

### **Section 3**

#### **TERMS OF REFERENCE**

#### **TRADE AND INVESTMENT ADVOCACY FUND (TAF2 Plus)**

#### **Management of a Technical Assistance Call-down Facility**

##### **INTRODUCTION**

1. The Department for International Development (DFID) leads the UK's work to end extreme poverty. The DFID Trade for Development Department is part of a tri-departmental unit that combines the expertise of DFID, the Department for International Trade (DiT) and Foreign and Commonwealth Office (FCO) to support both the UK and developing countries access the global economy.
2. The Fund will build on the Trade Advocacy Fund (TAF1) which provided on-demand technical assistance to developing countries to participate in trade negotiations. TAF2 Plus will build on the first phase by expanding to include in international investment negotiations, enhanced support in DFID Priority Countries and financial contributions to certain organisations.
3. TAF2 Plus will run over six years with a total programme budget of £16 million. The Fund will have four windows: a Negotiation Window (£8 million), which will provide short-term technical support to any developing countries during a negotiation; a Strategic Window (£4 million), that provides medium to long-term technical support to DFID priority countries prior to, and initially after, a negotiation (such as country level trade analysis and strategy planning); and DFID Country Office window (£500,000) that provides highly technical trade advice.
4. The fourth window, the Institutional Support Window (£1.5 million), will provide financial support to organisations that deliver niche trade and investment-related services. This will be managed under a direct grant arrangement with DFID.
5. Total funds under management (Fund Manager Contract) will be £12.5 million, with a management fee up to £2 million.

## OBJECTIVE

6. The objective of the contract is to establish and manage a demand-led call down facility that provides highly technical trade and investment services. The Outcome Statement is to increase the technical skills and coordination of trade and investment ministries in developing countries.
7. The Impact Statement is to help more developing countries effectively participate - to their advantage - in trade and investment negotiations; and harness the benefits of those outcomes through meaningful strategies and wider donor co-ordination.
8. This will be delivered against the following key outputs:

TAF2 Plus Outputs	Window
1. Increased beneficiary access to technical and legal advice	Negotiation and Strategic Window
2. Enhanced beneficiary trade and investment-related skills	Negotiation and Strategic Window
3. Increased access to 'last mile' <sup>1</sup> logistical support for beneficiaries to attend key negotiations and alliance building meetings.	Negotiation Window Only
4. Increased beneficiary access to trade and investment-related institutions and organisations	Institutional Window Only
5. Increased highly technical trade expertise in DFID country offices and regional teams	Country Office Window Only
6. Enhanced monitoring that adds to the evidence base on the impacts and benefits of trade and investment interventions.	N/A

9. This will be achieved through the provision of:
  - (a) Highly technical external advice
  - (b) Skills training
  - (c) Capped Logistical support (i.e. flights, accommodation and subsistence)
  - (d) Access to other relevant trade and investment organisations

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<sup>1</sup> 'Last mile Support' is defined as developing countries which have no or limited sources of donor support.

## **THE RECIPIENT**

10. The services will be for the benefit of developing country governments and the citizens of those countries which includes the poorest and most vulnerable. The direct beneficiaries will be government officials and, to a lesser extent, DFID country office staff seeking highly technical trade advice and training.

## **SCOPE**

11. TAF2 Plus will support international trade and investment negotiations and agreements: including multilateral, plurilateral, bilateral and some regional agreements.
12. The programme outputs and benefits will be realised through a set of pre-established partnerships with downstream service providers procured and managed by the Fund Manager. Beneficiaries will have access to on-demand support.
13. Under the Fund all trade and/or investment project proposals will fall within the scope of the following;

(i) Negotiation Window: Support developing countries (Least Developed Countries (LDCs), Lower Income Countries (LICs) and some Lower Middle Income Countries (LMICs including trading groups) during international negotiations. Funding will be targeted at countries which demonstrated the most need and negotiations that have the potential to generate high returns on economic growth and poverty reduction. The Fund Manager will also consider whether alternative donor funding would be better placed to deliver requested support. The transfer of skills should be integrated into all project proposals to ensure sustainable interventions. This window will be delivered through the provision of technical advice, skills training and capped logistical support.

