

KPMG Advisory Limited
11th Floor PPF Tower
Garden Avenue/Ohio Street
PO Box 1160
Dar es Salaam
Tanzania

Department for International Development
Abercrombie House
Eaglesham Road
EAST KILBRIDE
Glasgow
G75 8EA

Telephone: East Kilbride 01355 84 4000
Directline:

File Ref: PO 7114

Your Ref:

Date: 10th June 2016

Contract Amendment No: 1

CONTRACT FOR: Business Case, Design and Implementation of Accountability in Tanzania (AcT-2) Programme.

CONTRACT NUMBER: PO 7114

With reference to the contractual letter dated 26th November 2015 whereby your firm was engaged to undertake the Services described in Section 3 and subsequent discussion, I confirm that the UK Government wishes to make the following amendment to the letter of 26th November 2015:

Paragraph 3. Commencement and Duration of the Services

DELETE shall complete them by 28th February 2016 (the "End Date") and INSERT shall complete them by 30th June 2016 (the "End Date")

Paragraph 4. The Financial Limit

DELETE any circumstances exceed £148,010.59 exclusive of any government tax, if applicable (the "Financial Limit") and INSERT any circumstances exceed £499,030.77 inclusive of any government tax, if applicable (the "Financial Limit")

Section 3 - Term of Reference

INSERT Design Phase ToR addendum dated March 2016 as enclosed

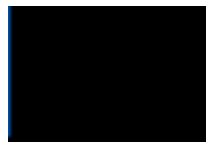
Section 4 - Special Conditions

1.2 DFID Official

DELETE and INSERT Project Officer

3. Key Personnel

DELETE	INSERT
- Business Case and Design Team leader	- Business Case and Design Team leader
- Climate Change and Environment Lead /Senior Expert	- Climate Change and Environment Lead/Senior Expert



9. Contract Management and Breakpoint

INSERT the phase following the business case development phase can be considered a business case approval phase without altering the original contract structure and break points. As per Section 3 – Terms of Reference, DFID has identified and agreed with the Supplier key Design Phase deliverables that will be brought forward and undertaken during this business case approval phase.

The maximum costs associated with the agreed deliverables to be delivered in the business case approval phase are captured in Section 5.

Payment shall only be for the identified deliverables in Section 5 with no other deliverables being undertaken by the Supplier or paid by DFID prior to any subsequent amendment.

Section 5 – Schedule of Prices

DELETE original pricing schedule and INSERT revised pricing schedule June 2016 as enclosed

2. This amendment relates to an extension to the contract end date, substitution of key personnel and increase to the financial limit.
3. Please confirm in writing by signing and returning one copy of this letter, within **15 working days** of the date of signature on behalf of DFID that you accept the amendment[s] set out herein.
4. Please note the provision in the contractual letter that the financial limit of the UK Government's liability to the Supplier under this engagement shall not exceed the sum specified unless the amount of any such excess has been agreed by the Department for International Development in writing before the Supplier takes any action which might result in the financial limit being exceeded.

For and on behalf of the
Secretary of State
for International Development

Name: [

Position:

Signature:

Date: [

For and on behalf of
KPMG Advisory Limited

Name:

Signature:

Date:

Enc

CB11 (March 2014)

Accountability in Tanzania (AcT-2) Programme Design Phase Terms of Reference (ToR) Addendum dated March 2016

1. Background

On 21st August 2015, KPMG was competitively selected as service provider for AcT2 programme for “Business Case (BC), Design and Implementation”. Contract for initial assignment (Business Case Development) was signed and agreed on 30th Nov 2015. The key deliverable for the initial contract (PO 7114) was:

To develop a full business case for the Accountability in Tanzania (AcT-2) programme that adequately and comprehensively demonstrates how the strategic objectives and priorities set out in the approved strategic case and the International Climate Fund (ICF) concept note will be addressed

Final AcT-2 BC by KPMG has been submitted and accepted by DFID Governance Team. It is now being quality assured by Governance Team before going to DFID Head of Office (HoO) and to Secretary of State (SoS) for final approval. As part of the initial contract, KPMG has also started to work on the Fast Track Facility but this task has not been completed.

The main AcT-2 ToR for BC, Design and Implementation provided clear guidance on steps to be followed by the supplier from BC to Design. It stated that:

Upon successful completion and approval of the business case, the supplier will develop robust and efficient mechanisms to implement the approved business case in a way that delivers concrete results and sufficiently optimizes value for money (VfM) for DFID and intended beneficiaries in Tanzania (page 4, second paragraph).

