

CONTRACT FOR SUPPLIER SERVICES

Section 1 - FORM OF CONTRACT

CONTRACT FOR : **Lot 2 - Policy and Institutions Facility – DFID Nepal Resilience Portfolio (supporting climate smart development and effective disaster risk management)**

PURCHASE ORDER NUMBER : **PO8030**

THIS CONTRACT is made

BETWEEN : The Secretary of State for International Development at the Department for International Development, ("DFID"); Abercrombie House, Eaglesham Road, Hairmyers, East Kilbride, G75 8EA

AND : **Oxford Policy Management Ltd** ("Supplier")
whose principal place of business, or, where the Supplier is a company, whose registered office is situated at Level 3, Clarendon House, 52 Cornmarket St, Oxford, OX1 3HJ

(together "the Parties").

WHEREAS:

- A.** DFID requires the Supplier to provide the services as defined in Section 3 (the "Services") to DFID Nepal (the "Recipient"); and
- B.** the Supplier has agreed to provide the Services on the terms and conditions set out in this Contract.

IT IS HEREBY AGREED as follows:

1. Documents

This Contract shall be comprised of the following documents:

Section 1	Form of Contract
Section 2	General Conditions
Section 3	Terms of Reference
Section 4	Special Conditions
Section 5	Schedule of Prices

Oxford Policy Management Commercial Proposal dated March 2017
Oxford Policy Management Commercial Proposal Clarification (Key Personnel) August 2017
Oxford Policy Management Technical Proposal dated March 2017

This Contract constitutes the entire agreement between the Parties in respect of the Suppliers obligations and supersedes all previous communications between the Parties, other than as expressly provided for in Section 3 and/or Section 4.

2. Contract Signature

If the Original Form of Contract is not returned to the Contract Officer (as identified in Section 4) duly completed (including the applicable Purchase Order Number at the top of Section 1), and signed and dated on behalf of the Supplier within **15 working days** of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Contract void.

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

3. Commencement and Duration of the Services

The Supplier shall start the Services on 28th August 2017 (the "Start Date") and shall complete them by 27th August 2022 (the "End Date"). This Contract will be for a duration of 5 years, unless terminated earlier in accordance with its terms and conditions.

4. Financial Limit

Payments under this Contract shall not, in any circumstances, exceed **£3,498,800** exclusive of any government tax, if applicable (the "Financial Limit").

5. Time of the Essence

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

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

Name:

Position:

Signature:

Date:

For and on behalf of
Oxford Policy Management

Name:

Position:

Signature:

Date:

CB116 (March 2014)

Section 3

TERMS OF REFERENCE Policy and Institutions Facility for the DFID Nepal resilience portfolio

LOT 2

Introduction

1. These Terms of Reference identify the obligations of THE SUPPLIER contracted to act as a Policy and Institutions Facility (PIF) as part of DFID's 'Climate Smart Development for Nepal' and 'Strengthening Disaster Resilience in Nepal' programmes. The PIF will help to strengthen Nepal's policy and institutional framework for disaster resilience and climate change.
2. The PIF will be an adaptive and flexible programme. THE SUPPLIER will have the opportunity to shape the methodology and to adapt the workplan during implementation.
3. The total budget available for the PIF is approximately £3.5 million (inclusive of any applicable taxes) over 5 years. DFID invites suppliers to set out how they will deliver the outputs set out in this Terms of Reference within the overall budget ceiling, providing demonstration of maximising the effective utilisation of the proposed budget linked to results to be achieved..
4. This Terms of Reference for the PIF is LOT 2 of a two-lot procurement. LOT 1 is for a linked, but separate Monitoring, Evaluation and Learning (MEL) Unit. **Suppliers are welcome to bid for one or more lots and a distinct proposal will be required for each lot for which a bid is submitted.** Where bidding for both Lots, Suppliers should provide VfM rationale for combining both lots and an added value justification as an annex to the Commercial proposal, to be read only if successful in winning both Lots. Regardless of bidding approach, suppliers should demonstrate how:
 - The proposal will maximise Value for Money (refer to the VfM framework in the BC);
 - They propose to create excellent synergies and complementarities between lots irrespective of the number of suppliers involved;
 - They will ensure effectiveness in monitoring, management and reviews;

- They will ensure excellent relationship management with multiple stakeholders and DFID.

Recipient and Beneficiaries

5. The principal recipient of the PIF services will be DFID Nepal. However, the activities of the PIF will be largely focused on working with different parts of the Government of Nepal to strengthen national institutions and policies for stronger resilience to disasters and climate change.
6. Ultimately the beneficiaries of the PIF will be poor and vulnerable people in Nepal, who receive benefits from stronger national institutions and policies for resilience in Nepal.

