



Peace and Development Programme Economic Opportunities for Vulnerable Groups Component - Implementation PO 6816

TERMS OF REFERENCE

DFID ETHIOPIA

PEACE AND DEVELOPMENT PROGRAMME: ECONOMIC OPPORTUNITIES FOR VULNERABLE GROUPS COMPONENT

I. Introduction

1. Ethiopia has made significant progress in poverty reduction, with 31% of the population living on less than \$1.25 a day, down from 39% in 2005. However, this means that some 25 million people still live in extreme poverty. The bottom 40% have seen incomes grow less than the average and the bottom 15% have seen real incomes fall. Between-region differences in poverty rates are falling but are still sources of grievance for populations living on Ethiopia's geographical periphery.
2. Ethiopia remains relatively peaceful and prosperous within the Horn of Africa. However, while peace has endured for a generation, insecurity persists on the periphery and this poses challenges for Ethiopia's sustainable exit from poverty reduction.
3. Over the next four and a half years the UK will provide a comprehensive programme of support to the Somali Region of Ethiopia. The programme invests in an integrated package of basic services (health, education, water and sanitation), economic opportunities and access to justice as key opportunities for addressing development needs in the region, with the potential to reduce fragility and, therefore, improve Ethiopia's long-term development prospects.
4. Disclaimer
The PDP is being let through seven contracts, out of which six have already been let.

II. Objective

5. These Terms of Reference are for the implementation of the Economic Opportunities for Vulnerable Groups (EOVG) component of the PDP.

III. The Recipient

6. The primary recipients of these services will be vulnerable men and women seeking livelihood opportunities in 18 target districts of the Ethiopian Somali Regional State (the Somali Region). Support for selected regional government agencies that enable sustained improvements in enabling services for livelihoods means that the Somali Region government is also a key recipient of this programme.

IV. The Scope

7. This assignment requires the supplier to implement a programme designed during a design phase that ran from May 2013 – March 2014. .
8. The EOVG component should be progressively implemented in the following 18 districts:

Table 1: PDP-EOVG Target Districts Agreed with the Government

Zone	District (<i>Woreda</i>)
Siti	Adigala
Fafan	Jigjiga; Kabribayah
Nogob	Lagahida; Hamaro; Fiiq
Jarar	Birqod; Dagahbur; Gashamo
Doolo	Danot; Warder
Korahe	Kabridahar; Marsin
Shabelle	Godey; Adadle
Afder	El-Kare; Hargele; Barey

9. Target districts have been selected to have both a rural and urban focus.
10. These target districts have been agreed in negotiation with the Somali Region government and the selection must be respected by the supplier.

A: *The Design Phase*

11. The Design Phase of EOVG was tasked with identifying activities to support alternative livelihoods to pastoralism in the Somali Region, with a particular focus on supporting opportunities for women, young people and households transitioning out of pastoralism. The design identified four areas of intervention:
 - a) Strengthening Markets. Identifying both agricultural and non-agricultural market value chains that the targeted vulnerable groups will be able to access and then supporting those groups to exploit opportunities along those value chains.
 - b) Access to Finance. EOVG will both stimulate demand for financial services that can be accessed by vulnerable sections of society, and support the establishment of services that meet that demand.
 - c) Livelihood Asset Building. This element will focus on the very poorest sections of society and will provide them with support to establish income generation activities along value chains identified under a) and accessing financial services under b).
 - d) Skills Transfer and Employment Promotion. Working with local businesses and young people to establish apprenticeships and help young people pursue careers that respond to market needs.
12. An independent monitoring and evaluation team will conduct regular assessments of the overall PDP but individual component implementing partners are responsible for monitoring and evaluating their own activities.
13. The EOVG component aims to be innovative in promoting new economic opportunities that are focused on the specific needs of the communities we work with. The programme

will therefore work in a phased approach, testing the EOVG approach in a limited number of communities before scaling up and expanding activities, eventually having impacts across the full 18 districts.

