

CALLDOWN CONTRACT

Framework Agreement with: DT Global International Development UK Ltd

Framework Agreement for: IMDP Lot 6

Framework Agreement Purchase Order Number: PO8373

Call-down Contract For: PROJ8882 APPIIC Bridging Contract

Contract Purchase Order Number: TBC

I refer to the following:

1. The above mentioned Framework Agreement dated **May 2019**
2. Your proposal of **21/03/2023**

and I confirm that FCDO requires you to provide the Services (Annex A), under the Terms and Conditions of the Framework Agreement which shall apply to this Call-down Contract as if expressly incorporated herein.

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than 01 April 2023 ("the Start Date") and the Services shall be completed by 31 May 2024 ("the End Date") unless the Call-down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement. There is no extension period.

2 Additional Documents to be included in this Contract

The following documents are included in and form part of the Contract:
Technical Proposal dated January 2023
Commercial Proposal dated 7 March 2023

3 Sub-Contractors

FCDO has consented to the appointment of the following Sub-Contractors:
V Rock & Company Pvt Limited.

4. Recipient

FCDO requires the Supplier to provide the Services to the Government of Nepal, principally the Office of the Investment Board of Nepal, Ministry of Finance, National Planning Commission, Sub National Governments and relevant line ministries (the "Recipient").

5. Reports

The Supplier is required to submit project reports to the Recipient through the Project Officer

in accordance with Annex A (Terms of Reference). Transparency Reports are as follows:

TITLE	CONTENT	FORMAT	FREQUENCY
(Performance)	Progress Dashboard results	PDF/Excel	Monthly
	Performance against Key Performance Indicators/Milestones (KPIs)	PDF/Excel	Quarterly
	Project Completion Report	PDF	Once within one month of closure
(Charges)	Annual Financial Report and Audit Report	PDF	Once within one month of closure
	Expenses	PDF/Excel	Monthly
(Technical)	Workplan	PDF	Once at beginning of contract. And after any adjustments deemed necessary
(Performance management)	Plans for management of underperformance	PDF	Quarterly

6. Commercially Sensitive Information

Will be handled in accordance with the Terms and Conditions of Contract and Annex A (Terms of Reference), and includes:

- DT Global and V Rock Technical Response, inclusive of all annexes
- DT Global and V Rock Commercial Response, inclusive of all annexes
- DT Global and V Rock policies and documents shared with FCDO as part of any Due Diligence Assessment.

7. Financial Limit

- 7.1 Payments under this Call-down Contract shall not, exceed £899,999 ("the Financial Limit") and is inclusive of any government tax, if applicable as detailed in Annex B. When Payments shall be made on a 'Milestone Payment Basis' the following Clause 22.3 shall be substituted for Clause 22.3 of the Framework Agreement.

22. PAYMENTS & INVOICING INSTRUCTIONS

22.3 Where the applicable payment mechanism is "Milestone Payment", invoice(s) shall be submitted for the amount(s) indicated in Annex B – Schedule of Prices, and payments will be made on satisfactory performance of the services, at the payment points defined as per schedule of payments. At each payment point set criteria will be defined as part of the payments. Payment will be made if the criteria are met to the satisfaction of FCDO.

When the relevant milestone is achieved in its final form by the Supplier or following completion of the Services, as the case may be, indicating both the amount or amounts due at the time and cumulatively. Payments pursuant to clause 22.3 are subject to the satisfaction of the Project Officer in relation to the performance by the Supplier of its obligations under the Call-down Contract and to verification by the Project Officer that all prior payments made to the Supplier under this Call-down Contract were properly due. The mechanism for approving

the milestone and apportioning the appropriate payment is outlined in Annex B, Schedule of Prices.

8. Party Contacts

FCDO

8.1 The Project Officer is:

Kavindra Subba
[REDACTED]

8.2 The Contract Officer is:

Edward Light
[REDACTED]

Supplier

8.3 The Project Officer is:

Katie Richmond, Project Director
[REDACTED]

8.4 The Contract Officer is:

Katie Richmond, Project Director
[REDACTED]

9. Key Personnel

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

Name	Position
Katie Richmond	Project Director
Satish Joshi	Team Leader
Asish Bhattarai	HR Management Advisor
Suraj Rana Radhesh Pant	Political Economy / Governance
John Cox	Programme Management
Anil Gandhi	PPP/PI advisor
Elena de Besi	MREL Lead

10. Duty of Care

All Supplier Personnel engaged under this Call-down Contract will come under the duty of care of the Supplier:



Foreign, Commonwealth & Development Office



- I. The Supplier will be responsible for all security arrangements and Her Majesty's Government accepts no responsibility for the health, safety and security of individuals or property whilst travelling.
- II. The Supplier will be responsible for taking out insurance in respect of death or personal injury, damage to or loss of property, and will indemnify and keep indemnified FCDO in respect of:
 - II.1. Any loss, damage or claim, howsoever arising out of, or relating to negligence by the Supplier, the Supplier's Personnel, or by any person employed or otherwise engaged by the Supplier, in connection with the performance of the Call-down Contract;
 - II.2. Any claim, howsoever arising, by the Supplier's Personnel or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-down Contract.
- III. The Supplier will ensure that such insurance arrangements as are made in respect of the Supplier's Personnel, or any person employed or otherwise engaged by the Supplier are reasonable and prudent in all circumstances, including in respect of death, injury or disablement, and emergency medical expenses.
- IV. The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-down Contract in relation to Duty of Care may be included as part of the management costs of the project, and must be separately identified in all financial reporting relating to the project.
- V. Where FCDO is providing any specific security arrangements for Suppliers in relation to the Call-down Contract, these will be detailed in the Terms of Reference.

11. Call-down Contract Signature

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

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

Signed by an authorised signatory
for and on behalf of
Secretary of State for Foreign, Commonwealth
and Development Affairs

Name: Edward Light
Position: Commercial Lead
Signature: Via Jaggaer portal
Date:

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

Name: Katie Richmond
Position: Project Director
Signature: via Jaggaer portal
Date:



Foreign, Commonwealth & Development Office

Terms of Reference

Contract to deliver technical and operational support to the Office of the Investment Board of Nepal (OIBN) through the Accelerating Public and Private Investment in Infrastructure Component (APPIIC) of Accelerating Infrastructure and Investment in Nepal programme (AIIN)

Overview

1. Through this Terms of Reference (ToR) FCDO is seeking the services of a supplier to undertake the implementation of a Contract of support to the Office of the Investment Board of Nepal (OIBN). This is under the Accelerating Public and Private Investment in Infrastructure Component (APPIIC) of Accelerating Infrastructure and Investment in Nepal (AIIN).
2. The Contract will provide continuity of UK support to OIBN. AIIN provides technical assistance to the Government of Nepal (GoN) to address key constraints to inclusive and transformational economic growth in Nepal. This Contract will bridge a gap between the current programme, which is due to finish on 31st March 2022 and a new Green Growth Nepal programme which is in design and has an anticipated start date of June 2024.
3. The selected supplier delivering this contract will be eligible to bid for the Green Growth Nepal programme.
4. FCDO invites suppliers to set out how they will deliver the outputs in this Terms of Reference within the overall budget ceiling, demonstrating effective utilisation of the proposed budget linked to results to be achieved.

Theme: Investment and Infrastructure

Location: Kathmandu, Nepal

Value: Up to £968,000 (inclusive of any applicable taxes) over 15 months.

Contract start date: 01/03/23

Programme Context and Objectives

5. The Accelerating Infrastructure and Investment in Nepal (AIIN) programme aims to catalyse economic growth by addressing the barriers to improved economic infrastructure, Foreign Direct Investment (FDI) and trade. It has been operational since 2015 and delivers through interlinked components supporting large-scale infrastructure, economic policy reform and financial sector stability.¹ The economic reform and financial sector components of AIIN are ending.
6. The programme delivers on our country plan as a key contributor to FCDO Nepal's Growth and Trade Campaign Goal, as well as the Climate and Resilience Campaign Goal and the cross-cutting goal of Inclusion. UK support to OIBN leverages British Investment Partnerships and delivers the UK's Strategy for International Development in Nepal.

¹ See AIIN Business Case, Log Frame and Annual Reviews: <https://devtracker.fcdo.gov.uk/projects/GB-1-203427/documents>