Timing

7. THE SUPPLIER will provide services for 5 years (starting August 2017), including a 6 month inception phase in year 1. This contract will be issued for the full duration, however due to the long duration of the programme, the contract will have adequate provision for variation to adapt to changes that occur during the life of the programme, and therefore it will be subject to break points after the inception phase and at the end of year three.
8. There may be an opportunity to extend the contract at the end of year 5 by up to 2 years depending on THE SUPPLIER's performance and the success of activities. Any extension would be based on a needs assessment by DFID and based on satisfactory performance by THE SUPPLIER. Services could also be scaled-up by up to 50% of the PIF budget subject to the requirement of the programme and strong performance from THE SUPPLIER.

Background to the DFID Nepal resilience portfolio

9. DFID is scaling up its efforts to build resilience to natural disasters and climate change in Nepal.
10. Nepal is subject to a wide range of disaster risks and impacts, including both earthquakes and climate related hazards such as floods, droughts and landslides. Disasters cost the government about six percent of its annual development expenditure per year¹. Recent estimates indicate that the negative impact of weather variability is equivalent to around 2% of current GDP per year rising to 5% or more in extreme monsoon flood

¹ MoHA (2010). Ministry of Home Affairs Economic Survey, 2010. Government of Nepal, Kathmandu.

years². These impacts are expected to increase significantly due to climate change.

11. To address these challenges DFID Nepal is taking forward two major new programmes, 'Climate Smart Development for Nepal' and 'Strengthening Disaster Resilience in Nepal'. The Business Cases for these programmes can be found as part of the procurement package.
12. The 'Climate Smart Development for Nepal' programme aims to accelerate climate resilient and low carbon development. It will help people and businesses to thrive in the context of increasingly severe floods, droughts and landslides under climate change. Community based adaptation planning will ensure that the programme leaves no one behind, especially women and girls. Large scale investments in water resource management and urban resilience will help keep economic development on track. The programme will enhance the productivity of the economy through improved uptake of off-grid renewable energy technologies and improved energy efficiency of brick kilns.
13. The 'Strengthening Disaster Resilience in Nepal' programme will build disaster resilience in Nepal, particularly to earthquakes, by working with urban centres to build and plan more safely. The programme will support the strengthening of critical public infrastructure to earthquakes; improve national capacity and the capacity of the private sector to respond to crises; and ensure that the international community is prepared to respond. The programme will ensure that the UK is able to support a humanitarian response should a crisis hit Nepal.
14. Central to the theory of change for the programmes is the need to strengthen Government of Nepal systems, policies and institutions for disaster risk management and climate change. Where policies do exist, support is needed to build the capacity of national and local governments to implement them. The Strategic Cases for the programmes set out a number of macro challenges in Nepal, which include:
 - Lack of underpinning legal basis or long-term strategy for disaster risk management;
 - Complex governance structure for risk management with a multitude of government ministries and agencies responsible for different aspects of disaster risk;
 - Limited integration of climate resilience or low carbon development into sector strategies, planning and budgets;

² IDS- Nepal, PAC, GCAP (2014). Economic Impact Assessment of Climate Change In Key Sectors in Nepal. Kathmandu. Final Technical Report. IDS-Nepal, Kathmandu

- Relatively low access to international climate finance and limited development of national mechanisms to access climate finance.
15. These are significant and complex problems which will need to be broken down and analysed in order to be tackled.
16. It will be important for the PIF to support and feed into existing coordination mechanisms in both disaster resilience and climate change. In relation to disaster resilience, in 2009 the Nepal Risk Reduction Consortium (NRRC) was formed with a number of international partners to support the Government of Nepal in developing a long-term disaster risk management plan. The Consortium brings together Government of Nepal, international agencies and civil society, and promotes awareness raising and finance mobilisation. To date the NRRC has focussed on five flagship areas, including:
- School and hospital safety (Department for Education and Asian Development Bank; and Ministry of Health and Population and World Health Organisation);
 - Emergency preparedness and response capacity (Ministry of Home Affairs and International Federation of the Red Cross)
 - Flood management (Ministry of Irrigation and the World Bank)
 - Integrated community-based disaster risk reduction and management (Ministry of Federal Affairs and Local Development and International Federation of the Red Cross)
 - Policy and institutional strengthening for disaster risk management (Ministry of Home Affairs and UNDP)
17. The PIF will collaborate with the Ministry of Population and Environment (MOPE) on climate change. DFID supports the Nepal Climate Change Support Programme (NCCSP), which has a central management unit within MOPE. NCCSP helps to facilitate cross government climate change mechanisms - such as the Multi-stakeholder Climate Change Initiative Coordination Committee (MCCICC). The PIF will work collaboratively with NCCSP to promote integration of climate change throughout government planning and budgeting.
18. The two DFID programmes will share a Monitoring, Evaluation and Learning Unit (MEL). The MEL will be responsible for tracking progress against the Theory of Change for the DFID programmes, assessing VFM, and enabling DFID Nepal to continuously improve and adapt programme management. The MEL will help to build and share evidence on disaster risk reduction and climate smart development in Nepal to a range of audiences.