B: The Implementation Phase

14. There will be three phases to the implementation of EOVG:

Inception Phase (months 1-3)

15. As this assignment is based on the implementation of an existing design, DFID will allow no more than three months for inception, the deliverables of which will be as follows:

- An Operational Manual setting out how the activities detailed in the Programme Document will be delivered across the 18 target districts. The Operational Manual will also set out standard operating procedures for safety and security of contractors and equipment. This should set out the results that EOVG will achieve by the end of the programme. The manual should also set out a strategy for conflict sensitive programming.
- Revised programme organogram and management structure with clear roles and responsibilities and lines of accountability within the implementing agency or consortium and to DFID, beneficiaries and government.
- A detailed implementation work plan.
- A financial management manual detailing how DFID funds will be managed, disbursed and accounted for. This will include a full and detailed budget for EOVG (broken down per year and per category of spend and reporting schedules), lines of financial accountability and measures to prevent loss or leakage of funds, fraud and corruption.
- A risk management plan based on the geographical areas, operational principles and work plan detailing principal areas of risk and actions to be taken to mitigate them.
- A stakeholder engagement and communication strategy demonstrating how stakeholders will continually inform the implementation of EOVG and how programme results will be disseminated. This should also include plan/mechanism for engagement with the federal government and the Somali Regional State.
- A monitoring and evaluation strategy setting out how the component will be monitored and evaluated. A logical framework should be included in this strategy which should include process indicators demonstrating achievement of the inception phase. Milestones should be oriented around September of each year, in alignment with the DFID annual review cycle. The strategy is expected to complement the overall programme M&E strategy and overarching logframe.
- Brief piloting strategies for areas selected for piloting in the first phase of implementation (see below).
- Value for Money assessment with detailed cost benefit analysis and recommendation on the proposed piloting strategies.
- Liaise with the other components of the PDP programme and other DFID programmes being implemented in the Somali Region to identify synergies and possible ways of working together to improve value for money and lesson learning.
- An inception phase progress report (including a narrative and invoice).
- An official launch event should be organised for the end of the inception phase.

16. All of the above deliverables will be submitted at the end of month 3 (Q1) of the contract under cover of a brief inception progress report. The supplier may submit drafts earlier, for comment by DFID, if they wish to do so.

Implementation Phase I (months 4-15)

17. The first full phase of implementation 'proper' will happen for a maximum period of twelve months. This phase will be focused on the initial community-level piloting of EOVG activities and subsequent scale-up to full implementation in a limited number of districts.
18. The primary focus of this phase will be to pilot the EOVG 'package' as outlined in paragraphs 13 above in a limited number of communities across the Somali Region. The pilots should be conducted in both pastoral and agro pastoral areas and rural and urban areas in the northern (Siti/Fafan), central (Nogob/Jarar/Doolo/Korahe/Shabelle) and southern (Afder/Liben) zones. Pilots do not have to be conducted in every target district.
19. The purpose of piloting is to test the validity of the programme design in a limited operational area, with a view to adjusting that design based on the experience of the pilots or to validating the design as it stands.
20. Recognising different livelihood zones and potential in different areas of the Somali Region, we do not expect the package of interventions delivered as pilots or during full implementation to be uniform. Rather, they should be tailored to specific needs and opportunities agreed with communities and government in pilot communities.
21. While the pilot phase is important for validating the design, it is imperative that the programme moves to scale as quickly as possible. This should firstly be done in the districts where pilots have taken place but should also aim to scale up to additional districts in the period prior to the mid-term review.
22. Communication and learning will be critical elements of EOVG but especially so in this first phase of implementation. There should be clear communication between the government (supported by the supplier) to all target districts and communities as to how the piloting and scale-up phase will work. During piloting there should be 'live' dissemination on the experience of the pilots to communities targeted under the first phase of scale-up, with a view to ensuring that scale-up takes place as seamlessly as possible. The supplier should also engage in regular communication and dialogue with DFID and regional government.
23. The supplier shall publish lessons learned during the pilot phase and/or shall hold a workshop to disseminate the experience of the pilots.

Implementation Phase II (months 16-54)

24. The objective of the second phase of implementation is to bring EOVG to full implementation in targeted communities across the 18 districts.
25. Specific activities for this phase will be defined based on the experience of the first phase of implementation. It is therefore recommended that these are clarified and agreed during the contract break point.