(ii) Strategic Window: Enhanced support to DFID priority countries before a negotiation and initially after an agreement has been reached – with a strong emphasis on sustainability. This will allow government ministries to prepare the groundwork for potential future negotiations and consider wider government strategies that take advantage of the benefits secured. By targeting DFID priority countries it is expected this will allow for possible synergies between other central and country-level DFID policy and programming; this will be particularly important in sustaining skills training activities and avoiding duplication. On occasion DFID may

consider non-DFID priority countries for strategic support if justified. This window will be delivered through the provision of technical advice and longer-term skills training.

(iii) Country Office Window: Highly technical trade advice to DFID country offices to inform policy and programming. This window will be delivered through the provision of technical advice.

(iv) Institutional Support Window: Financial support to trade and investment- related organisations. This will be managed directly by DFID. The selected Fund Manager will be required to ensure beneficiaries are aware of and utilise, where appropriate, the services provided by these organisations.

14. Under the Negotiation Window, individual projects are expected to be short-term and last 1-2 years. For the Strategic Window, projects are anticipated to run approximately 2- 4 years in DFID priority countries. Under the Country Office Window, projects are expected to last 3-6 months. Timings are indicative and flexible to change.

#### **CONSTRAINTS**

15. The Fund will not support civil society to undertake independent advocacy-related activities.
16. The Fund is not intended to support implementation of trade and investment agreements and/or disputes. The Strategic Window will support DFID priority countries, prior to, and *initially after* an agreement has been reached, for example government strategy planning and ratification activities.

#### **FUND MANAGER BUDGET**

17. The Fund Manager will be responsible for the management and delivery of the: Negotiation Window, Strategic Window and Country Office Window. The Fund Manager contract is £12.5 million of programme funds, with a management fee up to £2 million (for which proposals are now sought). Full programme breakdown below;

<b>TAF2 Plus</b>	<b>Funding allocation</b>	
Negotiation Window	£8 million (15% cap on logistical support)	<i>Provisional earmarked budget of £3 million for investment-related support.</i>
Strategic Window	£4 million	
Country Office Window	£500,000	
Institutional Support Window	£1.5 million (managed directly by DFID)	
Total Programme Funds	£14 million ( <b>excluding</b> management fee)	
<b>Total Programme Budget</b>	<b>£16 million</b>	

18. The budget allocations are indicative and will be reviewed by DFID on a regular basis throughout the life of the programme.

#### **FUND MANAGER REQUIREMENTS**

The Fund Manager will be required to demonstrate capacity in the following:

19. Technical expertise in the field of international trade and investment policy, including in relation to: international negotiations; international agreement ratification; trade and investment analysis; government strategy planning.
20. Recognised experience in delivering and embedding effective and sustainable beneficiary skills training, including an ability to operationalise capacity building plans and support service providers
21. Management and administration experience, including the ability to administer and monitor grants and procure services for a large programme.
22. Robust procurement process and procedures in order to maintain the highest levels of competition, quality management and VfM in the outsourced activities.

23. Specific expertise that give due regard to social inclusion issues, including gender. For example, an ability to provide gender compliance statements at the individual project level. The Fund Manager should demonstrate either prior experience, or how they would consider social inequality issues with capacity building and/or trade programming
24. Ability to design a comprehensive monitoring mechanism that tracks results against the Outcome and Impact statements, including beneficiary feedback, contribution towards alleviation of social inequality issues and poverty.

## **IMPLEMENTATION REQUIREMENTS**

### Mobilisation

25. The Fund Manager will research the market to identify organisations or consortia (including in developing countries) capable of entering into on-demand contracts to provide a portfolio of services. Service providers' ability to incorporate a focus on poverty and social exclusion will also need to be considered. The contracts list will be updated on an on-going basis. Procurement procedures will be designed in detail prior to the procurement process and will be subject to DFID approval.
26. The Fund Manager will carry out due diligence checks on third parties that are contracted to deliver services in accordance with DFID's Due Diligence Framework.

### Beneficiary Requests

The criteria for assessing requests for support from developing countries, and some DFID Country Offices will be drawn from the programme scope, as set out at paragraph 13, and the following OECD DAC's monitoring and evaluation guidelines

- **Relevance:** the intervention would contribute to the programme Impact and Outcome statements and the applicant's overarching and/or sectoral development plans
- **Co-ordination:** the intervention does not duplicate the work of others; the work cannot be undertaken by another donor or an existing DFID programme; opportunities for collaboration with other donors will be assessed.