Objective

19. DFID is seeking a supplier to act as a Policy and Institutions Facility (PIF) for the 'Climate Smart Development for Nepal' and 'Strengthening Disaster Resilience in Nepal' programmes. Over the programme lifetime the PIF will critically assess and take actions to address key constraints to Nepal's disaster risk and climate change policy and institutional framework.
20. By building the systems for Government of Nepal to lead on disaster resilience and climate change, the PIF will help to deliver a sustained and transformational impact on Nepal's resilience to climate disasters and earthquakes beyond the beneficiaries directly supported through programme activities.
21. DFID is seeking a supplier that can demonstrate a responsive and flexible approach. The political economy environment in Nepal is complex. This is most clearly manifested in the high frequency of staff turnover in the Nepal civil service, an ongoing context of political instability, and the complex institutional landscape for resilience policy and implementation. It will also be critical for THE SUPPLIER to embed rolling, consistent analysis in their approach. Deep contextual understanding is important, and it will be important to continually reflect on this.

Scope of work

22. The PIF will comprise a small core team led by a team leader, based in Kathmandu. As required, the core team will be able to draw expertise from a wider pool of experts within the organisation/consortium or subcontract in specialist resources. The maximum budget for the PIF is approximately £3.5 million over the 5 years of implementation including the inception period.
23. The PIF will take an adaptive approach to the design and implementation of activities. The Inception Phase will be used to identify a series of up to 6 'focus areas' for the PIF to work on during implementation. The broad workplan for subsequent years will be developed, though this will be subject to revision during the programme. We do not envision that all of the focus areas will be taken forward in the main phase or all with the same level of intensity. The PIF will identify strategic opportunities and take advantage of them as they arise.
24. The focus areas for the PIF are still to be finalised, but some illustrative examples of where it could focus include:

- i. Strengthening the capacity of the Ministry of Home Affairs to lead government policy and action on disaster preparedness;
- ii. Working in collaboration with the Department of Urban Development and Building Construction on promotion of safer building construction;
- iii. Helping Government of Nepal to assess current and future disaster risk, and scoping out financial and policy instruments that could be used to manage risk;
- iv. Collaborating with the Ministry of Finance and Ministry of Population and Environment to increase direct access to international climate finance;
- v. Supporting the National Adaptation Plan process and more generally integration of climate change considerations into sector planning and budgeting;
- vi. Scoping out opportunities to work with the private sector on disaster and climate resilience, for example with a focus on supply chains and business continuity.

25. These examples are illustrative, and an initial set of focus areas will be finalised during the inception phase of the PIF. We would encourage prospective suppliers in their bids to focus on demonstrating their approach and methodology for addressing objectives such as these. What evidence and analysis could be drawn upon and/or conducted, and how would recommended courses of action be identified will be key for suppliers to demonstrate.

26. The type of support required will depend on the nature of the focus areas selected. We envision that the main activities of the PIF will be: targeted technical assistance (both short term assignments and longer term support, embedded and external); production of strategic research and analysis; and activities to convene stakeholders.

27. Throughout the contract the team will be expected to work in collaboration with the MEL unit (also shared between the DFID Nepal programmes, described in box 1). The MEL will be responsible for monitoring performance of the PIF as well as other programme components.

28. There will be scope for the MEL and PIF to work collaboratively on generation and use of research and evidence. The MEL is likely to produce evidence relating to programme performance that will inform the work of the PIF team. Similarly the PIF will generate findings about the

wider Nepal context that will inform the MEL's analysis of programme impact.

29. The MEL and PIF can work together, implementing identified operational synergies when both contracts are mobilised, and determine regular cadence with each other to ensure complementarities or opportunities for collaboration are realised throughout the life of the contracts.

Box 1: Summary DFID Nepal Monitoring, Evaluation and Learning Unit

DFID will contract a supplier to act as a MEL unit in support of implementation of DFID Nepal's resilience portfolio. The MEL will be responsible for tracking progress against the theory of change for the DFID programmes, assessing value for money, and enabling DFID Nepal to continuously improve and adapt programme management.