The main AcT-2 ToR made the following additional provision that was meant to minimize any potential gap between BC approval and the design work:

However, following submission of the final BC, the supplier will be able to seek written approval from DFID to allow them to carry on with design preparatory work, so as to minimise any potential gap between business case approval and design work. Such preparatory work and associated costs must be identified in the design ToR to be submitted with a completed business case (page 7, third paragraph).

According to the above provisions, and given the anticipated delays in getting AcT-2 BC approved on time, DFID is willing to allow the Supplier to identify initial design preparatory works that can commence now while awaiting the approval of the BC.

2. Timeframes and period

The full design timeframe for AcT-2 is a five month period. This ToR provides full details for the design deliverables to be completed by the supplier over the full design period. Since AcT2 BC is yet to be approved, DFID will initially allow the supplier to carry on design preparatory works that will help ensure that any potential gap between business case approval and design work is sufficiently minimized. Once the BC is approved by the SoS the supplier will complete the design work as outlined under deliverables in this ToR.

3. Main Objective

To develop a robust and efficient mechanisms to ensure successful implementation and delivery of the Act-2 Business Case in a way that delivers concrete results and sufficiently optimize value for money (vfm) for DFID and intended beneficiaries in Tanzania and in accordance with the DFID Smart Rules.

Design for Act 2 should strengthen and embrace the application of **flexible, adaptive and political- informed programming** and the fostering of coalitions to achieve sustainable change at greater scale including at national level.

4. Recipient of Services

The recipients of the services will be the UK Department for International Development (DFID) Tanzania

5. Scope:

The service provider will undertake the following activities:

a) Manage the Fast Track Facility

DFID is prioritising a Fast Track Facility (FTF) for Act2, to ensure programme continuity of delivery and results from the start of Act-2. This was discussed between KPMG and DFID during Business Case development. The aim of FTF is to retain CSO partners that are high performing thereby reducing a potential significant funding gap that could lead to loss of key personnel and loss of investment in a certain sector

The supplier will manage the selection process based on objective and transparent criteria and process, shortlist preferred partners for DFID's approval, carry out pre-partnership negotiation and necessary due diligence, and produce a detailed assessment of each of the selected partners covering – strategy, results, management capability and fiduciary risks and controls.

Deliverable 1: a) Selection of 6 to 9 successful applicants, including: provision of required pre-partnership support to shortlisted applicants, production of final due diligence report for each applicant; development and submission of grants approval forms to DFID include a summary of the due diligence report for each applicant

b) Manage and Quality Assurance of Accountability Studies

The supplier will manage and provide quality assurance support towards the following accountability studies that have been commissioned by DFID Tanzania to inform the design and implementation of Act-2. These studies include:

- Assessment of impact and lessons of the recent four bills (Access to Information, Media Services, Statistics, and Cyber Crime) on civic space in Tanzania
- Zanzibar's Political Economy Analysis and space for Civil Society Going Forward

- Formative Study on Private Sector Involvement on Governance and Implication for AcT-2 Support to Private Sector
- Options for Engaging Non State Actors on Urban Governance Issues
- Roles and Perceptions of Accountability Stakeholders on fight against corruption in Tanzania: The Case of Independent Power Tanzania Limited

The supplier will: a) develop ToR for each of these studies and consult with DFID for final approval; b) recommend and engage consultants with appropriate expertise; c) monitor and ensure consultants deliver final reports at expected quality and on time.

Deliverable 2: Submission of reports that appropriately meets DFID quality standards with clearly documented lessons and implications for AcT-2 going forward

c) Development of AcT-2 Grant Making and Partnership Approach:

The set up and approach of grant-making and grants partnerships under AcT-1 needs to be re-designed to reflect the “Development Entrepreneurship” option advocated in the business case. This will include a redesign of grant-making to enable funding of more diverse organisations, including: (a) non-traditional CS groups (faith based groups, trade unions, social entrepreneurs) (b) private sector organisations; (c) start-ups through the development of an incubation facility; and (d) organizations outside Dar es Salaam, including those in Zanzibar as appropriate. The funding guidelines and assessment criteria will need to be adjusted as appropriate with an additional technical emphasis in key areas such as gender mainstreaming and climate change.

The partnership approach needs to be re-designed to include capacity development and other engagement/performance measures relevant to the different types of organisations receiving funding, particularly for start-ups in the incubation facility.