7. A lack of resilient economic infrastructure is a principal barrier to growth in Nepal and FDI remains low when compared with other South Asian countries. Nepal needs to attract more FDI to achieve the technology and skills transfers and the scale of investment for improved, sustainable and resilient growth. Nepal has massive infrastructure needs that require large amounts of both public and private investment. They also require technical expertise to design and execute projects and stronger institutions to manage and maintain infrastructure assets and services. Some of the root causes of these needs include:
 - Low rates of public expenditure in growth enhancing infrastructure due in part to low capacity for project design, procurement, and execution; a lack of technical expertise to conduct costed analyses; and poor maintenance practices including budgeting, implementation, and quality assurance.
 - Deficiencies in regulatory frameworks in infrastructure sectors like energy and transport, including laws that need to be amended or replaced and regulations and policies that need to be formulated adequately, enforced, and implemented.
 - Poor market fundamentals in infrastructure service markets, including energy prices below cost, lack of regional purchasing agreements to expand demand markets, poorly planned and executed licensing approvals, syndicates in transportation services, poor energy distribution networks among many other issues.
 - Unclear institutional mandates with complex sets of institutional players and weak or non-existent actionable sector strategies with little to no prioritisation and sequencing and weak coordination amongst players.
 - Lack of clear gender and inclusion policy frameworks, benefit sharing approaches and consultation processes to ensure that investment projects proceed without local disenfranchisement and are promoted in a way that is considered equitable.
 - Lack of mainstreaming of Climate and Environment in infrastructure design and delivery, and poor seismic resilience, in a country highly vulnerable to climate change and natural hazards.
 - Political and bureaucratic uncertainty which makes investment unattractive and weak institutions for designing, delivering, maintaining, and managing infrastructure services.
8. The Office of the Investment Board of Nepal (OIBN) is a high-level institution established in 2011, chaired by the Prime Minister to attract and facilitate large-scale private investments. As per the Public-Private Partnership and Investment Act (PPPIA) enacted in 2019, OIBN is mandated to approve projects with an estimated project cost of \$60m or above and energy projects above 200 MW. OIBN is also responsible for managing Public-Private Partnership (PPP) projects. Their portfolio includes large renewable energy projects that will increase regional green energy trade and reduce fossil fuel dependency in the region. OIBN is a crucial body for the Government of Nepal to properly analyse projects and reduce the risk of poor-quality investments.
9. The UK has supported OIBN since it was established through two phases of programming. To date OIBN has delivered on \$1.85 Bn in major investments of which 80% has been independently attributed to UK support.² Despite significant achievements (see para 11), institutional sustainability has only been partially achieved. OIBN continues to lack sufficient technical and administrative staff to operate effectively, and financial autonomy is in process. Further UK support will underpin OIBN's credibility as the fast-track agency for major investments, and Nepal as a foreign investment destination.
10. The existing contract to deliver the Accelerating Public and Private Investment in Infrastructure Component (APPIIC) will finish on 31st March 2023. Green Growth Nepal (GGN) is in design as a successor programme and will include support to OIBN. This Contract will continue to deliver ambitious results with OIBN.

² The 2018 Independent Mid-Term Review attributed 80% of IBN's results to APPIIC, as we fund 80% of the body of staff. This number is now closer to 60% owing to budget reductions and increased levels of government staffing at IBN.

11. The contract will not continue work under the APPIIC Bottleneck workstreams, on reforms to the forestry, energy, and transport sectors, these were concluded in 2021.

Background on Existing work with OIBN

12. This contract will take over from work delivered by DT Global (previously named IMC Worldwide) ending on 31st March 2023. APPIIC along with the UK funded Centre for Inclusive Growth (CIG, 2010-2015) have helped to achieve the following:
 - Secured the Public Private Partnership and Investment Act 2019 (PPPIA '19) and subsequent regulations giving OIBN a mandate to facilitate all projects above \$60m and 200MW, and operational autonomy including an Independent Fund.
 - Provided legal, commercial, and technical support to the design, procurement, and monitoring of large-scale projects, including hydropower.
 - Supported development of the 5-year Strategic and Business Plans to deliver OIBN's vision.
 - Improved project screening practices and transparency through developing Project Screening Guidelines.
 - Facilitated project deals, including two large projects now under construction and one in operation.
 - Improved Social and Environmental screening and monitoring of projects through development of a Project Monitoring Dashboard.
 - Improved internal management structure and system for hiring short-term consultants.
 - Improved OIBN own budget spend on project development.
 - Strengthened the decision-making autonomy of government officials and provided independent technical advice and support to improve practices.

Recipient & beneficiaries

13. The main recipient will be the Government of Nepal, principally the Office of the Investment Board of Nepal, Ministry of Finance, National Planning Commission, Sub-National Governments, and relevant line ministries. The programme supports income generating projects for the Government of Nepal, which strengthens the economy. The indirect beneficiaries are the poorest and most vulnerable who will benefit from better infrastructure and more economic opportunities.

Timing and budget

14. The programme will start on 01/03/23 to enable a one-month handover period with the existing supplier. The supplier is expected to mobilise rapidly and have the staff, reporting systems, workplan and budget in place to deliver by the end of the handover period.
15. The programme will run for 15 months until 01/06/24.
16. A budget of up to £968,000 is available. Suppliers must demonstrate clearly how the budget will deliver the objectives of the programme and results and maintain strong Value for Money.

Scope of the programme

17. The overall objectives of the APPIIC Contract are to provide a team of embedded technical experts to work alongside the team of government officials, answering to the Chief Executive Officer (CEO). This embedded team will support OIBN to deliver its core mandate of facilitating private investments and PPPs over \$60m or 200 MW, and investment promotion. Alongside this core mandate, the embedded team will support OIBN to become more sustainable as an institution, reducing the need for external support over time. Specifically, the contract will support OIBN to deliver:
 - i. Projects:

- provide technical and operational support to design, procure, and monitor major infrastructure projects to meet international standards
- Support screening of new projects, commissioning and evaluating feasibility studies.
- Procure transaction advisory and legal services required to negotiate and finalise major deals, including for Public Private Partnerships.
- Ensure projects reach Project Development Agreement/Project Investment Agreement stage and Financial Close.

