial sector deepening:

- g) Support the Central Bank link to BIPs (e.g., the Centre of Expertise for finance) to deliver objectives aligned with the IMF/WB programmes, GGN and the government's Financial Sector Development Strategy.
- h) Foreign currency hedging regulations are revised and endorsed by government so that it is adequate to operationalise the hedging solutions in the domestic market. Affordable and commercially viable hedging solutions are offered by banks or other financial institutions in Nepal. Piloting may be necessary to refine and improve the service.
- i) Other technical assistance requested by the MoF, central bank or other GoN agencies that advances the objectives of GGN.

Inception Deliverables

- 56. The programme will start with a rapid inception phase. For the National Green Growth (Component 1), Cities for Green Growth (Component 2) and Financial Sector Deepening (Component 3) the inception period will be 5 months. The inception is a crucial phase in the implementation of the programme and the Supplier needs to put in place programme management, governance and financial management and reporting processes that meet

the needs of a large and complex programme. inception Report will be submitted to FCDO for approval.

57. Inception deliverables will include but not be limited to:

End month 1	<ul style="list-style-type: none"> • Handover from APPIIC programme on OIBN support completed.
End month 5 (end of Inception)	<ul style="list-style-type: none"> • Core programme team (Project Director, Team Leader, Component Leads, Policy Advisors, MEL, and other relevant roles identified by the Supplier) are in place with a clear management structure, roles and responsibilities. • Finalise the membership of the programme Steering Committee, in consultations with MoF and FCDO. • Consultations with key line ministries and other stakeholders (MoF, MoICS, NRB) completed to gauge interest in embedded consultants. • Hold first Steering Committee meeting. • Design and mobilise the first set of strategic workstreams for all components and identify workstreams that require collaboration. • Set up subnational offices. • Refine annual workplan. • The Supplier needs to set up an office in Kathmandu to maintain proximity to federal ministries and agencies critical to delivery. The 3 components need to be based in the same building. In addition, the Supplier needs to set up offices in the UK priority provinces (and/or possibly the main urban areas). The number of such local offices will need to be set up considering VFM. • Component theory of changes will be required and initially submitted as part of the Technical Proposal. Refined logframes with a clearly identified and challenging set of outcome and output indicators and milestones for the first year, and indicative indicators and milestones for the life of the programme will also be submitted as part of the Technical Proposal. The proposed milestones need to reflect the right level of ambition in order to ensure good VFM. The Supplier will provide a risk management strategy as part of their Technical Proposal. All these parts will be refined in the inception phase. • Design and mobilise the first set of strategic workstreams for all components and identify workstreams that require collaboration. Components 1.1 and 3 should work adaptively. They will begin with a range of possible work-streams, with the expectation that not all of these will progress in the first year, with an explicit goal to scale down and learn from workstreams that have not progressed at the 6 month and first annual review. • Identify, if necessary, analytical studies to underpin and inform programme implementation. • Link to FCDO Evidence & Knowledge Hub (E&K), evidence partners PMEL, and SOAS to draw from their networks and knowledge of Nepal. Including GGN specific research from SOAS.

	<ul style="list-style-type: none"> • Scoping work to gauge the demand and plans for embedding consultants at select line ministries, agencies and sub-national governments. • Within the first 5 months of signing of contract, the Supplier needs to fully establish the OIBN support with the right skill sets to deliver GGN outcomes and government objectives. Clear TORs for every staff member will be set in their contracts. Each project GGN is asked to support needs to have a TOR agreed between the FCDO and OIBN, with clear staffing and skills requirements set out. FCDO will not be engaged in projects that do not align with the outcomes of GGN agreed with the government of Nepal under the MOU for GGN. • Submit inception report which covers all three components (3 weeks prior to end of inception period) – see paragraph 69(2)
--	--