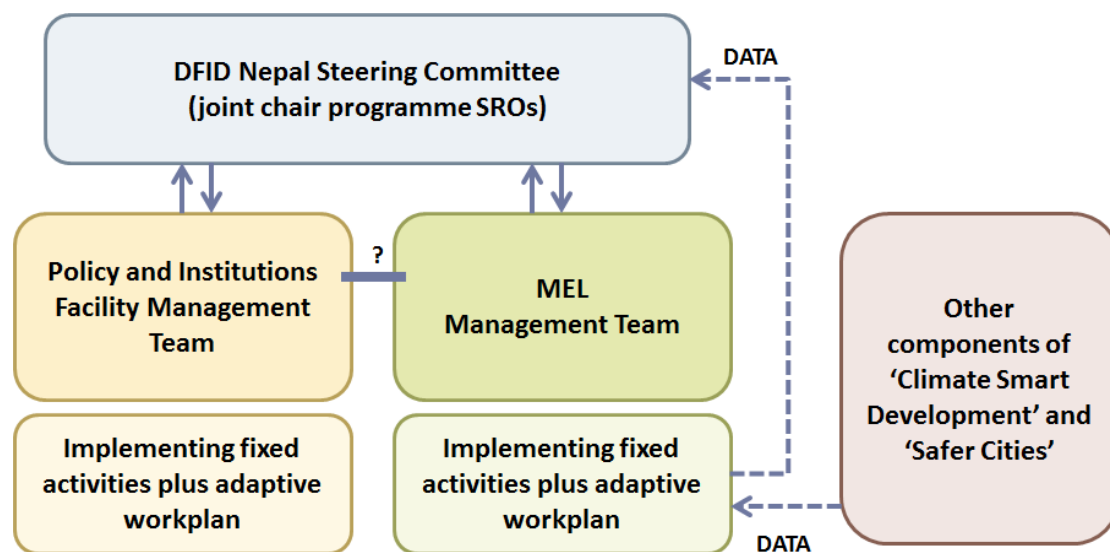
The MEL will help to build and share evidence on disaster risk reduction and climate smart development in Nepal to a range of audiences. Evidence will be drawn from the DFID resilience programmes as well as those implemented by others in Nepal.

We expect the MEL to focus on four output areas:

- **Monitoring.** This output area will help DFID to track progress against the theory of change at output, activity and input level, and to collect data to help DFID to monitor VFM.
- **Evaluation.** THE SUPPLIER will help DFID to track progress against the theory of change at output and outcome level. The aim is to generate evidence that will inform the design of DFID programming, as well as that by others in Nepal and beyond.
- **Research and analysis.** This output area will improve knowledge base against which the programme theory of change is based. The aim will be to generate evidence that will inform the design of DFID programming, as well as that by others in Nepal and beyond.
- **Learning.** This output area will ensure evidence generated under output areas 1 – 3 is used by a series of priority audiences. Audiences will include for example DFID Nepal, DFID advisory cadres, other Development Partners in Nepal, the Government of Nepal, NGOs, and the international research community.

30. The PIF and the MEL will report to a Steering Committee in DFID Nepal on a quarterly and annual basis. Both teams will need to develop good relationships with Government of Nepal and keep government abreast of progress and also ensure that insights and findings from the PIF are anchored with relevant line Ministries (recognising that these could be diverse). At the time of each DFID Annual Review the PIF and MEL will facilitate an annual workshop. The workshops will be used to reflect on progress towards the planned outcomes and to refine activities. The management structure for the programme is set out in figure 1.

Figure 1: Governance / management structure of the DFID Nepal resilience programmes



31. PIF activities will fall into 4 output areas:

- **Output area 1: Inception.** During the 6 month inception the PIF will work with DFID and other partners to develop a series of 'focus areas' that the team will seek to achieve progress against during implementation. The broad workplan and budget for main phase will be developed.
- **Output area 2: Analysis of the institutional and policy context and mapping intervention pathways.** The PIF will critically analyse the constraints to policy and institutional development under each of the focus areas. The analysis will be used to design strategic interventions to address the constraints. The most promising interventions will be taken forward under output area 3.
- **Output area 3: Implementation of intervention pathways.** For each year of the programme the PIF will design a series of interventions. These will include for example support to Government planning processes, development of a policy document, or multi-year support to develop the skills of a key Ministry or Agency.
- **Output area 4: Flexible and adaptive support to DFID Nepal on disaster resilience and climate change mainstreaming.** The PIF will include call down resources for DFID Nepal advisers and programme managers to draw upon. The PIF will provide technical advice to help

DFID-Nepal integrate disaster resilience and climate change into the design and implementation of other programmes in the portfolio.

- **Output area 5: Collaboration with MEL to generate learning.** The PIF will document progress on activities in the focus areas, noting drivers of success and challenges faced. PIF will work with the MEL to develop research outputs and to share learning with audiences such as DFID, other donors and the Government of Nepal.

32. More detail on the expected activities under each output area can be found in table 1. However, suppliers in their proposals are encouraged to develop and adapt this approach, drawing on experience of what work in terms of adaptive and flexible programming.

Table 1: Scope of work

Output area	Key activities	Outputs
1. Inception phase	<ul style="list-style-type: none"> • Initial context mapping to inform programme focus and output area 2 • Identify 'focus areas' of PIF work • Develop the PIFs logframe with indicator targets. If feasible, identify outcome statements relating to the focus areas • Conduct a risk assessment, to be updated during programme implementation • Develop methodology for outcome areas 2, 3 and 5 • Design broad workplan and budget for main phase 	<p>1a. Inception report including:</p> <ul style="list-style-type: none"> - Context mapping - Approach and methodology for revising/testing/analysing whether and how change is happening - Workplan and budget - PIF logframe - Risk assessment <p>1b. Inception workshop to present inception materials to DFID and other partners (including Government of Nepal)</p>
After the inception phase the DFID Steering Committee with THE SUPPLIER will review inception phase outputs, and agree the workplan for implementation.		