For further detail of the number of current projects, see para. 24

- ii. Progress institutional sustainability including:
 - Progress financial sustainability through operationalising the Independent Fund so it is fully functionally and used by OIBN partners. The Independent Fund has been established but Directives are needed to detail how it operates, including the fund flow mechanism.
 - Human resources: agree and initiate a mechanism for OIBN to hire short and long-term staff independently of UK support.
 - Improve social and environmental screening of projects and monitoring of local benefit sharing, disaster management plans etc.
 - Improve systems for investors to ease bureaucratic processes, e.g., Digital One-Stop Service Centre, Knowledge Management Platform
- iii. Support investment promotion activities, potentially to include supporting OIBN to deliver a National Investment Summit in collaboration with donors.
- iv. Prepare the OIBN for the next phase of UK programming due to start in 2024.

What will success look like

18. The contract will continue the work under Accelerating Investment and Infrastructure in Nepal (AIIN). The following are indicative Outcomes:
 - i. Leverage at least \$100m in investment deals, measured as projects reaching Financial Close.
 - ii. Quality project progression – support progress of 15-20 projects through the project cycle, with at least 1 project to reach Project Development Agreement/ Project Investment Agreement stage and at least 1 project to reach Financial Close by the end of the contract period.
 - iii. Financial sustainability – operationalising the Independent Fund, improving own budget spend and financial management practices, setting-up fund, and ensuring its use by partners.
 - iv. Establish and initiate HR plans for the organisation so it can hire long term staff from the market.
 - v. Improved practices: operationalising and adapting the digital One-Stop Service Centre for Investors, Standard Operating Procedures and Project Screening Guidelines
 - vi. Improved social and environmental screening and monitoring practices through implementation of Social and Environmental Guidelines.
 - vii. A proposed workplan, drafted in consultation with OIBN, for the next programme due to start in 2024 and run for 7 years.
 - viii. Investment promotion activities including a successful National Investment Summit (if initiated by government).

19. Results are in line with the OIBN 5-Year Strategic and Business Plan³, which aligns with the AIIN Business Case⁴.
20. Exact milestones and targets will be agreed during the one-month handover period, an indicative list is provided below. The supplier is expected to deliver highly responsive, quality embedded support and advice directly to OIBN which will be assessed each quarter.

Performance Requirements & Deliverables

21. In preparing bids for this work, prospective suppliers should develop appropriate management arrangements to deliver and robustly monitor programme implementation with clear demonstrable evidence of proactive management of value for money and risks to securing it. The proposal should include the framework, principles, and processes within which the Contract will operate and an indicative 15-month work plan.
22. The proposal will include a broad management strategy with milestones and budget; this will comprise an indicative work plan and results framework, with indicative milestones and budget, which will be expanded during the one-month handover period.
23. A politically smart, flexible, and adaptive approach is critical, and the team must be ready to anticipate any contextual changes, including in budgets, which will affect the efficacy of the programme and have alternative plans ready to change course if needed. The supplier must develop excellent relationships within OIBN and outside to build the trust and knowledge to be able to work alongside the team of government officials to deliver. OIBN has a 5-year Strategic and Business Plan, with which our AIIN Business Case aligns.
24. To provide an indication of the volume of work the following is delivered under the existing contract. Deliverables across the areas of work are:
 - a. Quality project progression – Manage and support progression of the current portfolio of approximately 15-20 active projects. These projects are at different stages, from conceptual design through to Project Development Agreement negotiations and under construction. The work includes:
 - i. Preparing project concepts including detailed surveys and research.
 - ii. Commissioning detailed reports, reviewing, and evaluating work commissioned externally.
 - iii. Presenting to senior government officials the details of different projects to get approval to proceed or decide not to proceed with the project.
 - iv. Negotiating with developers on the terms of any project agreement.
 - v. Resolving complex technical issues such as land acquisition, resettlement, electricity supply, replantation of trees etc.
 - vi. Monitoring compliance for projects under construction, across technical as well as social and environmental aspects.
 - b. Investment promotion

Typically, 20 milestones for project progression would be achieved each quarter. Progress is logged on the reporting tools which are also submitted each quarter.