Monitoring and Reviews

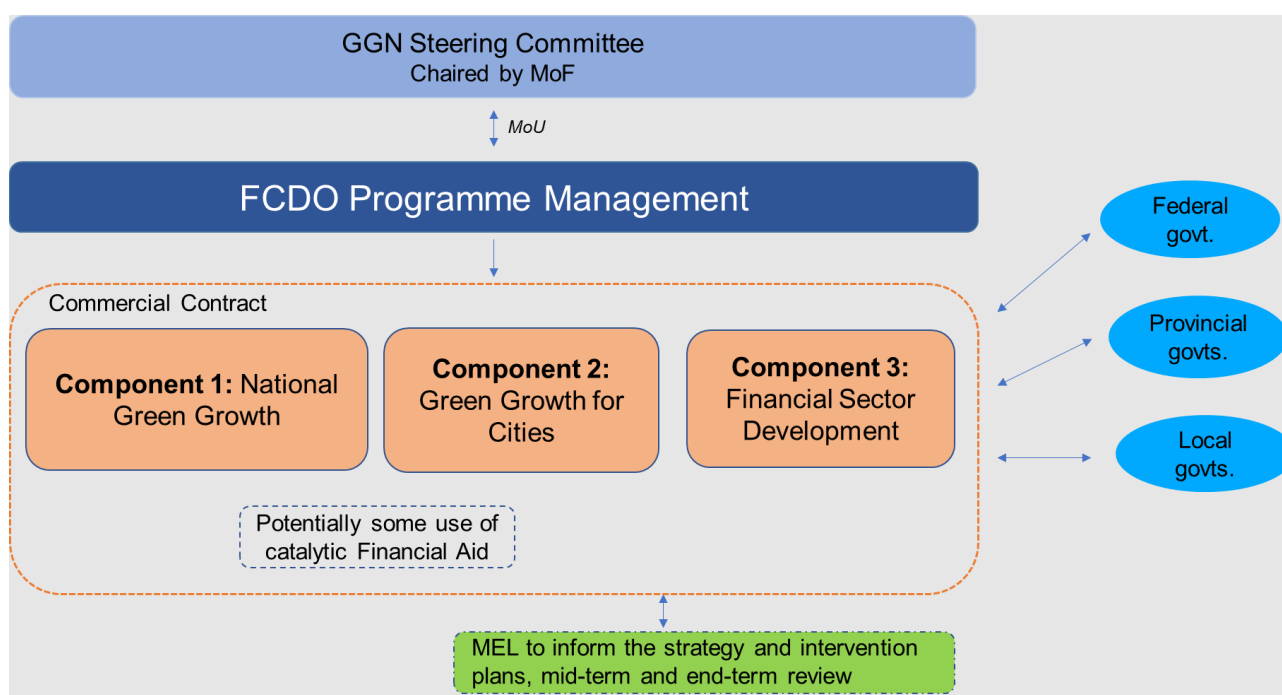
58. The Supplier will be subject to continuous monitoring and assessment by FCDO. Formal monitoring of its performance, progress and delivery includes monthly and quarterly meetings and annual reviews.
59. The annual reviews will use standard FCDO templates and procedures, and will assess delivery of programme objectives, including costs for inputs, outputs and outcomes. This will also include assessment and discussion of VFM metrics. The Annual Reviews will also draw from the quarterly, 6 monthly and annual reports by the Supplier. These reports should include objective assessment of programme delivery, particularly areas where things failed or did not go as anticipated.
60. Note that Key Performance Indicators (KPIs) and VFM metrics will be set to drive increased performance and will cover technical and financial performance, for example: quarterly progress on institutional strengthening, investment and financial solution progression. KPIs and VFM indicators will be aligned with milestones to incentivise implementing partners to deliver strong results. Some KPIs will be embedded in logframes. Some, not all, KPI's will be linked to payment (see Payment and Performance section, page 36). Monthly reporting of financing, inputs, risk mitigation will be required (see reporting requirements in paragraph 69). Forecasting variance is required to be within 10%.
61. Indicative logframes are provided, see Appendix D. The Supplier needs to refine and propose a challenging set of milestones for the duration of the contract in line with the programme expectations. Logframes will also incentivise adaptive management practices and behaviours in component 1.1 and 3.
There are a number of reviews during the lifetime of this contract, which will have a bearing on the continuation of the contract/programme, including the end of the inception period (see para 69)
62. There will be an independent Mid-Term Review (MTR) in Financial Year 2027/28 that will assess progress towards outcomes and recommend adjustments to delivery. It will assess

GGN programme's continued relevance, delivery and achievement of results, including outcomes and impacts. It may be necessary to revisit the relevance of GGN and its remit given possible changes in country context, other internal and external developments and factors.

63. Based on the MTR findings, and assessment of VFM justification, FCDO will review the GGN programme to make a decision on GGN's future. The contract value may be revised following the MTR. The MTR outcomes would be subject to internal approvals via SRO in consultation with steering committee. Also, decisions to move funding between components will include commercial approvals.
64. There will be an independent End of Contract Review point held 12 months before the initial contract expiry again like the MTR the outcomes of this review will help inform FCDO in making a decision on the future of the programme.
65. This will also inform whether or not to extend the 5-year initial contract subject to continued funding.
66. The End of Contract Review will also feed into the Project Completion Report (PCR).

Governance, Management and Delivery Structures

67. The governance and management structure are shown in the figure below :
 - i. A high-level programme steering committee will provide strategic direction and oversight of the programme effectiveness. The committee will be chaired by International Economic Cooperation and Coordination (IECCD) division Joint Secretary, MoF. Members will include GoN officials (e.g., line ministry representation and from sub-national governments) and other key stakeholders. In the first year of implementation, we will consider how we can join up the GGN and NIB Steering Committees to improve coherence across the FCDO portfolio and facilitate a more joined up approach with government. This will be decided in the inception phase, see page 32.



- ii. The programme management will be led by the Lead Advisors and the Project Responsible Officer (PRO), with strategic oversight from the Senior Responsible Owner (SRO). The SRO, PRO and the core programme team will report to FCDO Green Growth Group Head who will provide overall oversight and strategic direction. The core GGN programme management team will include the Infrastructure Advisor, Green Growth and Evidence Advisor, Programme PRO and SRO.
 - iii. FCDO programme oversight and management arrangement includes monthly and quarterly meetings with the Supplier, meetings with stakeholders and field visits as necessary. While most of these meetings with the Supplier will be in person, some will be hybrid and online. These meetings are substantive and will require discussions on the progress being made against the workplan and associated risks with mitigations.
 - iv. Outputs and outcomes under the proposed scope of work may be amended or refined during inception or implementation, with FCDO retaining the final call on the results that need to be delivered and any scope changes not in line with this TOR. The targets agreed in the revised results framework and work plans and strategies will form the basis upon which performance will be monitored and tracked. The KPIs (in Section F) will be used alongside reviews to monitor performance and will be revised if necessary, by FCDO.
68. Component 1.1 and 3 will be incentivised and the Supplier will be expected to deliver in an adaptive way. There is a logframe indicator on the adaptive delivery which the Supplier will be assessed against as part of the Annual Review. Learnings and feedback loop should be built into programme delivery and management with a strong emphasis on adaptive management. This approach would also require the Supplier to work and share programme delivery data and relevant information with FCDO's Evidence and Learning Hub. The Supplier will be working in the same localities as other FCDO programmes, so will need to ensure that their activities are well joined up.
69. Reporting Requirements: The Supplier will be responsible for reporting progress and finances to FCDO. This includes but is not limited to The Supplier and the downstream

partners will be expected to provide updates and reports, both formal and informal during the course of the programme. The main formal reports will be the following although these may be amended by mutual agreement between FCDO and the Supplier:

(1) Fortnightly two-hour meetings with FCDO throughout the inception, implementation, and closure phases (Katmandu working hours, mostly in person but some hybrid or online will be required). The frequency and duration of these meetings may be adjusted at FCDO's discretion. The Supplier will provide a short progress report (max 3-4 pages) in advance of the meeting.

