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26 July 2019

Contract Amendment No: 3

CONTRACT FOR: Investments in Forests and Sustainable Land Use

CONTRACT NUMBER: PO 7044

1. With reference to the contractual letter dated 16th November 2015 whereby your firm was engaged to undertake the terms of reference and with reference to your letter (s) and subsequent discussion, as most recently amended by the letter dated 12th October 2018, I confirm that the UK Government wishes to make the following amendment to the letter of 16th November 2015:

Section 1, Form of Contract, Paragraph 3. Commencement and Duration of the Services

Delete: The Supplier shall start the Services on 16th November 2015 (the "Start Date") and shall complete them by 16th November 2020 (the End Date") unless the Contract is terminated earlier in accordance with its terms and conditions.

Insert: The Supplier shall start the Services on 16th November 2015 (the "Start Date") and shall complete them by 16th November 2023 (the End Date") unless the Contract is terminated earlier in accordance with its terms and conditions.

Section 1, Form of Contract, Paragraph 4. Financial Limit

Delete: Payments under this Contract shall not, in any circumstances, exceed **£75,739,908** exclusive of any government tax, if applicable (the "Financial Limit"), of which **£40,723,918** is in respect of fees and expenses and **£35,015,990** is the fund available for project financing as detailed in the Terms of Reference.

Insert: Payments under this Contract shall not, in any circumstances, exceed **£103,733,135** exclusive of any government tax, if applicable (the "Financial Limit"), of which **£55,837,154** is in respect of fees and expenses and **£47,895,990** is the fund available for project financing as detailed in the Terms of Reference.

Section 3, Terms of Reference

Add Attached after Annex C: Annex D Extension of Investments in Forests and Sustainable Land Use Programme (P4F TAF) from 2020 to 2023

Section 4, Special Conditions

Delete: Existing Version 1.0 August 2018

Add Attached: Section 4 Version 1.0 May 2019 – (REDACTED)

Section 5, Schedule of Prices

Add Attached: Annex E Extension of Partnerships for Forests (P4F) Proformas 1- 12 dated v2 25 April 2019 – (REDACTED)



2. This amendment relates to the costed 3 year extension of the P4F Programme Contract with an associated increase of £27,993,227 to the financial limit, of which £12,880,000 is being added to the fund value, £200,000 extra has been set aside for a task order support fund, £300,000 extra has been set aside for technical assistance and £52,500 has been identified for external events and workshops.

3. Please confirm in writing by signing and returning one copy of this letter, within **15 working days** of the date of issue above that you accept the variations set out herein.

4. Please note the provision in the contractual letter that the financial limit of the UK Government's liability to the Supplier under this engagement shall not exceed the sum specified unless the amount of any such excess has been agreed by the Department for International Development in writing before the Supplier takes any action which might result in the financial limit being exceeded.

Signed by an authorised signatory
for and on behalf of the
Secretary of State for International Development

Name:

Signature:

Date:

Signed by an authorised signatory
for and on behalf of Palladium International Limited

Name:

Signature:

Date:

Contract Amendment 3 Enclosures:

Annex D Extension of Investments in Forests and Sustainable Land Use Programme (P4F TAF) from 2020 to 2023 dated November 2018

Special Conditions Version 1.0 dated May 2019 – **(REDACTED)**

Annex E Extension of Partnerships for Forests (P4F) proformas 1-12 v2 dated 25 April 2019 – **(REDACTED)**

TERMS OF REFERENCE

EXTENSION OF INVESTMENTS IN FORESTS AND SUSTAINABLE LAND USE PROGRAMME (P4F TAF) 2020-2023

OBJECTIVE

1. The objective is to extend programme operations for Partnerships for Forests until 2023.

RECIPIENT OF SERVICES

2. The client and recipient of services is the UK Department for International Development (DFID). Funding for the expansion will be provided by DFID.
3. The beneficiaries of the services will be developing country governments seeking to manage forests sustainably; and developing country citizens who depend on forests for their livelihoods. Programme operations are undertaken in West and Central Africa, East Africa, Southeast Asia (primarily Indonesia) and Latin America (primarily Brazil and Colombia).