## Project Development and Feedback

27. The Fund Manager will: prepare calls for project proposals, including defining scope to be covered, setting timelines, developing application forms and assessment methodology, and publicise the Fund in a way that raises awareness amongst potential beneficiaries and service providers.
28. The Fund Manager will assess service provider proposals received based on the following OECD DAC's monitoring and evaluation guidelines:
- **Effectiveness:** the intervention is likely to achieve or contribute substantially to its objectives and has taken account of the internal and external factors that may affect the outcome.
  - **Relevance:** the intervention would contribute to the Impact and Outcome of the Fund and the applicant's overarching and/or sectoral development plans
  - **Efficiency:** the intervention maximises VfM and considers options for cost reduction and how to reduce environmental impacts.
  - **Impact:** the intervention considers potential political, social – especially with regard to social inequality issues - economic, governance and environmental implications and /or risks.
  - **Sustainability:** the intervention sets out a plan for how the beneficiary will build on the delivered outcomes (e.g. through potential follow on donor and private sector engagement and/or strategy planning); the intervention should not result in donor dependency.
  - **Co-ordination:** the intervention does not duplicate the work of others; the work cannot be undertaken by another donor or existing DFID programme; opportunities for follow on work have been or will be discussed with other donors
29. The Fund Manager will establish a system to advise potential beneficiaries and service providers (including those from developing countries) on the application and selection process, including responding to any questions and giving appropriate consideration/additional support where required.

### Approval Process

30. The Fund Manager will submit finalised proposals for all projects under the Strategic Window and high value projects under the Negotiation Window to DFID for approval. DFID will issue approval after ensuring that any outstanding issues raised through feedback from DFID have been resolved and project logical frames have been agreed. The Fund Manager will inform unsuccessful applicants, which will include sufficient feedback and, if necessary, engage with potential applicants to refine their proposals.

### Project Management

31. The Fund Manager will manage and monitor the projects, this will include: disbursing grants in a timely fashion on receipt and validation of technical and financial reports and claims for payment; quality assurance and performance monitor service providers; risk management; monitoring activities at an appropriate level so as to ensure delivery of agreed objectives and continuous value for money, and taking appropriate action; manage poor performance including recommending suspension or termination of any projects that fails to perform adequately; report to DFID; implement robust due diligence checks; introduce whistleblowing and anti-corruption escalation procedures.
32. The Fund Manager will also provide: effective Information Management including maintenance of project records; communicating regularly with beneficiaries and service providers; implementing project changes where required; receiving and reviewing service providers' technical and financial reports.
33. The Fund Manager will work closely with DFID to ensure that UK funding is not used within countries and/or policy areas in breach of UK policy at the time. With regard to logistical support, under the Negotiation Window this will be available in conjunction with a skills training and/or advisory support project. All logistical support proposals will require an additional approval process to ensure alignment with UK policy at the time.
34. The Fund Manager will proactively seek cross project synergies, including across: investment and trade areas; a stream of service providers; projects which support different stages in an agreement cycle; projects focused on different international agreements. The Fund Manager will coordinate with similar facilities delivered by other donors to ensure joint working and



limited duplication. The Fund Manager will retain the flexibility to adapt project work plans in order to respond to demand from its beneficiaries and service providers.

#### Financial Management

35. On a monthly and quarterly basis the Fund Manager will provide DFID with a breakdown of programme fund disbursements and a total figure for payment, along with an assurance statement that all amounts claimed have been checked and verified. DFID will issue payment to the Fund Manager for reimbursement or onward payment subject to cross-checking. The Fund Manager will also prepare up-to-date consolidated forecasting of expenditure and informing DFID monthly about any changes to forecasts.
36. DFID's preferred method of disbursement is quarterly arrears and it is expected that the Fund Manager will adhere to this. The Fund Manager should adopt a streamlined project management approach and seek to demonstrate year-on-year savings and/or how it will increase efficiency.
37. A client bank account must be opened and used for programme 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. The client account must be held with a regulated UK bank or building society to ensure DFID funds are safeguarded. As the DFID funds do not belong to the Fund Manager they should not be reported within their accounts. The Fund Manager will be required to evidence the opening of a client account to the DFID Programme Manager.
38. The Fund Manager is expected to link grant payments to milestones. There may be legitimate circumstances for payments to be made in advance to non-profit service providers. The Fund Manager will assess applications for advance payments and agree these with DFID before any payments are made. Payments to commercial organisations must be through contracts.
39. Any interest accrued by the Fund Manager stemming from balances held through advance payments of grant funds can be used to offset any bank charges incurred through the normal operations of the account. Any interest over and above such bank charges will remain the property of DFID. A summary of these accruals and charges should be provided to DFID on a quarterly basis as part of the standard reporting.