(2) Inception Report submitted three weeks before the end of the inception phase. It should include refined implementation approach and methodology, workplan for year 1, and timeline for the delivery of outcomes covering the contract period. FCDO will conduct an inception review at the end of the inception period, which will look at the refined delivery strategy and methodology, pipeline of projects, ways of working and refined logframe. If FCDO deems that sufficient progress has not been made, or that the Supplier's performance at inception phase has not been satisfactory, FCDO may exercise its rights to terminate the contract.

(3) Proposed Annual Workplan and annual spend forecast for the year ahead within 1 month of start of new fiscal year starting Year 2. In year one, this will be developed in the inception phase, see page 22. This is the basis for the monthly and quarterly reviews.

(4) Annual reports, submitted within a month and half (45 days) after the annual reporting period in FCDO's format. It will include updates on:

- a. progress against delivery plan
- b. progress against previous annual review recommendations
- c. results reporting at an output and outcome level, including narrative assessments.
- d. strategic and tactical recommendations for delivery approach in subsequent years
- e. risk register, including risk assessments and mitigations.
- f. issues, lessons learned and recommendations.
- g. results against VfM indicators
- h. staffing and assets
- i. financial reporting

(5) Between annual reports, a 6-monthly report submitted within two weeks after the reporting month end and will include updates on:

- a. review progress against annual delivery plan and milestones, including where progress did not go as planned and challenges.
- b. review of milestone schedule
- c. progress on sustainability outcomes
- d. key performance indicators
- e. narrative summary of achievements,
- f. results reporting at output and outcome level, including narrative assessments.
- g. risk register, including risk assessments and mitigations.
- h. VfM indicators
- i. financial report monitoring including quarterly spend and forecasts,
- j. updates on staffing and assets

(6) Between 6-monthly and annual reports, quarterly reports submitted within two weeks after the reporting month end. These reports will include updates on:

- a. progress against annual delivery plan and milestones, including where progress did not go as planned and challenges
- b. key performance indicators
- c. narrative summary of achievements
- d. results reporting at output and outcome level, including narrative assessments.
- e. risk register, including risk assessments and mitigations
- f. VfM indicators
- g. financial report monitoring quarterly spend and forecasts
- h. updates on staffing and assets

(7) Between quarterly, 6-monthly and annual reports, monthly reports submitted within two weeks after the reporting month end. These reports will include updates on:

- a. financial reporting, including forecasting variance
- b. inputs
- c. risk register, including risk assessments and mitigations

(8) Annual Audit report of programme carried out by the independent auditor. The Supplier will submit within 3 months of end of the reporting year.

(9) Project Completion Report (PCR)

Required Technical Competency and Expertise

Background

70. The Supplier must possess a sound and nuanced understanding of the GGN programme and its scope, the TOR, particularly outcomes that will be measured and assessed, the country development context and challenges, and the experience and requirements in terms of human resources, technical expertise and networks in and outside Nepal.

71. [Blank]

72. Where the planned interventions, workstreams and activities are broad and non-specific in the TOR (e.g., strategies, policies, financial instruments, nature and modality of technical support), the Supplier needs to be specific reflecting the latest evidence and thinking around the respective subjects. This is a key aspect and the Supplier needs to demonstrate understanding of green growth challenges and appropriate responses. It is important that work that GGN delivers is strategic, catalytic and visible, as it will be a key part of the UK's economic partnership with the government of Nepal.

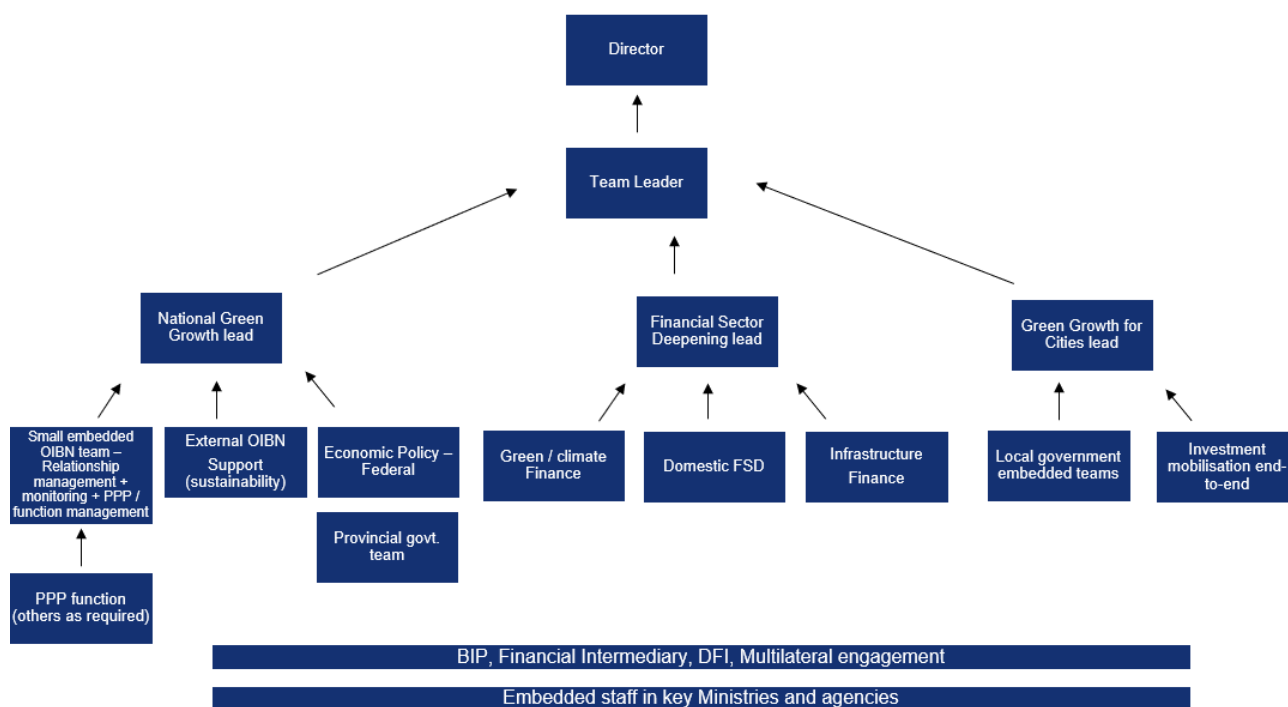
73. The support on economic, industrial and services policies at the federal level, the support to provinces on economic management and planning, and the Component 3 work on financial sector deepening will require an adaptive approach. This will be managed in line with FCDO guidance on adaptive programme management. This should be reflected in the Technical Proposals that will demonstrate how programme management is different for an adaptive programme at the start, and how the management approach will change once areas of intervention are more settled.