3 <https://ibn.gov.np/uploads/documents/ibn-strategic-planpdf-1483-849-1657606570.pdf>

4 [DevTracker Project GB-1-203427 Documents \(fcdo.gov.uk\)](https://devtrackerprojectgb-1-203427documents.fcdo.gov.uk)

- i. Actively maintain contact with several potential investors, prepare meetings and follow-up actions from any engagements with potential investments.
- ii. Devise promotional materials outlining the investment opportunities in Nepal.
- iii. Support all aspects of event management hosted by OIBN to promote investment.
- iv. Update the website with key information.

Typically, 5 milestones for investment promotion would be submitted each quarter.

- c. Institutional Sustainability – supporting OIBN to become able to function without external support, through own financing and hiring of long-term staff. This is achieved through:
 - i. Development of policy, regulations, guidelines, and standard operating procedures pertaining to OIBN. Draft and quality assure key documents, coordinating and consulting with line agencies, sub-national governments, research institutions, private sector, and development partners as necessary. Translation of key documents.
 - ii. Improving internal practices, for example a database for hiring short-term technical assistance, digitalisation of systems, improved web-portal for investors.

Typically, 10 milestones for institutional sustainability would be achieved each quarter.

- 25. Based on the identified risks in the technical proposal and any management risks identified in the management strategy, a risk mitigation strategy.
- 26. All bidders should ensure that they assure FCDO of appropriate due diligence approaches including for sub-contracted partners and that these approaches are part of the bid.

Methodology

- 27. To deliver the objectives of the programme, the following activities are envisaged:
 - i. To be delivered during the one-month handover period:
 - Conduct either a job confirmation or recruitment process for current OIBN staff, and rapid recruitment to fill any gaps in expertise required. This will be conducted with the OIBN CEO and their team to identify gaps in expertise.
 - Review the framework for deploying Short-Term Technical Assistance (STTA) and agree any adjustments to be made.
 - Align the supplier's proposed workplan with that of the existing Supplier. Harmonise the workplan to progress priority projects and agree with OIBN government officials 8-10 priority projects to focus on over the 12-month period. Maintain flexibility in support to adapt to government priorities.
 - ii. Over the remaining fourteen months support OIBN to deliver the outlined work areas in Para 17 and 24.
- 28. It is envisaged that this work will be delivered through:
 - i. A small oversight management team, including the Team Leader, based in an office in Kathmandu. This team will hold responsibility for communications with and reporting to FCDO, as well as reporting to the OIBN CEO.

- ii. An embedded team at the OIBN offices comprised of mostly national experts with limited inputs from international experts when required, to work alongside and report to the government officials. It is envisaged this will require expertise in the following areas, although the supplier will need to be flexible and adaptive in their approach:
 - Social and Environmental aspects of project design, implementation, and monitoring
 - Financial modelling and structuring of projects
 - Legal
 - Engineering and planning
 - Research, economics, and emerging sectors
 - Investment promotion
 - Administration support
 - Digital tools and marketing
 - ii. Short-term technical assistance (national and international) to support specific requests.
29. Under the existing contract this is delivered through a Core Management team based outside of OIBN, of 5-6 individuals including the Team Leader. The Embedded team consists of around 25 consultants, ranging in seniority from Manager, Assistant Manager, Associate Manager, Officer, Support Staff, and Interns. This is complemented by a pool of national and international Short-Term Technical Assistance. The current government body of staff comprises of 15 individuals – details of these roles are on the OIBN website.
30. This is intended to illustrate the scope of support expected, and not prescribe a particular approach to staffing. We expect suppliers to devise their own methodology and approach.
31. A team composed of mainly national consultants, complemented by limited international consultants with the following backgrounds/expertise is envisaged:
- **Team leader:** extensive experience in leading complex development programmes. Familiarity with investment and infrastructure in Nepal is desirable.
 - **Programme management:** knowledge of best practices for politically smart and adaptive technical assistance programmes, including stakeholder engagement, policy influencing and institutional development, adaptive programming, and coordination.
 - **Infrastructure:** Extensive experience in the design, procurement and implementation of infrastructure investments including Public Private Partnerships (PPPs) in developing countries, and the development of national capacity on this, such as through PPP units. Experience of energy and transport sectors.
 - **Trade and investment:** Expertise in investment climate reform, market development, export promotion, special economic zones, and economic corridors.
 - **Governance and political economy:** strong understanding of Nepali governance systems both at federal and local levels; and strong contacts with senior government officials and political leaders.
 - **Gender and social inclusion expertise:** mainstreaming ways for infrastructure and investment programmes to support gender equity and inclusion.
 - **Climate change/ low-carbon growth:** Expertise in low-carbon growth policy and practice, assessing the environment impact of large-scale infrastructure projects.
32. All international experts should have strong knowledge and understanding of the economic, political, and social context of Nepal or similar contexts, and able to adapt their advice to this context.
33. The supplier will need to effectively integrate social equity, gender, environmental and social analyses into its facilitative role across its workplan, helping Nepali stakeholders to integrate these issues into their delivery. It will be expected to support OIBN to implement effective prioritisation and sequencing as well as implementing it in APPIIC's own manageable work plan.