V. Constraints and Dependencies

26. The supplier for this assignment is one of four contractors implementing the PDP. All four partners are expected to work collaboratively with each other on areas of commonality and to work in the interests of the PDP as a single programme.
27. The PDP is subject to an independent monitoring and evaluation function, led by Coffey International Development. This function serves both as an independent oversight of the PDP as a single programme but also can provide support to component implementing

partners if required on specific M&E-related issues (for example should partners wish to conduct specific elements of their work to independent M&E outside the routine programme schedule). Component implementing partners are expected to cooperate with the independent M&E team on issues relating to the Terms of Reference of that team.

VI. Implementation Requirements (Methodology)

The following should be the guiding principles for the supplier:

1. The supplier shall develop appropriate strategies for exploring market based value chains, stimulating demand for financial services, support income generating activities, and skill transfers & promote employment that target vulnerable groups in the target communities.
2. The supplier shall, during the inception phase, define the scope and context of alternative livelihoods activities that specifically address the needs of the vulnerable women, men, and youth in the target woredas and provide guidelines on the process, principles and considerations to be used in the identification, selection and development of these interventions.
3. During the inception phase, the supplier shall discuss and identify the approach it will adopt in implementation of livelihoods interventions, and the guiding principles governing it and explain the programme implementation structure.
4. The supplier shall promote skills and resources enabling targeted vulnerable groups to develop new coping strategies that have the maximum impact in terms of poverty reduction. Potential problems/risks associated with the new approaches should clearly identified, highlighted and mitigated, to the extent possible. The supplier must respect traditional knowledge, innovations and practices whilst promoting the diversification of income and livelihoods.
5. Women and girls are a key target group. The supplier shall set out the steps grantees plan to take to maximise opportunities to help empower women and girls, including in decision making, and building a resilient livelihoods. Projects can undertake gender analysis and other activities that can help empower women and girls.
6. The supplier shall give appropriate consideration of gender issues within project inception and implementation, including analysis of barriers and opportunities for women, girls, men and boys. They shall also address the specific challenges that socio-cultural barriers present to women. Sex disaggregated targets and performance milestones should be developed.
7. The supplier shall provide guidelines on the criteria, methods and tools used in the identification, selection and development of small and medium enterprise and demonstrate the application of these guidelines throughout implementation.
8. The supplier shall discuss and identify the end product of this 4.5 year funding period. This will need to include explanation of any systematic and transformational change the project intends to contribute to and how that change will be sustained. This can include how will businesses and markets will help to sustain the benefits of the projects after their end (e.g. continued access to markets, provision of services and technologies by local private sector enterprises), and how governments will be building on the evidence created by the project to enable robust institutional governance mechanisms and inform more effective policies.

Sensitivity – The Somali Region is a fragile area of Ethiopia and it is critical that the supplier demonstrate a clear approach to programming in such a fragile context that should be mainstreamed from management, to inception, to implementation, to monitoring and evaluation. Key issues to be taken into consideration include:

A delivery strategy that underpins the programme concept and delivery. Such analysis will include questions of:

- What the programme will do;
- Who will implement the programme and for whom;
- Who the beneficiaries will be and who will be (or will be perceived to be) excluded and why;
- Where the programme will be implemented and where it will not and why;
- When the programme's activities will take place, and;
- How the programme will be implemented.

These are questions that should be reviewed throughout the process and should provide a baseline for monitoring and evaluation activities. Understanding perceptions is critical for good programme delivery and this should include perceptions not only of those benefiting from the programme but also of those who do not (or who perceive that they do not).

The Inception Phase offers an opportunity for early communication with key stakeholders on the programme, with the objective of ensuring that target communities and those excluded from the programme understand what is happening, why and when. It is critical to secure government engagement in this process.

The supplier will give careful consideration to the formation of their team. Individuals recruited to a programme, and the way in which they are recruited, is an important element of conflict sensitivity. While the right technical skills base is critical, due consideration should be given to possible perceptions of bias, impartiality or of association with particular groups or interests. Ethiopian Somalis should be employed wherever possible, also with due consideration to conflict sensitivity principles.