74. The programme will be assessed on behaviours that evidence an adaptive approach to management, and the Supplier adapts to learning that they generate.

75. Moreover, the complex nature of all interventions, as well as likely changes in government and staff rotation will require the Supplier to be flexible across all work, employing political economy insights. This will require strong networks at political level and across the bureaucracy. Embedding staff in key Ministries and agencies will support delivery across all components.
76. The Supplier will need to demonstrate the ability to deliver, manage and provide effective oversight, including through internal monitoring, of a complex development programme. This includes the ability to work with a wide range of stakeholders especially GoN, subnational governments, the private sector, foreign investors, multilateral development partners (World Bank, ADB, IMF) to understand their different perspectives and incentives and incorporate them in the approach and strategy for delivery. *GGN requires strong relationship building and joint delivery with the multilaterals.*
77. The Supplier needs a clear management and reporting arrangement to show how Supplier they will ensure smooth and collaborative functioning of the delivery team across the 3 Components. This should also include plans and proposals to create synergies and complementarities among the GGN components to achieve high level GGN objectives, not just component objectives. Component 1.1. and 2 may require sub-national offices and teams.
78. The Supplier must also develop a Value for Money (VFM) framework, including metrics covering economy, efficiency, effectiveness and equity. This VFM framework needs to be refined during inception and reported annually to FCDO. Suggested VFM indicators are below in paragraph 126.
79. The Supplier should build on the analyses in the Business Case (see Strategic Case). It should also draw where relevant on (a) the review of relevant literature and analyses to select the international best practices applicable to Nepal (b) identify the compounding challenges for green growth; and (c) formulate a programme strategy to achieve the components and overall GGN targets.
80. The Supplier must provide a component-wise theory of change (TOC), including evidence, risks and assumptions, to demonstrate how they link up with the GGN outcomes. Simple diagrams are encouraged, that highlight the main institutions and pathways to change.
81. The Supplier should set out appropriate prioritization and sequencing of interventions (or an approach to assessing these) in terms of their potential impact on FDI flows, infrastructure development and downstream economic benefits. Suppliers that show specifically how they will increase engagement with private sector investors are encouraged.
82. An approach to show how maximum local capacity can be built and retained through GGN and how that success can be measured. Innovative approaches to building local capacity are encouraged.
83. Any innovative approach or other critical elements not mentioned in this TOR that the Supplier would like to add to demonstrate deep expertise and understanding of GGN scope and remit.

Human Resources and Expertise

84. Given the complexity of the programme, the importance of understanding the local context, policies and regulations (in Nepali language), a strong mix of international and local experts is needed. Also the appropriate GESI considerations which are required to deliver this requirement need to be shown in the proposed team.
85. The core team needs to be based in Kathmandu to deliver component 1, 2 and 3, with staff for component 1.1 and 2 based in the provinces and select urban areas. The Supplier also needs to set up offices in provinces and local level as appropriate for the implementation of the programme.
86. The Supplier will need to embed some consultants and small teams in some government ministries (e.g., MoF), the Central Bank, agencies and provincial and municipal governments. The exact number and scope of the embedded consultants will be finalised during the inception phase. Innovative approaches to where and how to embed staff is encouraged.. *Dedicated resource in teams to engage, build relationships and deliver results jointly with multilaterals and BIPs is required.*
87. Changing of the Programme Director, Team Leader, Component Leads and other key personnel soon after programme inception will only be deemed acceptable under specific circumstances (unless specifically requested by FCDO). Suppliers need to propose a team, with names, their CVs that demonstrate that the team has the relevant expertise in the core technical, people and relationship management aspects of GGN. The main areas requiring expertise are:
- a. Investment environment enhancement for FDI facilitation.
 - b. Strategic and climate resilient infrastructure planning, investments and project financing PPP agencies and PPP project development.
 - c. Green economic, industrial and services policy development and implementation Nepal's federal structure, legal landscape around economic management and what this means for GGN.
 - d. Sovereign credit ratings and foreign currency hedging solutions and implementation.
 - e. International capital markets, including green finance vehicles, products and ecosystem.
 - f. Climate finance, mitigation and adaptation policies.
 - g. Sustainable hydropower development and policies around energy sector and power trade in Nepal. Regional energy market and power trade, particularly the Indian market.
 - h. Urban planning and urban infrastructure financing.
 - i. Local laws and regulations in the core areas of GGN remit and international best practices.
 - j. BIP agencies that can partner with the GGN Supplier.
 - k. WB and IMF plans in Nepal that can partner with the GGN Supplier to deliver outcomes.
88. An indicative GGN programme team structure is shown below. Arrows denote oversight and management within GGN team.