Deliverable 3: Report AcT-2 Grant Making Strategy and Partnership Approach (Development Entrepreneurship) that meets AcT BC requirements and DFID quality standards)

d) Development of AcT-2 Monitoring, Evaluation and Learning (MEL) Strategy:

The AcT-2 MEL framework which will refer to AcT-1 result framework successes as its baseline will be grounded in flexible and adaptive programming. It will provide for DFID reporting requirements (e.g. annual reviews, mid-term review and PCR). AcT-2 indicators will include ICF climate change indicators as well as gender mainstreaming to support DFID corporate reporting requirements. It will set appropriate targets and milestones that set out how results and impact will be regularly assessed as per DFID’s Smart Rules. The framework for results will usually be a logframe, but Smart Rules now allows that an appropriate performance management framework can be used provided it is able to identify a clear project outcome and the specific outputs with impact weighting and risk rating.

A Learning Strategy will encompass learning by individual partner organisations, learning by groups of partners collectively around an area of common interest such as anti-corruption, governance and climate change, and governance in the mining and extractives sector

A knowledge management system and database to capture results and support learning and programme management.

It is expected that the MEL Strategy will:

- Incorporate and build on the outcome mapping approach developed in AcT1 and exemplify: a non-linear approach to understanding how change happens; focus on attitude and behaviour change as basis of achieving sustainable results at outcome and impact level; and ensure 'realism' in focusing on influencing those you work directly with – and making a distinction between control, influence and what you are seeking to achieve; and
- Support the development and monitoring of organisational capacity development of grants partners.

Deliverable 4: AcT-2 MEL Strategy that meets DFID requirements (e.g. annual reviews, mid-term review and PCR)

e) Development of AcT-2 Operations and Financial Management

Service provider should provide a project office in Dar es Salaam. The office should be appropriately staffed, fully functional and capable of receiving and processing grant applications, facilitating meetings with various stakeholders, and hosting the design and programme management team.

Management of Funds: AcT-2 grants team should be sufficiently staffed and risk management support budgeted for to provide adequate oversight. Policies and procedures meeting DFID operational requirements will be developed to drive accountability, transparency, efficiency and effectiveness.

Financial Management: The financial management processes to be resolved will enable oversight over financial forecasting, programme expenditure and grants disbursement and confirm/facilitate compliance with financial management regulations.

Deliverable 5: A detailed operational framework for AcT-2, clearly outlining all key operational requirements covering finance, human resources, procurement, risks (contextual, fiduciary and operational) management, reporting etc). Full implementation Draft ToR should be submitted to DFID for approval

f) AcT-2 Communications Strategy:

A Communication Strategy for AcT-2 will focus on reaching out to partners and to different DFID programmes to underpin a flexible response to emerging opportunities for further leveraging the results of partner work. It will also establish how AcT-2 will inform and enable beneficiaries in Tanzania are aware of the UK support through an appropriate branding strategy. Communication strategy will clearly set out how AcT-2 lessons will be regularly communicated to identified key stakeholders to promote mutual learning and programme adaptation.

Deliverable 6: Final Communications and Branding strategy

g) AcT-2 Value for Money Strategy

AcT-2 VfM strategy will translate how the programme will periodically demonstrate VfM by directly responding to assumptions and commitments already outlined in the AcT-2 Business Case – economic appraisal and vfm sections. AcT-2 VfM framework will be developed to monitor and drive efficient and effective use of funds at programme and partner level. It will include quantitative and qualitative indicators and measurement based on benchmarks and analysis of trends.

Deliverable 7: AcT-2 VfM Strategy that demonstrate emerging best practice and consistent with DFID's requirements

h) AcT-2 Gender and Inclusion Strategy

AcT-2 design will take into account the International Development (Gender Equality) Act 2014. The gender and inclusion strategy for the programme which will be cascaded to partners will outline specific policies and practices to be employed to secure tangible benefits for women and girls during the life of the programme; as well as addressing other inclusion issues (such as relating to youth and the aged). This strategy will be complementing other relevant DFID work.

Deliverable 8: AcT-2 Gender and Inclusion Strategy

i) Climate Change and Environmental Mainstreaming Strategy

This will involve integration of climate change issues, including climatic risk reduction in the overall AcT-2 design. Climate Change and Environment aspects will be incorporated in the overall AcT-2 Theory of Change and M&E framework including reference to the International Climate Fund.

Deliverable 9: AcT-2 Climate Change and Environmental Mainstreaming Strategy

j) AcT-2 Media Support and Engagement Strategy

AcT-2 will explore support towards shaping and creation of media content that reflects advocating of the rights of the marginalised and provision of public space where citizens can demand for service delivery and accountability.

Deliverable 10: AcT-2 Media Support and Engagement Strategy

k) AcT-2 Political Economy Analysis

The purpose of PEA is to ensure AcT-2 approach to implementation is based on current grounded analysis of the political economy of Tanzania post 2015 general elections. This may entail PEA of specific sectors as agreed with DFID. AcT-2 approach to management will reflect thinking and working politically. The PEA analysis will be used to facilitate this and could inform certain aspects of the AcT-2 learning strategy.