Specific consideration should be given to targeting. While the target districts for EOVG have already been selected, target communities and the phasing of the programme have not been agreed. It is important that decisions on these are conducted in a transparent manner with the maximum possible involvement of communities. Clear targeting criteria should be developed and made public. Communities not targeted by the programme should understand why this is the case and thought should be given to how benefits accrued to target communities may also have positive effects on neighbouring non-targeted communities.

Where the supplier is responsible for procurement, consideration should be given to the potential impacts of procurement in conflict-affected environments, both through the selection of the procurement agent and any potential negative impacts related to perception of that agent; and potential impact of the importation of new goods and equipment into resource poor environments.

Clear community engagement, feedback and accountability mechanisms should be established during the inception phase and reported on throughout implementation. At a minimum, these will be scrutinised at the Annual Review stage.

Finally, the supplier should give early thought to its exit strategy. This should be shared with communities from an early stage and discussed periodically during implementation and more frequently as the programme draws to a close. The exit strategy should be frequently reviewed, particularly in the context of any changes in the operating environment.

As the supplier will be responsible for monitoring and evaluating EOVG, conflict sensitive monitoring and evaluation principles should be developed. These include: (a) How non-target communities will be consulted; (b) Provision of feedback to those consulted; (c) How M&E activities will contribute to the review of the conflict sensitivity analysis and risks; (d) How M&E activities will be conducted informally and formally.

Partnerships – Supplier shall consult with stakeholders in the Somali Region, both government and non-government and shall sustain and make best use of partnerships in the implementation of the project in the region. Supplier shall ensure the representation of pastoral communities and particularly women and girls.

Flexibility – Supplier shall respond flexibly to changing security, conflict, political and social dynamics.

Integration – the Supplier shall deliver a coherent programme that (a) provides a package of economic opportunities that improve governance and prospects for peace and (b) how the EOVG component will link to other elements of the PDP.

Environment and social sensitivity – Supplier shall avoid/mitigate any potential negative environmental or social impacts. The Supplier shall also incorporate impacts on climate resilience and of climate change.

Technical understanding – the Supplier shall deal with the technical challenges of working in the Somali Region and shall manage the technical risks to achieve intended results in the Region.

VII. Reporting and Payment

28. Reporting will be on a quarterly basis, linked to payments, and will be based around Key Performance Indicators, an indicative set of which are outlined in table 2.

Table 2: Indicative Key Performance Indicators

Progress towards achievement of programme-level results as articulated in the Operational Manual and reported against at quarterly progress reviews
Progress against the agreed work plan for the quarter under review
<p>Good functioning of the implementing partner in terms of:</p> <ul style="list-style-type: none"> • Financial Forecasting (for the purposes of projecting Key Performance Indicators against which, performance will be measured and payments made) • Reporting • Continual improvement of value for money • Handling of beneficiary feedback <p>Management of reports/incidents of fraud or corruption.</p>

29. Narrative reports will be submitted on a quarterly basis. These will be reviewed by DFID and informal written comments provided. DFID will require two weeks to review reports and send back comments. There will then follow a formal meeting between DFID and the supplier which will review progress against KPIs based on the quarterly report and DFID comments. Risks, follow-up on annual reviews, and the relationship between DFID and the supplier will also be discussed. The conclusions of this meeting will be formally minuted and a record kept. Recommendations for the next quarter may be made.

30. Payments will be made based on the quality of the outputs delivered under Inception Phase and subsequent quarterly reports submitted during Implementation Phases.