2. Context analysis and identification of intervention pathways	<ul style="list-style-type: none"> • Build on inception phase to develop more detailed context mapping. Methodology to be developed – could include focus group discussions, workshops, consultation with experts • Develop potential intervention pathways to address constraints identified in context analysis • Prioritise interventions, develop detailed strategies and costings 	2a. Context mapping and intervention pathway presentations – presented at annual workshops 2b. Design documents for priority interventions
<p>Suppliers should consider the process/methodology for revisiting and revising the approach, continually going back and checking progress, assumptions and assessing what has worked (and what hasn't). There should be a continuous feedback loop between context analysis, identification of actions (1), implementation (2), and learning (5).</p>		
3. Implementation of interventions	<ul style="list-style-type: none"> • Take forward priority interventions based on design work developed under (2) 	3a. Intervention progress reports detailing progress towards outcomes - presented at quarterly Steering Committee meetings and annual workshops
4. Call down support	<ul style="list-style-type: none"> • Provision of technical advice and support to the design and implementation of DFID-Nepal programming as required 	4a. This output area will be measured on an input-basis, with a number of days allocated
5. Learning	<ul style="list-style-type: none"> • Development of materials to inform future climate change / disaster resilience programming • Methodology to be developed – we welcome innovative proposals on how lessons can be captured. 	5a. Outputs to be agreed during the inception phase based on the proposed methodology

Skills and expertise required

33. Delivery of the PIF outputs will require a range of skills and as such a diverse team will be required. The PIF will be led by a core team who will work full time on this programme. The core team will be led by a team leader, who will be based in Kathmandu. The core team will be able to draw on a wider pool of resources.

34. DFID's preference is for a small core team of full-time personnel with the right expertise, rather than a larger team of part-time team members.

However we recognise that there are many ways to deliver this Terms of Reference and welcome THE SUPPLIERS proposed delivery model which will maximise programme results and value for money while providing assurance and due diligence of any sub-contracted partners as appropriate.

35. The team leader should demonstrate skills and experience of managing programmes of a similar size and complexity. We expect the team leader to demonstrate expertise in leadership and programme management, as well as familiarity with organisation and policy reforms. Familiarity with climate smart development and disaster resilience is highly desirable.
36. The core team should include individuals who demonstrate the following skills (this will be complimented with the methodology provided in OPM proposal dated March 2017):
 - i. Knowledge and understanding of the economic, political and social context of Nepal is essential. Expertise in gender and social exclusion with reference to Nepal. Expertise in political economy analysis and/or similar analysis tools.
 - ii. Very strong networking and relationship-building skills (all team members should be able to demonstrate this). Ability to convene and work with a wide range of stakeholders - especially government and the private sector - but also civil society and other donors and to understand their different perspectives and incentives and incorporate them in the approach and strategy for delivery.
 - iii. Experience in capacity building / provision of technical assistance in developing countries. Experience working with Governments on issues related to disaster resilience and climate change is highly desirable.
 - iv. Experience of working with the private sector is desirable
 - v. The ability to procure, coordinate and quality assure specific technical expertise at relatively short notice.
 - vi. Capacity to take an incremental / adaptive approach to delivery, starting small and focused and expanding incrementally subject to implementation feedback.
 - vii. Strong communications and presentational skills. The team should be able to demonstrate where they have produced high impact

presentations, reports or research outputs and communicated these to a range of audiences.

37. THE SUPPLIER will be able to draw on a range of expertise from a wider team, which may be part time. For example the core team could draw on this expertise to quality assure research outputs, or for short term research assignments as part of the workplan.
38. DFID strongly encourages any international suppliers to partner with Nepal based organisations, as local contextual knowledge and understanding is crucial.
39. THE SUPPLIERS proposal dated March 17 details how their team leader, core team and wider institutional network will enable them to meet the programme requirements. With details of professional networks that would allow them to sub-contract additional resources in an efficient manner.

Programme Management

Payment mechanisms, Reporting requirements and DFID coordination

40. DFID encourages payment-by-results approaches where appropriate. Proposed methodologies for contract payments have been clearly set out in THE SUPPLIER's proposal dated March 2017 Including inception outputs and payment milestones against them.
. With detailed activities for years one and two, and a broader milestone plan for future years, to be refined as appropriate with DFID.
41. THE SUPPLIER has considered Key Performance Indicators (KPIs) in their proposal (dated March 2017) on how outputs will be achieved (indicative, not fixed). THE SUPPLIER will also be expected to work in compliance with jointly agreed contract management KPIs with DFID. These will be further developed and refined as part of the inception phase.
42. During the inception phase DFID will work closely with the successful bidder to refine the outputs to be delivered during the main phase and the payment approach for them.
43. It is expected that the PIF will conduct and make available to DFID a statutory external audit of the PIF bank account for each of the financial years in which funds are paid.