## Digital Policy

40. All digital<sup>2</sup> content produced by the Fund Manager is subject to UK government digital principles as set out by the Government Digital Service (GDS). All digital developments should:

- Put the needs of users first
- Learn from and improve these services over time
- Be freely available for other DFID programmes to use

For more information see <https://www.gov.uk/designprinciples>

41. The Fund Manager should consider the use of digital elements to maximise value for money while ensuring the programme remains inclusive and fully accessible. Any proposed digital elements will require approval in line with DFID's [Smart Rules](#).

42. The Fund Manager should not propose unnecessary bespoke systems or tools and instead should make use of existing and freely available systems and tools in all aspects of the programme where possible.

## **TIMING & CONTRACTUAL MATTERS**

43. The Fund will run over a six years' period. The Contract has been let for six years with a break clause at the end of the second year. It is expected the contract will last six years, subject to satisfactory performance of the Fund Manager. DFID reserves the right to extend the resultant contract by up to a further 24 months.

## **MONITORING AND LESSON LEARNING**

44. The DFID Logical Framework is a live document which can be amended during the life of the programme. The Logical Framework will be used by DFID to monitor progress on an annual basis. The Fund Manager will be required to provide information against the logical framework indicators.

45. It is expected that the Fund Manager will develop detailed outputs at the individual project level with the service providers and beneficiaries. DFID will provide initial project approval and monitor project level outputs.

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<sup>2</sup> Digital is defined as any service provided through the internet to citizens, businesses, civil society or non-government organisations. This includes, but is not limited to, information services, websites and transactional services. This includes services provided by others but

46. The Fund Manager will deliver enhanced monitoring to track individual projects against the DFID Logical Framework, project outcomes and social impacts. This should add to the evidence base on technical skills training; the benefits and impacts of trade and investment agreements in developing countries; and contributions towards poverty reduction and social inclusion. This will include robust beneficiary feedback, including views from different social groups, data disaggregated and beneficiary stories which that illustrate the programme impacts on the ground.
47. The Fund Manager will maintain records of all projects including reports and monitoring results in sufficient detail that it could be used for external monitoring or audit.

#### **REPORTING**

48. The Fund Manager will provide quarterly and annual management reports in a way that aligns with the DFID's preferred style and the Logical Framework. This will include: an overview of the performance; retrospective quarterly information – including financial - which can be reconciled against the previous quarterly report; any changes to the work plan with justifications and implications for timelines/budget; identified risks with monitoring/mitigation measures; clearly identified action points with timelines; progress against previously identified action points; lessons learnt; progress on DFID Annual Reviews; and any project changes; any coordination and governance issues; any partnership issues including how these have/will be managed; estimated time inputs; rates and expenses; efficiency savings. The Fund Manager will work closely with DFID and be available to discuss all reports.
49. The Fund Manager will provide annual audited financial statements to DFID in accordance with agreed terms.

#### **CO-ORDINATION WITH DFID**

50. DFID will oversee the work of the Fund Manager, providing strategic direction, monitoring risk and ensuring output delivery. DFID's Trade Policy Unit (TPU) will co-ordinate with relevant

DFID country offices, regional teams, central teams and FCO desk offices on individual projects, where required.

51. DFID will ensure that sufficient human resources are provided to effectively oversee the delivery of the Fund.

#### **UK BRANDING**

52. The Fund Manager will collaborate with DFID to build support for development initiatives and raise awareness of the UK government activities. The use of UK branding will be agreed with the Fund Manager ahead of a signed contractual agreement.

#### **TRANSPARENCY**

53. 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.
54. 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 information is available at; <http://www.aidtransparency.net/>

#### **DUTY OF CARE**

61. The Fund Manager 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.
62. The Fund Manager 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 Fund Manager must ensure they (and their personnel) are up to date with the latest position.