31. Quarterly reports will contain the following elements, at a minimum:

- a) Self-assessment of progress against Key Performance Indicators;
- b) Narrative reporting against outputs or work streams;

- c) Identification of key achievements, risks and challenges, specifically including an update of risk profile based on the original risk matrix and an identification of potential future challenges;
- d) Summary of improvements on value for money;
- e) Financial Forecast. (for the purposes of projecting Key Performance Indicators against which, performance will be measured and payments made)
- f) An assets register

32. The reporting schedule will be as follows:

- During the Inception Phase, a single quarterly report will be delivered at the end of Q3. This will act as a cover to the deliverables outlined at paragraph 15. This report should follow a standard format as outlined in paragraph 33, but may be lighter in detail compared to later reports given the number of other, more detailed, deliverables.
- During the piloting period, quarterly reports will specifically include updates on the pilots and any recommendations regarding the validity of the EOVG package.
- At the end of the piloting period (to be proposed in technical tenders), the supplier will submit, along with the quarterly report, a report on lessons learned and recommendations arising from the pilots. They may also hold a workshop to present these findings.
- For the remainder of the implementation phase, the supplier will submit quarterly progress reports.

VIII. DFID Coordination

33. The Governance and Security Team within DFID Ethiopia will manage this assignment.

34. The following DFID staff will be main points of contact for this contract:

- a) (lead adviser) on the PDP and Senior Responsible Officer;
- b) (PDP Adviser), who will be the main contact on technical issues relating to EOVG;
- c) (Programme Manager), who will be the main contact for reporting, financial management and procurement.

35. Additionally, DFID has a Coordination Officer based in Jigjiga. The Coordinator will be a day-to-day contact for the team on the ground, monitoring progress against work plans and helping resolve any operational issues. The supplier is expected to be in regular contact with this person and is expected to attend monthly coordination meeting with other PDP component team leaders in the Somali Region.

IX. Security

36. The supplier is responsible for the safety and well-being of their Personnel (as defined in Section 2 of the Contract) 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.

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

- All supplier Personnel will be offered a security briefing by the British Embassy/DFID on arrival. All such Personnel must register with their respective Embassies to ensure that they are included in emergency procedures.
- A copy of the DFID visitor notes (and a further copy each time these are updated), which the supplier may use to brief their Personnel on arrival.

38. The supplier is responsible for ensuring appropriate safety and security briefings for all of their Personnel working under this contract and ensuring that their Personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the supplier must ensure they (and their Personnel) are up to date with the latest position.
39. This Programme will require the supplier to operate in conflict-affected areas and parts of it are highly insecure. Travel to many zones within the region will be subject to travel clearance from the UK government in advance. The security situation is subject to change at short notice. The supplier should be comfortable working in such an environment and should be capable of deploying to any areas required within the region in order to deliver the Contract (subject to travel clearance being granted).
40. The supplier is responsible for ensuring that appropriate arrangements, processes and procedures are in place for their Personnel, taking into account the environment they will be working in and the level of risk involved in delivery of the Contract (such as working in dangerous, fragile and hostile environments etc.). The supplier must ensure their Personnel receive the required level of training.
41. The supplier will be fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID (see Annex A of this ToR). The supplier confirms that:
- They fully accept responsibility for Security and Duty of Care.
 - They understand the potential risks and have the knowledge and experience to develop an effective risk plan.
 - They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.
42. Acceptance of responsibility must be supported with evidence of Duty of Care capability and DFID reserves the right to clarify any aspect of this evidence. In providing evidence, interested supplier should respond in line with the Duty of Care section of the Tender.

X. Performance Requirements

43. The Key Performance Indicators outlined in table 2 represent the main performance requirements of this programme..

ANNEX A: RISK ASSESSMENT

This risk assessment highlights risks for Jigjiga and 'Other Parts of the Somali Region.' It is recommended that the latter assessment focuses on specific areas, once the geographical focus of the PDP is agreed. For example, Siti (formerly Shinile zone) of the Somali Region is largely agreed to be less hazardous than most other regions and may carry a lower-than-4 risk rating if assessed in its own right.

Theme	DFID Risk score	DFID Risk score
	Jigjiga	Other Parts of the Somali Region
OVERALL RATING	3	4
FCO travel advice	3	4
Host nation travel advice	Not available	Not available
Transportation	4	4
Security	3	4
Civil unrest	1	3
Violence/crime	2	3
Espionage	2	2
Terrorism	3	4
War	3	4
Hurricane	1	1
Earthquake	1	1
Flood	1	3
Medical Services	5	5
Nature of Project/ Intervention	2	2

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