44. During implementation of the main phase PIF will meet with the SROs of the DFID resilience programmes (at minimum) on a quarterly basis for a progress meeting. The PIF unit will be required to produce quarterly narrative and financial reports, as well as a workplan for the next quarter. At the end of each year PIF will organise a workshop to present progress against the PIF output areas. THE SUPPLIER will also be subject to formal contract performance reviews as part of the DFID overall annual review.
45. THE SUPPLIER should also consider how they could engage innovatively with DFID on the substance of PIF workstreams. This could also include bringing in other “critical friends” both within DFID and externally to challenge and validate analysis and prioritisation/approach to interventions.
46. The central point of contact during programme implementation will be the SRO for the ‘Climate Smart Development for Nepal’ programme. Financial and progress reports should be submitted to the Climate, Evidence and Resilience Senior Programme Manager in DFID Nepal. The DFID Nepal SRO and Programme Manager will be the key interface between THE SUPPLIER and the Steering Committee (described earlier in the Terms of Reference).
47. A client bank account must be opened and used for PIF project fund disbursements. The name and purpose of the account must be communicated to the banking provider and the DFID funds must be segregated from other funds and cannot be considered as resources at the disposal of THE SUPPLIER organisation.
48. It is expected that THE SUPPLIER will provide advance funding from their own resources which will be reimbursed by DFID based on a payment methodology. THE SUPPLIER will be responsible for monitoring and forecasting all spending and be fully accountable to DFID for all expenditure.

Value for money

49. As with all DFID programmes, THE SUPPLIER has been requested to demonstrate value for money in their proposals. This can be complex for programmes which are looking at influencing the development of policy and institutions where there are multiple factors and actors at play³. THE SUPPLIER should continuously think innovatively about how policy

³ <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8928.pdf>

influence could be monitored and assessed in terms of value for money (economy, efficiency and effectiveness) in accordance with the methodology proposed in their proposal dated March 2017.

Risk Management

50. This will be in accordance with THE SUPPLIERS detailed assessment of risk, and how they propose to manage risks over the duration of the contract, as detailed within proposal dated March 2017. With the passing of the constitution in Nepal in 2015 there is potentially significant local government restructuring and elections due in 2017. This will have implications for the work of the PIF and so will be important for suppliers to reflect on this potential uncertainty.

UK Aid Branding and Transparency

51. Transparency, value for money, and results are top priorities for the UK Government. DFID has a duty to show UK taxpayers where their money is being spent, its impact, and the results achieved. DFID has guidance on the use of its logos, which will be shared with THE SUPPLIER(s) as necessary.
52. DFID has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. DFID requires suppliers receiving and managing funds, to release open data on how this money is spent, in a common, standard, re-usable format and to require this level of information from immediate sub-contractors, sub-agencies and partners. It is a contractual requirement for all Suppliers to comply with this, and to ensure they have the appropriate tools to enable routine financial reporting, publishing of accurate data and providing evidence of this DFID – further IATI information is available from: <http://www.aidtransparency.net/>

Security and Duty of Care

53. DFID Nepal will not take responsibility of personal security of THE SUPPLIER. They have to be responsible by themselves. DFID Nepal has a Risk Management Office (RMO) available to provide security briefing and information to THE SUPPLIER as per their request.
54. Regarding information security, THE SUPPLIER is responsible for not sharing sensitive information with any parties other than DFID.
55. 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.

56. DFID will share available information with THE SUPPLIER on security status and developments in country where appropriate. A security briefing by DFID 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.
57. This programme will require THE SUPPLIER to operate in a seismically active zone which is at high risk of earthquakes. Following the earthquakes in April and May 2015 a number of aftershocks have been felt and continue to occur. 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 in order to deliver the contract (subject to travel clearance being granted).
58. THE SUPPLIER proposal dated March 2017 has been developed on the basis of being fully responsible for Duty of Care in line with the details provided above. They have confirmed therein that:
- they fully accept responsibility for Security and Duty of Care;
 - they understand the potential risks and have the knowledge and experience to develop an effective risk plan; and
 - they have the capability to manage their Duty of Care responsibilities throughout the life of the contract.
59. The subjective assessment of Duty of Care is placed at Annex 1 to this Terms of Reference. Please note that this risk assessment will be re-examined at the point of transition between the design phase and the implementation phase. If at any stage there are concerns that THE SUPPLIER cannot manage Duty of Care then they may be precluded from operating in that region. The ability of THE SUPPLIER to manage Duty of Care shall remain a pre-condition of the contract.

