

## Section 3

### Terms of Reference for Lot 1

#### **Terms of Reference for a Service Provider for the Nigeria Public Sector Accountability and Governance Programme: *Accountable, Capable and Responsive Government* pillar.**

#### **Introduction**

1. The Department for International Development's (DFID) mission is to help eradicate poverty in the world's poorest countries. In Nigeria, DFID is currently supporting 44 active projects with a total project budget for 2015/16 of £239 million. Although this is one of DFID's larger country programmes, the resources available are relatively small compared to Nigeria's needs. Of Nigeria's 180 million people, 60 million people live below the national poverty line while another 60 million are just over the line. The objective stated in DFID Nigeria's Operational Plan is to help the Nigerian federal and state governments to use their resources more effectively to reduce poverty.
2. In support of its Operational Plan, DFID Nigeria has developed a business case for a Public Sector Accountability and Governance Programme (PSAGP). This programme will operate mainly at state level, but will also include related federal and local government initiatives. The Programme will be delivered through three separate pillars: (1) Accountable, Capable and Responsive Government, (2) Engaged Citizens and (3) Learning, Evidence and Influencing. DFID is seeking Service Providers to implement the three pillars of the programme. The three pillars will be separately contracted (suppliers may bid for one pillar only), but will be implemented in close coordination in line with a single strategy for strengthening public sector accountability and governance.
3. The Public Sector Accountability and Governance Programme (PSAGP) will continue the work started under DFID's State Partnership for Accountability, Responsiveness and Capability (SPARC), State Accountability and Voice Initiative (SAVI), the Federal Public Administration Reform Programme (FEPAR). All of these programmes will close in April 2016. The PSAGP has been designed to enable a continuation of the results being delivered by these programmes, but will introduce important differences in strategy and approach, in particular by strengthening the link between governance reforms and service delivery. The proposed approach is fully described in the accompanying business case and its annexes. DFID will provide up to £100 million between 2016 and 2021 to the overall package of financial support for the PSAGP. We would expect this component to have a financial envelope in the range of £40m-£60m.
4. These Terms of Reference cover the first pillar of the PSAGP - Accountable, Capable and Responsive Government - which will strengthen processes,

practices and capabilities within government to ensure the more accountable and effective use of public resources. The programme will facilitate multi-stakeholder collaboration and collective problem-solving to address strategic bottlenecks that constrain public institutions from delivering critical development outcomes.

5. DFID Nigeria is looking for a Service Provider to deliver the Accountable, Capable and Responsive Government pillar of the PSAGP. The Service Provider will be expected to deliver a flexible and adaptive approach that is informed by an understanding of the changing political economy context in Nigeria. The Service Provider should be ready to innovate, learn and adapt in order to deliver maximum results and value for money.

## **Objective**

6. The overarching objectives of hiring a Service Provider for the programme are:
  - i. To deepen the design of the proposed Accountable, Capable and Responsive Government programme (during an inception phase) by refining the approach, methodology and results framework outlined in the Business Case.
  - ii. To ensure that the proposed programme optimises opportunities for poverty reduction and social impact (including for women and girls, Persons with Disabilities, and other marginalised groups), while minimising risk within the social, cultural and political context of Nigeria.
  - iii. To ensure that the proposed programme will avoid creating, reinforcing or exacerbating poverty, inequality, social exclusion, and grievances related to violence or conflict and that likely constraints to effectiveness and possible unintended consequences have been considered and mitigated against.
  - iv. To deliver the programme results while ensuring maximum value for money using management systems that ensure strong financial controls over the use of DFID resources, rigorous monitoring and evaluation, and active lesson learning, adaptation and innovation.
  - v. To work in support of the broader objectives of the Nigeria Public Sector Accountability and Governance programme by working in close partnership with the other pillars of the programme and developing linkages with other development programmes working on service delivery and sectoral issues.

## **The recipient**

7. The recipients of the services are Nigerian citizens, Nigerian Ministries, Departments and Agencies (MDAs) and legislative wings of government.