34. The supplier will be required to establish reporting practices within OIBN. For efficiency purposes it is recommended to use the incumbent suppliers' practices to the extent possible – examples of the two most recent quarterly reports are provided as Appendix A and B of this T.O.R.

Contract Management, Reporting & Validation

35. The following reporting is expected:
- A draft workplan setting out key interventions, milestones, and results to be finalised and agreed at the end of the one-month handover period.
 - Monthly progress meetings with dashboard results submitted in advance of the progress meetings.
 - Quarterly reports on the basis of which Remuneration Milestone payments are made. To be submitted within 15 days of the end of the Quarter.
 - As a flexible and adaptive programme, responsive to the context, the Remuneration Milestones will be agreed at the start of each quarter with the FCDO team.
 - Annual/ Project Completion Report submitted within one month of closure.
 - Annual Financial Report and Audit Report submitted within one month of closure.
 - Exit plan and full one-month handover period, including sharing of all relevant documents to supplier appointed under Green Growth Nepal programme.
36. Key Performance Indicators (KPIs) to monitor the contract assessed against the following:
- I. Quarterly progress on institutional strengthening of IBN
 - II. Quarterly milestones submitted/delivered within agreed timeframe and quality standard
 - III. Monthly submission of accurate invoicing and forecast variance within 10%

Payment Structure

37. To ensure Value for Money, all payments will be based on results delivered, namely:
- 90% of fees on Quarterly remuneration milestones delivered.
 - 10% of fees on Contract Outcome payment, paid at the end of the contract if the outcome targets are judged to have been met (see para 18).
 - All expenses will be paid monthly based on actuals
38. Any payment withheld will be proportionate to the results not achieved. There will be a sliding scale for example, if 80% of the Outcome results are achieved, 80% of the 10% Outcome payment will be paid.

Scale up/down options

39. FCDO reserves the right to scale down the value and/or scope of the contract or to discontinue this programme at any point. Scaling down is at FCDO's discretion. Scaling down may be triggered by a variety of events/reasons including (but not limited to):
- 39.1 A change in target countries' or regions' economic or political environment
 - 39.2 A change in the political landscape
 - 39.3 A change in FCDO or HMG's priorities
 - 39.4 Budgetary constraints
 - 39.5 Dissatisfaction with Supplier performance
40. Scaling down may take various forms, such as (but not limited to):
- 40.1. Decrease of programme value
 - 40.2. Decrease or change of programme scope (such as thematic scope or geographic scope)
 - 40.3. Decrease of programme duration
 - 40.4. Withdrawal or decrease of support from certain countries/regions
 - 40.5. Reduction of FCDO's ability to deliver programme funds

41. FCDO may also scale up the programme. Any scaling up should be mutually agreed between FCDO and the Supplier.
42. Scaling up may be requested by FCDO as a result of various events/reasons, including (but not limited to):
 - 42.1. The programme proves to be having a strong impact and has the potential to yield better results, dependent on budget and ongoing effectiveness of the programme.
 - 42.2. FCDO/ HMG institute other similar programmes with closely aligned objectives that would be best delivered in close conjunction with the BSIP.
 - 42.3. There is a change in FCDO or HMG's priorities, including a change in geographical, or thematic focus.
43. Scaling up may take various forms, including (but not limited to):
 - 43.1. Increasing the funding amount of one or more components/categories, or adding funding for new components to support programme delivery
 - 43.2. Increasing or changing the programme scope (such as thematic scope or geographic scope)
 - 43.3. Increasing the programme duration
44. The Supplier will need to demonstrate capacity and continued capability to scale up.

Asset management

45. An up-to-date Asset Register must be maintained, and verification of assets will be conducted and subject to spot checks. Assets of the current supplier will be transferred to the new supplier, the details of which can be found in Appendix D of this Terms of Reference – Asset Register.

Exit & Closure Requirements

46. The supplier must have a clear Exit Strategy and Handover Checklist. All monitoring tools, reporting and products delivered under this support must be fully available to FCDO, Government of Nepal (OIBN) and the successor programme supplier to ensure continuity of delivery.

Handover expectations

47. At the end of the programme, all monitoring tools must be up-to-date and handed over to OIBN and/or a new supplier.
48. All project documentation must be uploaded to the digital Knowledge Management Platform, even if in draft format, for use by government staff and the successor programme's delivery team.

Monitoring & Evaluation

49. The supplier will report to the Senior Responsible Owner (SRO) who will be supported by a lead adviser, Programme Responsible Owner (PRO) and programme manager. Results will be assessed Quarterly and Annually by the FCDO management team, and periodically by FCDO staff outside of the core programme management team.
50. It is not expected that this contract will be subject to independent review or evaluation, however it may be subject to independent audit.
51. The UK's Portfolio Monitoring Evaluation and Learning (PMEL) collects and analyses strategic level results across all programmes. The supplier is expected to meet the reporting requirements of the PMEL function.