Key documents

Programme documents

- DFID Climate Smart Development business case (attached separately)
- DFID Disaster Resilience business case (attached separately)
- DFID Climate Smart Development logframe (attached separately)
- DFID Disaster Resilience logframe (attached separately)

Other

- THE SUPPLIER Commercial & Technical Proposal dated March 2017
- THE SUPPLIER Commercial Proposal Clarification (Key Personnel) dated August 2017

Annex A – Risk Assessment

SUMMARY RISK ASSESSMENT MATRIX DFID Nepal

DFID Overall Project/ Intervention Summary Risk Assessment Matrix

Project / intervention Title: **DFID Nepal**

Location: **NEPAL**

Date of assessment: **August 2016**

Assessing official: OSM, RMO

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

Theme	DFID Nepal Risk score	
	Kathmandu and Pokhara	All other parts of Nepal
OVERALL RATING ⁱ	2 – Low Risk	2 – Low Risk
FCO travel advice	1	1
Host nation travel advice	n/a	n/a
Transportation	3	3
Security	2	2-3
Civil Unrest	2	3
Violence/crime	2	2
Terrorism	2	2
War	1	1
Hurricane	1	1
Earthquake	4	4
Flood	2	3
Landslide	1	4
Medical Services	2	3 ⁱⁱ
Nature of project	2	

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

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

ⁱⁱ This is categorised as 4 in remote hill/mountain districts.

Section 4

SPECIAL CONDITIONS

1. DFID Officials

- 1.1 The Contract Officer is:
Department for International Development

Telephone:

- 1.2 The Project Officer is:
DFID Nepal

Telephone:

In the Project Officer's absence:

DFID Nepal

Telephone:

2. Key Personnel

The following of the Supplier's Personnel cannot be substituted by the Supplier without DFID's prior written consent:

- Programme Director (PT)
- Programme Manager (PT)
- Team Leader & CC Lead
- DRR & DRM Lead
- Political Economy Adviser
- Political Economy Adviser
- Government Adviser
- Project Coordinator/Administrator

3. Sub-Contractors

The Supplier has DFID's consent to appoint the following sub-contractors:

- Acclimitise
- ITAD
- GCAP
- Vivid Economics
- Practical Action

As identified in the Supplier proposal dated March 2017

4. **DFID Statement of Priorities and Expectations for Suppliers**

In line with the Statement of Priorities and Expectations attached at Appendix A, throughout the life of the Contract the supplier shall demonstrate to DFID that they are meeting these expectations.

5. **Insurance**

The Supplier is required to maintain the following Insurance cover as confirmed in proposal dated March 2017:

6. **Procurement**

Clause 9 of Section 2 shall be deleted and replaced by the following provisions:

- 7.1 Subject to Clause 7.4 the supplier shall be required to manage the procurement process.
- 7.2 The supplier shall procure goods and equipment through one of three different mechanisms.
 - 7.2.1 through the supplier's own Procurement processes;
 - 7.2.2 through a sub-contracted Procurement Organisation;
 - 7.2.3 Sub-contracted through the DFID appointed Goods and Equipment Procurement Framework, DPSA <http://www.dpsa.org.uk/>
- 7.3 The supplier will ensure that procurement of goods and equipment shall:
 - 7.3.1 be undertaken in accordance with procedures defined and agreed in writing by DFID
 - 7.3.2 follow open, fair and transparent processes;
 - 7.3.3 achieve 'Value for Money', defined as the optimum combination of whole-life cost and quality to meet requirements in a fully transparent manner. The procurement may be subject to audit;
- 7.3.4 be carried out using strict Due Diligence processes that ensure the protection of DFID's interests and reputation, with particular emphasis on anti-terrorism, anti-corruption and fraud throughout the supply chain;
- 7.3.5 be on the basis that the ownership in Equipment shall vest in DFID, and shall be so marked
- 7.4 Where the total value of the Equipment is less than 50% of the Financial Limit or the current EU Threshold (£111,676), whichever is less the Supplier may, subject to DFID's prior written consent, procure such Equipment.

7. **Limitation of Liability**

The Supplier's limit of liability shall be as provided for in Clause 36 of Section 2.

8. **Reports**

The Supplier is required to submit project reports to the Recipient through the Project Officer at the address shown in Clause 1.3 of Section 4 in accordance with the Terms of Reference at Section 3. Reports should be presented in the format to be agreed with the Project Officer during the Inception Period.

9. **Medical Insurance**

The Supplier is responsible for ensuring adequate and appropriate medical insurance cover before beginning work overseas under a DFID contract for services. The Supplier's fee is deemed to include an element to cover the cost of medical insurance.

It is not the responsibility of the local DFID office, British Embassy or High Commission to meet the cost of the Supplier's medical care nor to make arrangements for evacuation in a medical emergency, although they will provide assistance if they can. On arrival, the Supplier should report to the DFID local office, British Embassy or High Commission with details of medical insurance arrangements in case of a medical emergency.