Programme Director (PD) The PD is expected to be a limited, part time role which does not need to be based in Kathmandu and can provide inputs remotely with occasional travel if/when required. Responsibilities include:

- The PD will be the most senior person responsible for the delivery of the Supplier contract and will provide strategic leadership. Lead high-level discussions between FCDO and the Supplier contract and other commercially sensitive issues.
- PD needs to maintain appropriate distance from the day-to-day operation and activities of GGN to ensure impartiality in managerial discussions with FCDO.
- The PD must demonstrate relevant expertise in 1) leadership and management of large and complex economic development programmes covering economic, industrial and services policy, FDI promotion and support to investment promotion agency, climate policies, accessing international green and other finance, and urban infrastructure investments. 2) Making difficult management decisions to maximise impact of the programme and drive good value for money, including moving or replacing staff and closing down underperforming workstreams.

u In addition to the expertise expected of the Team Leader, as described below, the PD will need to have experience running and overseeing complex economic development programmes, with joined up economic and climate goals.

Team Leader (TL) Key Responsibilities:

- Lead the Supplier team, oversee day-to-day operation, provide oversight and accountability on programme delivery and quality.
- Overall lead on the development and implementation of the programme delivery strategy and plans, including component wise workstreams, workplans and activities and ensuring alignment with the high-level programme objectives and outcomes. This will require providing challenge function and quality assurance of the component delivery plans, jointly working with the component leads.

- Ensure programme milestones have the right level of ambition, are challenging and appropriate for the programme budget, and are delivered on time and are of very high-quality.
- Jointly with the respective component leads deliver the outcomes of the programme.
- Ensure that the programme's activities are aligned with international best practices and standards, including appropriate UK and local Nepali laws and regulations.
- Maintain relationship with FCDO senior team and programme SRO and PRO and provide updates on programme progress and challenges. Key point of contact for FCDO on programme delivery and any other FCDO internal oversight or reporting requirements.
- Develop and maintain a network across the team with Ministries and agencies critical to delivery particularly MoF, NRB, MOICS, MOUD, NERC, OIBN, WB, IMF, ADB, BIPs.

89. The Team Leader needs to meet the following requirements:

- **Technical knowledge:** TL should have a strong understanding of economic theory and financial sector, as well as experience in designing and implementing policies and programmes to improve investment climate, support economic growth and address climate, ideally in a low or a middle-income country. This includes familiarity with Nepal's economy, its challenges and potential for green growth, including regional trade. The knowledge of industrial and services policy and tools, climate policy frameworks, as well as processes and challenges around accessing international finance for a developing country. TL should be familiar with FDI challenges in Nepal, or similar context, including international best practices for improving investment environment and raising effectiveness of investment promotion.

TL is expected to have experience of working with the development community (e.g., World Bank, IMF, ADB) to influence and implement reforms for improved economic management. Also required is an understanding of infrastructure project financing in Nepal, or similar context, the role of PPP and other innovative financing instruments.

- **Leadership:** Should have strong leadership skills and the ability to motivate and manage a team of professionals from diverse backgrounds. Other requisite skills include the ability to delegate tasks, provide feedback and facilitate communication.
- **Project Management:** Should have strong project management skills, including experience in developing project plans, tracking progress and managing project budgets. Knowledge of project management tools is helpful. In addition, should be able to provide inclusive and effective management of large teams of senior staff from diverse backgrounds, ensuring that the correct people, resources and processes are in place to ensure efficient and effective delivery, and making difficult management decisions to maximise impact of the programme and drive good value for money, including moving or replacing staff and closing down underperforming workstreams.
- **Stakeholder Engagement:** Should be skilled in stakeholder engagement and able to effectively communicate with diverse stakeholders, including government officials, private sector, civil society organisations and international investors and donor community.
- **Communication Skills:** Should have strong verbal and written communications skills, including the ability to communicate complex economic, financial and climate policy concepts to non-experts. This role also requires drafting briefs, reports and the ability to deliver presentations to a diverse audience.
- **Flexibility and big picture vision:** Should be able to see big picture in design and implementation of policies and programme workstreams so that the component works coherently and in tandem with other GGN components. Should be able to make difficult

management decisions to maximise impact of the programme and drive good value for money, including moving or replacing staff and closing down underperforming workstreams.

Component Leads (CL)

90. There will be 3 component leads, one per component. While the TL needs to have a broader expertise in all areas of GGN focus, the CLs need to have a higher level of expertise than the Team Leader, in their respective GGN component areas. CLs' roles and responsibilities will include the abilities to:
- Manage and deliver the respective component's work, ensuring alignment and coherence with high level programme objectives. The CL is the person responsible for ensuring timely and high-quality delivery of component objectives and results.
 - Lead on the design and delivery of component wise strategy, workstreams and workplans, including on integrating political insights and other contextual information from policy advisors. Where appropriate and necessary, this will require jointly working with the Team Leader, and other CLs.
 - Build and maintain relationships with key stakeholders.
 - Manage and supervise the various workstream leads and technical leads in their respective areas of programme remit.
91. In addition, all 3 CLs need to meet the following leadership and programme management requirements:
- **Stakeholder Engagement:** Should be skilled in stakeholder engagement and able to effectively communicate with diverse stakeholders, including government officials, private sector, civil society organisations and international investors and donor community. This includes ability to build and maintain relationships.
 - **Project Management:** Should have strong project management skills, including experience in developing project plans, tracking progress and managing project budgets. Knowledge of project management tools is helpful.
 - **Leadership:** Should have strong leadership skills and the ability to motivate and manage a team of professionals from diverse backgrounds. Other requisite skills include the ability to delegate tasks, provide feedback and facilitate communication.
 - **Communication Skills:** Should have strong verbal and written communications skills, including the ability to communicate complex economic, financial and climate policy concepts to non-experts. This role also requires drafting briefs, reports and the ability to deliver presentations to a diverse audience.
 - **Flexibility and big picture vision:** Should be able to see big picture in design and implementation of policies so that the component works coherently and in tandem with other GGN components.