Constraints and Dependencies

52. The current supplier will share the most recent four Quarterly technical report (not commercial information) with all eligible bidders.
53. Once the supplier has been mobilised, they will agree together with FCDO an approach to collaboration with key partner programmes, such as the Provincial and Local Governance Support Programme (PLGSP), the Nepal Urban Resilience Programme (NURP), the Nepal Renewable Energy Programme (NREP) and the Portfolio Monitoring Evaluation and Learning (PMEL) to ensure coherence and to transfer lessons.

Key Reading

54. Key programme documents (Log frame, Annual Reviews, Business Case etc) are publicly available.
55. The two most recent quarterly reports are included with this Terms of Reference, Appendix B and C. Any other live documents relating to the programme and support to OIBN will be shared during the handover period.

UK Aid Branding

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

Transparency

58. Transparency, value for money, and results are top priorities for the UK Government. FCDO has a duty to show UK taxpayers where their money is being spent, its impact, and the results achieved.
59. FCDO has transformed its approach to transparency, reshaping our own working practices and pressuring others across the world to do the same. FCDO 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 to FCDO – further information is available from: <http://www.aidtransparency.net>

Delivery chain

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

Digital Spend

61. The UK government defines digital spend as 'any external-facing service provided through the internet to citizens, businesses, civil society, or non-governmental organizations. The Government Digital Service (GDS), on behalf of the Cabinet Office, monitors all digital spend across government and FCDO is required to report all spend and show that what we have approved meets with GDS Digital Service Standard. In FCDO, this applies to any spend on web-based or mobile information services, websites, knowledge or open data portals, transactional services such as cash transfers, web applications and mobile phone apps. Plans to spend programme funds on any form of digital service must be cleared with FCDO in advance and must adhere to the following principles:
 - i. Design with the user
 - ii. Understand the existing ecosystem
 - iii. Design for scale
 - iv. Build for sustainability
 - v. Be data driven
 - vi. Use open standards, open data, open source & open innovation
 - vii. Reuse & improve
 - viii. Address privacy & security
 - ix. Be collaborative
62. The Supplier must ensure to highlight any digital aspects including potential budget assigned to these interventions, licenses/permissions required and sustainability of investment.

Procurement of Goods and Equipment

63. Where procurement is undertaken as part of programme activities, this must be done using robust systems which ensure best value for money for the programme. The Supplier must ensure that programme assets are accurately tracked, reach their intended beneficiary, and are used for their intended purpose.

Safeguarding Considerations

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

Duty of Care

67. FCDO Nepal will not take responsibility of personal security of Service Provider. They will be responsible for Duty of Care of the staff contracted on the programme.

68. Regarding information security, Service Provider are responsible for not sharing sensitive information with any parties other than FCDO.
69. The Service Provider 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.
70. FCDO will share available information with the Service Provider on security status and developments in country where appropriate. A security briefing by FCDO Nepal is available to all Service Provider personnel on request. All such personnel must register with their respective Embassies to ensure that they are included in emergency procedures.
71. This programme will require the Service Provider to operate in a seismically active zone which is at high risk of earthquakes. Following the earthquakes in April and May 2015 several aftershocks have been felt and continue to occur. Earthquakes are impossible to predict and can result in major devastation and loss of life. There are several websites focusing on earthquakes, including <http://geology.about.com/library/bl/maps/blworldindex.htm>. The Service Provider(s) should be comfortable working in such an environment and should be capable of deploying to any areas required within the region to deliver the contract.

**Appendix A: of Contract Section Annex A (Terms of Reference)
Schedule of Processing, Personal Data and Data Subjects**

This schedule must be completed by the Parties in collaboration with each-other before the processing of Personal Data under the Contract.

The completed schedule must be agreed formally as part of the contract with FCDO and any changes to the content of this schedule must be agreed formally with FCDO under a Contract Variation.

Description	Details
Identity of the Controller and Processor for each Category of Data Subject	<p>The Parties acknowledge that for the purposes of the Data Protection Legislation, the following status will apply to personal data under this contract:</p> <p>1) The Parties acknowledge that Clause 33.2 and 33.4 (Terms and Conditions) shall not apply for the purposes of the Data Protection Legislation as the Parties are independent Controllers in accordance with Clause 33.3 in respect of the Personal Data necessary for the administration and/or fulfilment of this contract.</p>

Annex B

It is a requirement that all invoices are presented in the format of the payment basis. Only one invoice per period, as defined in Section 2, Clause 22, should be submitted. Note that, 22.3 shall be replaced with the following provisions: invoices should be submitted electronically **monthly** in arrears to the Accounts Payable Section, FCDO Financial Management Group e-invoicing@fcdo.gov.uk, and in accordance with Clause **Error! Reference source not found.**

The amount to be paid for the completion of the Services is a maximum of £899,999. The subtotals below are agreed as the maximum for each area of spend, but that within those there is flexibility to adjust between detailed budget lines, with prior agreement of the SRO, reflecting the adaptive nature of the programme.