63. This Procurement may require the Fund Manager 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. There are several websites focusing on earthquakes, including <http://geology.about.com/library/bl/maps/blworldindex.htm>. The Fund Manager 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).
64. This procurement may require the Fund Manager to operate in conflict-affected areas and areas which are insecure. Travel to zones within these regions will be subject to travel clearance from the UK government in advance. The security within these environments is volatile and subject to change at short notice. The Fund Manager should be comfortable working in such an environment and should be capable of deploying to any area required within the region in order to deliver the Contract (subject to travel clearance being granted).
65. The Fund Manager 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 seismically active, dangerous, fragile and conflict-affected environments). The Supplier should ensure their personnel receive the required level of training and, if appropriate, complete a UK government approved hostile environment training course (SAFE) prior to deployment.
66. As the countries/areas of work involved in this intervention are currently undetermined, DFID is not in a position to be able to provide a Duty of Care assessment at this point. Therefore, as part of their Pre-Qualification Questionnaire (PQQ) response, bidders will be asked to submit assurance to DFID that they can manage Duty of Care responsibilities in even the most challenging of environments.
67. During the programme, it is DFID's expectation that the Fund Manager will provide a Duty of Care assessment for each potential country/area of work where in-country ground work is expected to be necessary.

68. If the programme activities take place in medium or high risk locations, DFID will share available information with the Fund Manager on security status and developments in-country where appropriate.
69. Tenderers must develop their PQQ Response and Invitation To Tender Response (if invited) on the basis of being fully responsible for Duty of Care in line with the details provided above and should confirm 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.
70. If bidders are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, or if DFID deems the arrangements proposed by bidders to be materially insufficient, the PQQ will be viewed as non-compliant and excluded from further evaluation.

**Duty of Care risk Matrix.**

No	City	Security Category		
		Overall Security	Violent Crime and Disorder	Terrorism
1	Afghanistan	5	4	5
2	Angola	4	4	2
3	Bangladesh	3	3	3
4	Benin	2	2	3
5	Burkina Faso	3	3	4
6	Burma (Myanmar)	2	2	1
7	Burundi	4	4	4
8	Cameroon	2	3	2
9	Central African Republic	4	4	3
10	Chad	4	4	4
11	Comoros	2	2	2
12	Cote d'Ivoire	3	4	1
13	Democratic Republic of the Congo	4	5	2
14	Djibouti	3	3	2
15	Equatorial Guinea	2	2	2
16	Eritrea	2	1	2
17	Ethiopia	3	2	3
18	Gambia	2	2	2
19	Ghana	3	3	1
20	Guinea	3	4	1
21	Guinea-Bissau	3	3	2
22	Haiti	3	4	1
23	India	2	1	3
24	Kenya	5	5	4
25	Kyrgyzstan	2	2	2
26	Laos	1	1	1
27	Lesotho	2	2	1
28	Liberia	4	4	2
29	Madagascar	2	3	1
30	Malawi	3	3	2
31	Mali	3	2	4
32	Mauritania	3	1	4
33	Mozambique	3	3	3
34	Nepal	2	2	1
35	Niger	4	4	4
36	Nigeria	4	4	4
37	Occupied Palestinian Territories	3	3	4
38	Pakistan	5	5	5
39	Papua New Guinea	4	5	1
40	Rwanda	2	2	3
41	Sao Tome and Principe	2	2	1
42	Senegal	2	2	3
43	Sierra Leone	3	3	2
44	Solomon Islands	2	3	1
45	Somalia	5	2	5
46	South Africa	4	4	2
47	South Sudan	4	4	4
48	Sudan	4	3	4
49	Swaziland	1	2	1
50	Tajikistan	3	2	3
51	Tanzania	3	4	3
52	Uganda	3	3	3
53	Yemen	4	3	5
54	Zambia	2	3	2
55	Zimbabwe	3	3	1

Duty of



## Care Table Key

<b>1</b> <b>Very Low Risk</b>	<b>2</b> <b>Low Risk</b>	<b>3</b> <b>Medium Risk</b>	<b>4</b> <b>High Risk</b>	<b>5</b> <b>Very High Risk</b>
Low		Medium	High Risk	