National Green Growth Component – Component Lead

- **Economic, Climate Policy, Investment Promotion and FDI Expertise:** An economist by profession/background with a strong understanding of economic theory, as well as experience in designing and implementing policies and programmes to support economic growth and address climate change, ideally in a developing country. This includes knowledge and application of economic, industrial and services policy to improve investment environment for domestic and foreign investors, as well as instruments to reduce investor risks and lower cost.
- A good understanding of investment climate and FDI challenges in Nepal and prospects for Green Growth, including knowledge of investment promotion agencies, applicable

local laws on FDI and investments. Expertise on PPP implementation, green projects and ESG and challenges around project financing in Nepal, and familiarity around tools and instruments for lowering investor risks and costs.

- Experience in design and embedding of climate friendly policy frameworks in governments strategies, development plans and annual budgets. CL is also expected to be familiar with mechanisms for accessing green finance vehicles from international capital markets.

Green Growth for Cities – Component Lead

- This CL needs to deliver tangible investment results in Nepal, so experience of delivering similar outcomes in other developing country contexts would be preferable.
- Understanding of the urbanisation dynamics in Nepal and the challenges around rapid urbanisation, particularly related to poor urban infrastructure (water supplies, transportation, electricity, etc.) and services, pollution and vulnerability to natural disasters. This also requires expertise in sustainable urban planning, infrastructure needs assessment and screening, and subnational economic management related to budgeting and project prioritisation.
- The CL needs to be familiar with climate resilient urban infrastructure development. Understanding of relevant GoN, provincial and local laws related to municipal government economic management, including avenues for strengthening climate policies and programmes. Familiarity with role of British Investment Partnerships (BIP) and British International Investment (BII) in providing additional financing for investments is also required.

Financial Sector Deepening – Component Lead

- The CL should be a seasoned financial sector professional with experience of financial sector deepening work in a low/lower middle-income country. Ideally should have and demonstrated experience in leveraging of private finance for infrastructure developments through PPP and other innovative financing instruments. In addition, the CL should have understanding of the international capital markets, the processes and requirements for raising funds, including green financing, preferably international financial market experience. Should be knowledgeable about foreign currency hedging solutions and services, and the ability to craft appropriate solutions for Nepal. Requires expertise and experience in design of financial instruments for reducing risks and cost for international investors, including credit guarantees in a similar country context. Familiarity with role of British Investment Partnerships (BIP) and British International Investment (BII), and experience working with international financial market, development finance institutions (e.g., PIDG), and the ability to develop proposals for the green funds, e.g., the Green Climate Fund (GCF).
- Familiarity with the financial sector in Nepal or similar geographies and challenges around infrastructure project financing in Nepal. Knowledgeable about the process and challenge for development of green finance eco-system.

92. For GGN Implementation at a management level the Supplier will demonstrate capabilities including, but not limited to:

- Ability to manage and account for substantial levels of funds, through a range of instruments.
- Ability to manage financial aid spend from the FCDO to government.
- Knowledge in the procurement of services, including international best practice.

- Ability to implement strong management, results and monitoring systems linked to payments to ensure progress is adequately tracked, poor performance is identified early, and the team can manage effectively in a complex operating environment.

Budget, Timeframe, and Contract Management

Budget and Timeframe

93. The initial contract will be for a period of 5 years, with a contract value of up to £26.0 million, inclusive of all taxes. FCDO may extend the contract for an additional two years, and/or up to an additional £9.7 million bringing the total contract duration to 7 years and/or the total contract value to £35.7 million. Any extension will be subject to availability of funds, performance and need.
94. Of the initial total contract value of £26.0 million, *up to* £1.74 million is earmarked for financial aid (FA). Of this *up to* £1.13 million is for the OIBN and the remaining £0.61 million is for city governments, possibly in the form of capital spend. The Supplier may be responsible for transferring FA into dedicated foreign currency accounts, on a reimbursable basis subject to the approval of the quarterly financial reports and following FCDO FA guidance. This will demonstrate success of the financial sustainability of the OIBN.
95. The precise mechanism to deliver Financial Aid will be determined during inception, to make sure the system strengthening approach is consistent across all British Embassy Kathmandu (BEK) programmes.
96. The **indicative** annual budget:

Financial Year	National Green Growth (£million)	Green Growth for Cities (£million)	Financial Sector Deepening (£million)
2024/25	2.40	0.60	0.70
2025/26	2.90	1.10	1.20
2026/27	3.00	1.40	1.40
2027/28	2.80	1.50	1.50
2028/29	2.50	1.50	1.50

Break Point

A break point will be held in March 2025 to coincide with the normal government spending review point. This is in addition to the reviews which are carried out during the life of this programme.

Scale Up and/or Down

97. FCDO reserves the right to scale down the value and/or scope of the contract or to discontinue this programme at any point. Scaling down is at FCDO's discretion. Scaling down may be triggered by a variety of events/reasons including (but not limited to):

- A change in regions' economic or political environment.
- A change in the political landscape/legislation.
- A change in FCDO or HMG's priorities.
- Budgetary constraints.
- Dissatisfaction with Supplier performance.

Scaling down may take various forms, such as (but not limited to):

- Decrease of programme value.
- Decrease or change of programme scope (such as thematic scope or geographic scope).
- Decrease of programme duration.
- Withdrawal or decrease of support from certain countries/regions.
- Reduction of FCDO's ability to deliver programme funds.

98. FCDO may also scale up the programme. Any scaling up should be mutually agreed between FCDO and the Supplier.

Scaling up may be requested by FCDO subject to internal approvals as a result of various events/reasons, including (but not limited to):

- The programme proves to be having a strong impact and has the potential to yield better results, dependent on budget and ongoing effectiveness of the programme.
- There is a change in FCDO or HMG's priorities, including a change in geographical, or thematic focus.

Scaling up may take various forms, including (but not limited to):

- Increasing the funding amount of one or more components/categories or adding funding for new components to support programme delivery.
- Increasing or changing the programme scope (such as thematic scope or geographic scope).
- Increasing the programme duration.
- The Supplier will need to demonstrate capacity and continued capability to scale up.

Payment and Performance

99. Payment will be quarterly within 30 days of receipt of an undisputed Valid Invoice as stated in clause 22 'Payments and Invoicing Instructions' of the GDD framework terms and conditions.