Summary	
Capital Expenditure	
Programme Team Fees	
OIBN Embedded Team Fees	
Travel/Accommodation/Subsistence	
Fund Management	
Other Direct Programme Costs	
NPAC	
Profit	
TOTAL	£899,999
Maximum Profit	
Maximum NPAC	

See Pro Forma for a full breakdown of the budget and financial ceilings within each category.

1. Payment and Milestones

This contract will utilise a hybrid payment mechanism as follows:

- 1.1 100% of expenses will be invoiced based on actuals and paid monthly in arrears. This is to include OIBN embedded staff costs and Fund Management expenses.
- 1.2 60% of Programme Team fees to be invoiced on an input basis and paid monthly in arrears.
- 1.3 30% of Programme Team fees will be linked to performance and paid on quarterly remuneration milestones delivered, centred around key outputs, and outcomes where possible, related to successful programme progress and delivery. Milestone payments will be made quarterly and upon satisfactory performance of the services as agreed and confirmed by FCDO.
- 1.4 10% of fees will be paid on Contract outcome at the end of the contract if the outcome targets are judged to have been met (see Section 3 – ToR – para 18).

At each payment point set criteria will be defined as part of the Payment schedule. Milestone-based payments will be made at the end of the quarter in which they are completed if the criteria are met to the satisfaction of FCDO.

Quarterly payments will be made concomitant to the successful delivery of the output/outcome linked milestones. Given the nature of the programme and the need for flexibility, the “project outputs” for each quarter will be agreed between FCDO and the Supplier at the start of each quarter. The Supplier will receive payment from FCDO on scheduled delivery and acceptance of agreed quarterly milestones. The mechanism for determining this is detailed below:

If an Output or Outcome payment milestone is not approved by FCDO as being satisfactorily completed, a new deadline for its completion will be agreed between FCDO and the Supplier which takes into account all relevant circumstances i.e. the reason for the initial failure to complete

satisfactorily (especially those circumstances beyond the Suppliers control), as well as the efforts of the Supplier team to reach the Output or Outcome. This will be agreed within 14 days of submission of the relevant deliverable(s).

If, at the time of the new deadline, the milestone still cannot be approved, FCDO will determine in consultation with the Supplier a score from 1 to 5 based on three criteria;

1. The percentage of the milestone that has been completed
2. The value that FCDO gained from the deliverables.
3. The cost to FCDO to review and improve the quality of the deliverables, or the cost to achieve this through other means.

Payment will be made proportional to the score. This shall be agreed within 14 days of the passing of the deadline.

If at the time of the new deadline the milestone still cannot be approved but it is judged that there are extenuating circumstances, FCDO will pay according the level of effort expended by the supplier.

This will be based on the following criteria (where the potential problem is given in brackets):

- a) Knowledge and experience of consultants assigned (wrong consultant on paper);
- b) Amount of time allocated to the deliverable (not enough time);
- c) Direction given to consultants e.g. ToRs (lack of direction or wrong direction);
- d) Delivery by consultants against direction (consultant performance on the day);
- e) Management of risks to delivery (risks that could have been anticipated not well managed).

The total amount allocated to the deliverable will be allocated equally to each of these criteria, and each will be scored and paid as follows: 1. Poor (0%); 2. Just below standard (50%); 3. Up to standard (100%); and 4. Excellent (100%).

If an Output or Outcome Milestone is not met due to changes in circumstances at any stage of the above process, FCDO and the Supplier can mutually agree to drop it.

If the milestone is not achieved at all, payment will not be made until successfully achieved; if the milestone delivery is delayed beyond schedule without justification or agreement from FCDO, milestone payment reduction will potentially be made by FCDO. If perverse incentives are identified at any point the milestones will be reviewed.

The inputs for each milestone must be monitored and recorded in order to check the forecasting accuracy.

2. Supplier Profit

The Supplier will submit an "Actual Profit Margin Report" annually (or on a six-monthly basis if requested by FCDO giving reasonable written notice) in accordance with Clause 20, Section 2. As per the Pro Forma Cost Template where profit exceeds █████ of the contract value and NPAC exceeds █████ of the contract value, parties shall agree within a reasonable period of time following receipt by FCDO of the Actual Profit Margin Report, how the exceeded amount should be apportioned.