Deliverable 11: AcT-2 PEA Report

l) AcT-2 Anti-Corruption Strategy: building from lessons generated by AcT-1, the supplier

will develop a clear AcT-2 anti-corruption strategy as clearly identified in the BC.

Deliverable 12: AcT-2 Approach to Anti-corruption/Integrity

m) **Final AcT-2 Strategy and Plan:** An overarching strategy which brings together the above documents and includes a Work Plan for year 1 and Final implementation ToR. As required, this document will also update the first documents developed (eg. grant-making and partnership; MEL strategy) in light of the last documents developed (PEA, gender strategy, climate change strategy etc).

Deliverable 13: Final AcT-2 Strategy and Plan

6. Schedule of Deliverables:

Work on all the above activities is expected to commence near the beginning of the design phase. However, most effort at the start will be focussed on the essential preparatory activities and associated deliverables. The table below shows those to be undertaken as 'preparatory activities' and the others.

	Deliverable	Preparatory Phase	Completion Phase
a) Fast Track Facility and Accountability Studies			
1	Fast Track Facility		
	1.1 Completion of Application and Selection Process and identification of grantee short-list	Month 3	
	1.2 Due Diligence completed on 4 short-listed applicants and reports submitted to DFID	Month 4	
	1.3 Due Diligence completed on remaining short-listed applicants and reports submitted to DFID		Month 5
	1.4 Grant Assessment and Approval forms for all short-listed applicants submitted to DFID		Month 5
2	Design Accountability Studies Completed	Month 3	
b) Preparatory Design Work			
3	Grant Making and Partnership Approach	Month 3	
4	Monitoring, Evaluation and Learning (MEL) Strategy	Month 3	
5	Operations and Financial Management Manual	Month 5	
c) Design Work Completion			
6	Communications and Branding Strategy		Month 5
7	Value for Money Strategy		Month 5
13	Final AcT-2 Strategy and Plan		Month 5
d) Thematic Studies/Strategies			
8	Gender and Inclusion Strategy		Month 5
9	Climate Change and Environmental Mainstreaming Strategy		Month 5
10	Media Support and Engagement Strategy		Month 5
11	Political Economy Analysis		Month 5
12	Approach to Anti-corruption/Integrity		Month 5

7. Personnel Requirements

Supplier will provide personnel that meet DFIDs technical and professional requirements as already proposed during the AcT-2 BC, Design and Implementation Tendering Submission.

The quality of personnel that were included in Suppliers' offer was a key element in the evaluation process and a source of competitive advantage compared to other bidders. Supplier is therefore required to commit resources to its offer. Any attempt to change key resources that are attached to your offer, post-award, will be regarded as a significant variation in terms of your tendered offer and may have commercial ramifications. In terms of staff retention, if the "Key personnel" are still within the employment of the supplier, they should not be replaced without DFID consent and approval.

8. Management and Reporting

The Senior Responsible Owner (SRO) responsible for successful design and implementation of AcT-2 programme is , Governance Advisor. He will be responsible for all technical aspects of this assignment. He will be assisted by the following DFID advisors: Climate Change Advisor, Anti-Corruption Advisor, VfM and Results Advisors. Governance Team Leader will provide overall quality assurance function. , will provide the required programme management leadership and support. DFIDT Commercial Advisor will also provide inputs as and when required.

DFIDs Procurement and Commercial Department (PCD) will be responsible for negotiating and managing the contract with the Supplier under the relevant DFID contract arrangement. Supplier will liaise with PCD on all commercial matters.

DFID will not provide any direct administrative or logistical support to the design team. The lead design consultant will assume responsibility for task management and quality control of the project documents submitted to DFID.

9. Methodology

The Design Team will submit to DFID an inception report that set out suitable methodology that will ensure timely delivery of the assignment as stipulated on this ToR. As stated on section 2 above, DFID will initially allow the Supplier to carry on design preparatory works that covers first three months. This will help ensure that any potential gap between business case approval and design work is sufficiently minimized.

In undertaking this assignment, Supplier will be required to fully engage/consult with DFID cross-cutting advisors for VfM, Economics, Results/M&E, Social Development, Climate Change, Anti-corruption and Commercial to ensure full compliance with DFID's requirements. Externally, suppliers will be required to consult with selected key organizations and actors in Tanzania, including from government, other donors and politicians.