Inception:

100. All (one hundred percent) of approved expenses (all costs except staff pay) will be reimbursed on an actual expenditure basis.

101. All (one hundred percent) of fees (staff pay) will be linked to achievements of milestones. Inception phase milestones should be based on the expected deliverables as outlined in the above 'Inception Deliverables' section (paragraphs 93-100).

Implementation:

102. All (one hundred percent) of approved expenses (all costs except staff pay) will be reimbursed on an actual expenditure basis. Fees will be paid as follows:

Year 1

103. All (one hundred percent) of fees (staff pay) will be paid quarterly upon successful delivery of output milestones.
104. The milestones will be proposed by the Supplier (in alignment with the logframe - see annex D) and refined and agreed by both parties in the inception phase if needed, with final approval from FCDO. Separate milestones will be set clearly for each component.
105. Milestones will be broken down by component and subject to full and final approval by FCDO. The milestone will be paid if successfully achieved and satisfactory delivery is accepted by FCDO.
106. If a milestone is below standard or there is a dispute over the quality, then timely feedback will be provided, and a deadline for the Supplier to improve the deliverable to the required standard and for full payment to be made if deemed appropriate.
107. If an output cannot be met or has only partly been met and completion is not possible due to unforeseen circumstances and justified factors beyond the Supplier's control FCDO should be informed as soon as the Supplier is aware of this. FCDO will seek to make a payment proportionate to what has been achieved.

Year 2 Onwards

108. Ninety percent of fees will be paid quarterly upon the output milestone payment basis above. The Supplier will be required to review the milestone schedule for the upcoming year along with the annual workplan, updated and reviewed on a six-monthly basis.
- The remaining ten percent of fees will be paid bi-annually upon successful achievement of the following KPI:

Category	KPI Description	Occurrence
Progress towards outcomes	Measurement of the expected outputs contributing to the expected outcomes of the programme (Progress towards Outcomes) using logframe indicators.	Bi-annual

109. This KPI is intended to be clearly linked to the logframe, which will be refined and finalised with the Supplier in the first 6 - 12 months of the programme.
110. KPI assessment and scoring will be undertaken on a bi-annual basis by FCDO. The 10% will be retained from each quarterly invoice (fees amount) and paid in the quarter the KPI assessment is complete.

111. Other indicative KPI's will be used to assess the progress towards objectives, but not linked to payment - see Appendix E.
112. During the implementation phase the Supplier will be required to submit to FCDO for approval 12-monthly workplans and cost estimates, broken down at activity, output and outcome level by component.

VFM indicators

113. In addition to the KPIs, the Supplier is expected to report against some VFM indicators set out below. These will not be linked to payment though will be useful for assessing progress and VFM of the programme. These and the ICF indicators will be assessed annually in the Supplier's annual report.

Economy:

114. Assess the degree to which inputs are being purchased in the right quantity and at the right price.
1. Cost of programme management (including overheads). Management costs must be kept to a minimum.
 2. Unit costs associated with delivery of aspects of the Investment Board's work as the operating model changes over the life of GGN.
 3. Unit costs associated with TA to federal government vs provincial government vs municipal governments: including travel/administration, expenses and fees etc.

Efficiency:

115. Assess how efficiently the project is delivering its outputs, considering the rate at which intervention inputs are converted to outputs.
1. Working jointly with programmes in FCDO's portfolio: evidence of collaborative working with FCDO NIB, PLGSP and LISP programmes.
 2. Improvement in the performance of institutions supported by GGN e.g., OIBN's performance assessed by improvements in projects processes, such as project progression from feasibility through to financial close, or improvements in provincial and city governments management of infrastructure projects.
 3. Green instruments and vehicles (domestic and international) that are being used by Nepali institutions.

Effectiveness:

116. Assess the quality of the interventions by assessing the rate at which outputs are converted into outcomes and impacts, and the cost-effectiveness of this conversion.
1. Evidence of improved economic policymaking and delivery.
 2. Cost per investment leveraged, in total and by city cluster.
 3. Cost per investment leveraged from international and or BIP investors.

Equity:

1. \$ investments in geographies where GNI per capita is below the LDC graduation status threshold.
2. \$ investments where robust ESG standards are embedded in infrastructure plans.

3. \$ investments where inclusive decision-making processes are followed at national and sub-national level.

Financial Monitoring

117. FCDO will put in place the following mechanisms to ensure that funds are used for their intended purpose:
 - i. Financial invoices will be carefully scrutinised to ensure funds are being properly accounted and used for their intended purposes. The Supplier will deliver forecast, budget, and spend analysis to ensure forecast accuracy and effective financial planning. Forecast of the spend will be updated appropriately and adjusted to consider the risk exposure of the programme.
 - ii. Key policies such as financial, procurement, fraud and whistleblowing systems, and a safeguarding approach, will be agreed with the Supplier during the inception phase.
 - iii. In accordance with the contractual provisions, funds will be disbursed on receipt of a valid invoice supported by a breakdown of expenditure that is in line with the work plan and overall budget set. In accordance with FCDO's standard contractual provisions, each invoice will be supported by a breakdown of the costs being claimed against each budget line in the contract and the FCDO Programme Manager will be responsible for ensuring due diligence in the disbursement of funds.
 - iv. FCDO will meet with the Supplier regularly. The Supplier and downstream delivery partners will be required to report to FCDO on a periodic basis. The reporting will include a progress report (including against output targets, context analysis and risk register) and a financial progress report.
 - v. The Supplier will be required to undergo yearly independent audit and provide FCDO the audit report.
 - vi. The Supplier will manage the financial aid spend between FCDO and government of Nepal. This requires fiduciary risk assessments and strong governance in line with FCDO Programme Operating Framework Rules. FCDO's public financial management programme will conduct fiduciary risk assessments of GGN. The Supplier will be responsible for all other aspects of financial aid spend, management and reporting to FCDO.