10. Branding

- 10.1 The Supplier will collaborate with DFID and proactively look for ways to build support for development and raise awareness of DFID's funding. The Partner will explicitly acknowledge DFID's funding, in written and verbal communications about activities related to the funding, to the public or third parties, including in announcements, and through use, where appropriate, of DFID's "UK aid – from the British people" logo ('UK aid logo') in accordance with DFID standards for use of the UK aid logo, unless otherwise agreed in advance by DFID and in all cases subject to security and safety considerations of the Partner.
- 10.2 The Supplier will provide a visibility statement of how and when they will acknowledge funding from DFID and where they will use the UK aid logo, which should be approved by DFID. The Supplier will include reference to this in its progress reports and annual reviews.
- 10.3 Suppliers may use the UK aid logo in conjunction with other donor logos, and where the number of donors to a programme or project is such as to make co-branding impractical, acknowledgement of funding from DFID should be equal to that of other co-donors making contributions of equivalent amounts to the programme or project.

Appendix A

DFID Statement of Priorities and Expectations for Suppliers

This Statement sets out the expectations that DFID has of external organisations with which it works, alongside standard elements of good practice. It outlines the activities and behaviours we expect organisations we work with which include policies and practices relevant to DFID and wider HMG priorities. DFID is committed to acting responsibly and with integrity, being transparent and accountable, focusing on poverty and development impact and continually improving value for money.

Partner organisations should demonstrate commitment to poverty reduction and to DFID's priorities including work undertaken in fragile or conflict affected states, for girls and women, youth engagement, climate change and wealth creation.

DFID expects partner organisations to:

1. Act responsibly and with integrity by:
 - a. making available a statement of compliance with key legislation and international principles on labour, social and environmental matters;
 - b. demonstrating commitment through actively seeking and making a positive contribution to development, social and environmental sustainability through its business activities;
 - c. pursuing and adhering to anti-discrimination policies, with particular attention to girls and women;
 - d. applying risk management processes that assure a zero tolerance approach to tax avoidance, corruption, bribery and fraud throughout the supply chain;
 - e. engaging supply chain partners in a way that is consistent with DFID's treatment of its suppliers or partners (when pricing, in subsequent service delivery, or in partnership agreements), and demonstrating this to DFID where required;
 - f. building local capacity by proactively seeking ways to develop local markets and institutions;
 - g. safeguarding the integrity and security of their systems, for example, as per the HM Government Cyber Essentials Scheme¹;
 - h. ensuring that UK Government funding provided is not used in any way that contravenes the provisions of applicable terrorism legislation.
2. Be transparent – in relation to organisational practices and the use of government funding by:
 - a. publishing a statement of how delivery on social and environmental values are articulated;
 - b. making available a list of relevant policies together with a description of measures of how these are put into practice (e.g. supplier codes on fraud & corruption, due diligence);
 - c. demonstrating commitment to ethical codes of conduct, for example through membership/signatory of codes, both directly and within the supply chain, e.g. conventions, standards or certification bodies (such as ETI, UNGC, Global Reporting Initiative, Extractive Industries Transparency Initiative), as appropriate;
 - d. publishing reports as a minimum on an annual basis, on environmental, social and governance performance (including but not limited to improving the lives of girls and women, Environmental, or Sustainability Reports).
 - e. Publishing DFID funding data in accordance with the International Aid Transparency Initiative (IATI) standard

¹ as per the HM Government Cyber Essentials Scheme
<https://www.gov.uk/government/publications/cyber-essentials-scheme-overview>

3. Be Accountable - whether in every day and exceptional situations by:
 - a. developing and implementing policies that address the need for remedy and redress if things go wrong, in line with the UN Guiding Principles on Business and Human Rights² ;
 - b. actively seeking to promote the involvement of people in the business decisions that affect their lives.
4. Support DFID priorities and objectives by:
 - a. sharing innovation and knowledge to maximise overall development impact in ways that do not adversely impact competitive advantage;
 - b. supporting wider HM Government Policy initiatives including the support of SMEs, prompt payment, Human Rights and modern slavery issues and the support of economic growth in developing countries.
5. Improve Value for Money – demonstrate and continually strive to improve value for money in all that they do by:
 - a. actively seeking to maximise international Aid or Development results whilst maintaining or reducing costs throughout the life of the programme;
 - b. budgeting and pricing realistically and appropriately to reflect programme requirements and risk levels over the life of the programme;
 - c. being honest and realistic about capacity and capability;
 - d. accepting that DFID works in challenging environments, acting to manage uncertainty and change in ways that protects value with government funding;
 - e. proactively pursuing continuous improvement to reduce waste and improve efficiency in internal operations and within the supply/delivery chain;
 - f. incorporating fair but not excessive rewards;
 - g. implementing a transparent, open book approach which enables scrutiny on value for money choices;
 - h. avoiding the use of restrictive exclusivity agreements;
 - i. providing assurance that the policies and practices of supply/delivery chain partners and affiliates are aligned to the expectations outlined in this statement;
 - j. applying pricing structures that align payments to results and reflect an appropriate balance of performance risk;
 - k. Accepting accountability and responsibility for performance, with timely identification and resolution of issues ensuring lessons learned are shared.

² https://www.unglobalcompact.org/issues/human_rights/The_UN_SRSG_and_the_UN_Global_Compact