Supplier will submit to PCD a payment mechanism that is based on the commercial tender that was already approved in August 2015, clearly demonstrating value for money and be linked to clear work plans for delivery (deliverables) as opposed to input-based payments. Supplier should note that this cost extension will only fund necessary design preparatory works so as to ensure that detailed design work will be completed once the BC has been approved by SoS.

10. Duty of Care

The supplier is responsible for the safety and well-being of their personnel and third parties affected by their activities under the contract, including appropriate security arrangements for their domestic and business property

DFID will share available information with the supplier on security status and developments in-country, including reference to the latest BHC travel advise available on the Foreign and Commonwealth Office website for Tanzania

Supplier is responsible for ensuring appropriate safety and security briefings for all of their personnel working under this contract and ensuring that their personnel register with their respective Embassies to ensure they are included in emergency procedures

11. Background Document

The main background documentation to inform this design assignment is the AcT-2 Business Case plus the main AcT-2 ToR for BC, Design and Implementation.

Supplier should also ensure lessons from relevant AcT-1 reports and studies including those identified under section 2b above, plus AcT1 Final Report and AcT-1 PCR are appropriately used to inform this design assignment.

Excerpt from AcT-2 Business Case

Impact and Outcome that we expect to achieve

Expected impact and outcome

AcT-2's change objectives reflect a raised ambition from the previous phase, while being responsive to the dynamic and challenging context for promoting accountability in Tanzania. The programme will focus on:

Impact: Improved access to entitlements, public goods and services for poor Tanzanian citizens. **Outcome:** Increased accountability and responsiveness from the Government of Tanzania to its citizens.

Nature of Intervention

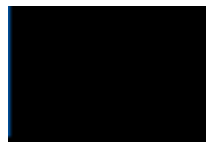
AcT-2 intervention is based around working with civil society organisations to support them to adapt and innovate to achieve the expected AcT2 outcome and impact. The programme will create with funded partners a sustainable way of working with different domestic actors. Precise programme activities will be scoped out with partners during implementation, applying political economy analysis. Flexibility and adaptation to emerging opportunities is a central aspect of the model. Criteria for developing an activity will include: political feasibility;

likelihood of tangible results for poor people including women and girls; potential scalability and sustainability of results; and partners' willingness to commit their own resources to the enterprise.

In addition, the following cross-cutting issues will be mainstreamed across the programme: climate change, gender, the media (both traditional print and broadcast as well as new social) to ensure partners maximise its strategic potential, and addressing corruption wherever its impact can be observed in blocking the achievement of development outcomes.

While specific issues will be identified during the implementation phase, possible areas of interest and the domestic actors involved include:

- 1) **Role of the media in promoting domestic accountability and democracy:** whilst the diversification of the media create new opportunities, insufficient capacity to take advantage of the opportunities remains. This is compounded by an environment which has the potential to become increasingly restrictive as evidenced by the recent access to information and cybercrimes legislation. AcT2 will specifically support media to strengthen its role in promoting domestic accountability and democracy.
- 2) **Youth engagement:** High youth unemployment and disaffection, especially in urban areas is a growing concern in Tanzania. AcT2 will work with partners to find ways in which young people can become constructively and productively engaged, not least in working with government to ensure services reach this large segment of the population.
- 3) **Preparing for the impact of extractives:** Civil society could play two roles: One is to advocate for, and support, informed and accessible public debate on all aspects of extractives management including accountability, transparency and access to information on spending.¹ Another role is in relation to the consultation and compliance with environment and social impact analyses (ESIA) of gas and other extractives.
- 4) **Agriculture:** Low productivity in agriculture is a major factor in rural poverty and the lack of broad-based benefits from growth. CSO work could have important impacts on a range of interrelated issues, including land, human rights, pastoralism and the ownership and usage of natural resources.
- 5) **Urbanization:** The high rate of urbanisation and the fast expansion of urban centres in Tanzania pose a particularly challenging governance setting. Some of these themes are linked to those mentioned above. In urban areas a multitude of governance actors manage overlapping jurisdiction, making policy formulation and urban management difficult in many areas, these include: urban resilience, transport, energy, water security and social development.
- 6) **Climate Change and Environment:** A number of themes associated with accountability and governance are emerging, some of which connect with other issues above. These include water resource management, conflict over land access in part driven by drought and increasing pressure on resources and thirdly the environmental impacts and equitable distribution of economic windfalls associated with hydrocarbon and extractive industries.



¹ For example: from the allocation and regulation of licences, concessions and exploitation, through to strengthened financial management, public investment planning, the application of resource revenues for more inclusive growth, and the extent to which LNG investors are pressed to supply off-shore gas to support government ambitions for domestic consumption and industry.