Other Requirements

Procurement of Goods and Equipment

Any goods and equipment procurement must be carried out in accordance with FCDO's Standard Terms & Conditions. 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. Moreover, the Supplier must maintain a complete, accurate and up to date inventory of all programme-funded assets. These will be randomly spot checked during the life of the programme.

UK Aid Branding

118. As part of this funding agreement, the Supplier will acknowledge funding from the UK government, in written materials and verbal statements and through use of the UK aid logo on assets purchased with this contribution. Please refer to the UK aid branding guidance for further information on how to acknowledge funding from the UK government.
119. As part of the reporting requirements for this funding agreement, the Supplier may be asked to provide evidence of the branding in use, including photographs of the logo in the field and examples of communications materials. Branding Guidance and details of how to access the UK aid logo files can be found here:
<https://www.gov.uk/government/publications/uk-aid-standards-for-using-the-logo>

Transparency

120. 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.
121. FCDO has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. FCDO requires the 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 the Supplier and downstream partners 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>

Delivery Chain Mapping

122. FCDO is expected to report to central government on the levels of contracted work being allocated to SMEs and other sub-contracted organisations. It is now a requirement to provide details regarding the levels of direct and indirect departmental SME spend with major Suppliers to the cross-government SME Small Business Policy team working on this initiative. FCDO is also interested in gathering details of the organisations working within the delivery chains of directly contracted Suppliers. As part of the contractual compliance checking process, Supplier will be required to submit returns providing these details, as a minimum on an annual basis. They will also be required to map out full delivery chains.

Digital Spend

123. The UK government defines digital spend as 'any external-facing service provided through the internet to citizens, businesses, civil society, or non-governmental organizations. The Government Digital Service (GDS), on behalf of the Cabinet Office, monitors all digital spend across government and FCDO is required to report all spend and show that what we have approved meets with GDS Digital Service Standard. In FCDO, this applies to any spend on web-based or mobile information services, websites, knowledge or open data portals, transactional services such as cash transfers, web applications and mobile phone apps. Plans to spend programme funds on any form of digital service must be cleared with FCDO in advance and must adhere to the following principles:
- i. Design with the user
 - ii. Understand the existing ecosystem.
 - iii. Design for scale
 - iv. Build for sustainability.
 - v. Be data driven.

- vi. Use open standards, open data, open source & open innovation.
- vii. Reuse & improve.
- viii. Address privacy & security
- ix. Be collaborative.

124. The Supplier must ensure to highlight any digital aspects including prospective budget assigned to these interventions, licenses/permissions required and sustainability of investment.

Fraud and Corruption

125. FCDO has zero-tolerance approach to corruption. The Supplier will need to put in place a comprehensive risk management system appropriate to the context and consistent with FCDO's own methodologies. have full responsibility for monitoring and putting in place mitigation strategies, policies and procedures for preventing fraud and corruption.
126. All suspected cases of fraud must be reported immediately to FCDO.

Safeguarding Considerations

127. Do No Harm - FCDO requires assurances regarding protection from violence, exploitation, and abuse through involvement, directly or indirectly, with FCDO Supplier(s) and programmes. This includes sexual exploitation and abuse but should also be understood as all forms of physical or emotional violence or abuse and financial exploitation.
128. The Supplier(s) needs to demonstrate a sound understanding of the ethics in working in this area and apply these principles throughout the lifetime of the programme to avoid doing harm to beneficiaries. In particular, the design of interventions including technical assistance should recognise and mitigate the risk of negative consequences for women, children, and other vulnerable groups. The Supplier(s) will be required to include a statement that they have duty of care to informants, other programme stakeholders and their own staff, and that they will comply with the ethics principles in all programme activities. Their adherence to this duty of care, including the reporting and addressing of safeguarding incidences related to the Supplier(s)'s activities, should be included in both regular and annual reporting to FCDO.
129. Safeguarding risks should be included in the risk matrix that the Supplier(s) develops. As part of the Supplier(s)'s role in monitoring of projects, the Supplier(s) should report to FCDO any safeguarding issues it becomes aware of during the implementation of projects by the Government of Nepal and other stakeholders.

General Data Protection Regulations (GDPR)

130. Please refer to the details of the GDPR relationship status and personal data (where applicable) for this project as detailed in Appendix A and the standard clause 33 in section 2 of the contract.

Duty of Care

131. FCDO or British Embassy Kathmandu will not take responsibility of personal security and well-being of the Supplier or the downstream partners. The Supplier will be responsible for Duty of Care of the staff contracted on the programme.

132. Regarding information security, the Supplier is responsible for not sharing sensitive information with any parties other than FCDO.
133. 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.
134. FCDO will share available information with the Supplier on security status and developments in country where appropriate. A security briefing by FCDO Nepal 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.
135. 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 several aftershocks have been felt and continue to occur. Earthquakes are impossible to predict and can result in major devastation and loss of life. There are several websites focusing on earthquakes, including <http://geology.about.com/library/bl/maps/blworldindex.htm>. The Supplier(s) should be comfortable working in such an environment and should be capable of deploying to any areas required within the region to deliver the contract. Please refer to Appendix G.

L. Reference Documents and annexes

Appendix A GDPR



Annex%20A%20GDPR
R%20Requirements%

Appendix B Business Case



Annex B GGN
Business Case.pdf

Appendix C AIIN Reviews

<https://devtracker.fcdo.gov.uk/projects/GB-1-203427/documents>

Appendix D Indicative Logframe



Annex%20D%20copy
%20of%20Indicative%

Appendix E Indicative KPI's



Indicative KPI Annex
E 1.1.pdf

Appendix F Supplementary information



Nepal%20Urban%20
Feasibility%20Study%



2023%20GCIP%20N
epal%20Urban%20Fe



20231109_Market_D
eck_Green_Growth_N



20231207_Summary
_Deck_Green_Growth

Appendix G Summary Risk Assessment Matrix



Risk Assement
Matrix.pdf