SCOPE

4. Working closely with DFID and BEIS, Palladium will maintain and manage the Partnerships for Forests Technical Assistance Facility.
5. The Technical Assistance Facility will support DFID in the financing, management and monitoring of programme activities.
6. Programme activities which DFID will implement through the technical assistance facility comprise:
 - Support for demand-side measures in the UK and other developed markets, to build deeper markets for sustainably-produced commodities;
 - Support for improved enabling conditions, to facilitate increased private sector investment in forests and sustainable land use in developing countries;
 - Provision of grant funding and technical assistance to support public-private partnerships which secure responsible investment in forests and sustainable land use.
 - Leadership, collaboration and learning, to accelerate uptake and widespread adoption of sustainable business practices relating to forests and land use.
7. The additional funding provided by DFID for the extension will not support operations in Latin America. Operations in the Latin America region are funded only by BEIS.

BUDGET

8. The budget for the contract extension is £27,943,727, inclusive of all applicable government taxes, supplier fees and costs. The available funds will be allocated across the four programme outputs (Demand-Side Measures, Enabling Conditions, Partnerships and Investments, and Leadership, Collaboration and Learning) in proportions which are broadly consistent with the current programme budget structure.

TASKS

9. The tasks required under the contract extension will be to:



- Work closely with DFID and BEIS on an ongoing basis to develop and evolve the programme strategy through to 2023;
- Using established programme guidelines and operating systems (introducing improvements where required), provide technical assistance and grants finance to a portfolio of public-private partnerships, and related support for enabling conditions and demand-side measures, in line with established programme objectives;
- Resource and manage programme hubs to support operations in West and Central Africa, East Africa, and Southeast Asia (primarily Indonesia);
- Work closely with DFID and BEIS to identify options and implement a strategy to secure the programme legacy beyond the lifetime of the contract. This may include an assessment of future needs for support to public-private partnerships for sustainable land use and an assessment of options to provide support for this purpose beyond the lifetime of the programme. The strategy should align with broader UK plans for climate finance and public-private partnerships to realise the sustainable development goals.

REPORTING

10. DFID and BEIS will maintain the established internal arrangements for management oversight of the programme, in consultation with Palladium. This includes quarterly meetings of the Senior Leadership Team (SLT), weekly management calls and other meetings as necessary.
11. The established Quarterly and Annual Reporting cycle will continue to apply during the period of the extension. Quarterly reports should be submitted at end-December, end-March and end-June, and the annual report should be submitted at end-September.

TIMING

12. The extension will be for 36 months with effect from November 2020. The revised end date for the Partnerships for Forests management contract will be November 2023.

CO-ORDINATION

13. Palladium will work closely with a designated DFID official on all matters relating to the implementation of programme activities. Palladium will continue to report formally to DFID's assigned Senior Responsible Officer for matters relating to contract management and liaise closely with DFID's assigned Programme and Finance Officers.
14. In providing these services, Palladium will be expected to liaise and cooperate with a range of organisations and programmes working to achieve objectives that are complementary or related to the objectives of Partnerships for Forests, including the secretariat and regional branches of the Tropical Forest Alliance.

BRANDING

15. Palladium are to ensure branding is clear and explicit and complies with [Guidance on using the UK Aid logo](#)¹

TRANSPARENCY

¹ www.gov.uk/government/publications/uk-aid-standards-for-using-the-logo



16. Palladium must apply transparency standards in line with the UK Aid Transparency Guarantee² by ensuring the publication of all programme information and data in line with the relevant categories of International Aid Transparency Initiative (IATI). Palladium must ensure that all downstream partners are also IATI compliant.

DUTY OF CARE

17. Palladium 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.

DFID will share available information with Palladium 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, when available. 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, where available (and a further copy each time these are updated), which the Supplier may use to brief their Personnel on arrival.

Palladium 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.

This Programme will require Palladium to operate in a seismically active zone and is considered at high risk of earthquakes. Minor tremors are not uncommon. Earthquakes are impossible to predict and can result in major devastation and loss of life. The website <http://geology.about.com/library/bl/maps/blworldindex.htm> is one of a number providing information on earthquakes. Palladium 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).

This programme may require Palladium to operate in conflict-affected areas. Travel to such zones may be subject to travel clearance from the UK government in advance. If the security situation is volatile, travel clearance could be subject to change at short notice. Palladium 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).

Palladium 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.). Palladium must ensure their Personnel receive the required level of training and (where appropriate) complete a UK government approved hostile environment training course (SAFE)¹³ or safety in the field training prior to deployment.

² <https://www.gov.uk/government/policies/making-uk-aid-more-open-and-transparent/supporting-pages/uk-aid-transparency-guarantee>