## **The scope**

8. The three pillars of the PSAGP will help Nigeria to achieve stronger public sector accountability and governance supporting the better delivery of public goods and services that are required for inclusive growth and poverty reduction, reducing the incentives and space for corruption. All three pillars of the

programme will work to deliver a common impact statement defined as “*more accountable, effective and evidence-informed governments that prioritise the sustainable delivery of public goods and services that respond to citizens’ needs.*”

9. The Service Provider will be expected to begin operations during the inception phase in the current ten DFID states.<sup>1</sup> There will also be a substantial federal level component to the programme, and limited activities at local government level. It is critical that strong links will be made, where appropriate, between the federal, state and local levels. The federal component and target states are likely to be reviewed during the inception and implementation phases on the basis of performance and strategic criteria.
10. The Service Provider will be expected to use an approach to supporting sustained governance reforms that reflects political economy realities, is based on an understanding of poverty and the social and cultural context (including the potential cultural, social and conflict barriers to reform) and an identification of feasible reform pathways, and deploys DFID resources to greatest effect to sequence and tailor support so as to incentivise reform.
11. Violent conflict is a major barrier to development in Nigeria and several of the programme’s target states are ones in which violent conflict, often linked to ethnic and political groupings, is common. The Service provider will therefore give consideration to understanding Nigeria’s conflict dynamics and how the programme may interact with these in relevant states. The programme must be implemented with a commitment to the principles of ‘do no harm’

## Requirements

12. The Service Provider will be expected to propose an approach and plan to deliver the programme results described below. Proposals will be expected to draw on the Service Provider’s knowledge of the Nigerian political economy context, their experience of supporting public sector management and reforms, and their knowledge of international evidence on what works and what does not. The approach should emphasise the importance of lesson learning, adaptation and innovation, and should explain in detail the management systems that the Service Provider intends to put in place to perform these functions. Management systems should enable the Service Provider to adjust flexibly the programme budget, mix of staff skills and working methods. The management systems should also clearly demonstrate the ability to scale up or scale down the delivery team as appropriate.
13. The outcome of the Accountable, Capable and Responsive Government pillar is that “*Citizens benefit from Federal and State Governments that become*

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<sup>1</sup> These are Anambra, Enugu, Jigawa, Kaduna, Kano, Katsina, Lagos, Niger, Zamfara and Yobe

*increasingly effective at managing resources to address key delivery and policy issues”.*

14. The ‘Accountable, Capable and Responsive Government pillar’ will deliver relevant outputs in support of this outcome, using a politically aware and adaptive approach. The indicative (but not limited to) result areas in the Business Case are:

- Policies and strategies devised, implemented, monitored and evaluated at federal and state level - *to prioritise more transparent and efficient resource use, reflecting citizens’ needs*. The Service Provider will be required to develop an approach to deliver substantial and sustainable improvements in the capacity of state, federal and local governments.
- Public financial management systems and execution improved at federal and state level - *to reduce space and incentives for waste, inefficiency and corruption*. The Service Provider will be expected to support sustainable and substantial improvements in the quality of public financial management (PFM).
- Public employment and personnel management systems improved and deployed at federal and state level - *to enable more effective and efficient delivery of government policies*. The Service Provider will be expected to make a substantial and sustainable contribution to delivering reforms in public service management (PSM).

15. The Service Provider will also implement joint initiatives with DFID sectoral programmes to highlight the linkages between governance issues and the quality of service delivery. This will include joint analysis and joint interventions where appropriate to address weaknesses in the sectors. The Service Provider will work closely with the Engaged Citizens pillar of the PSAGP to encourage engagement by civil society, media and legislatures in budget processes. We expect the Service Provider to have a budget line and indicative outputs for these collaborative initiatives.

16. The Service Provider will be required to complete the following activities during the **inception phase**:

- Engage closely with the outgoing SPARC programme to ensure a smooth handover and transfer of experience.
- Deliver and agree with DFID an approach paper specifying how the programme will test and refine the outputs and theory of change set out in the Business Case. The paper should set out the proposed approach to delivering the outcome at local, state and federal state, and suggest outputs that will link to one another and the other pillars of the PSAGP. The paper should take account of the findings of SPARC and FEPAR’s Project Completion Reviews.

- A joint assessment (with pillar 2 of PSAGP) of the geographic footprint of the programme taking into account the political economy analysis of the current ten states where SPARC and SAVI work as well at the Federal level and provide recommendations to DFID on the most appropriate way to work to deliver outcomes. We would expect to continue with Kano, Kaduna and Jigawa as focal states. However, there is an assumption that the relationship with the other seven states that SPARC and SAVI currently work in will change. Note: Further guidance will be provided on DFID's future geographic footprint at the beginning of inception.
  - Scoping of salient issues at federal, state and local level where there is potential for entry points that could result in improved policy and service delivery. The selection of issues should also reflect opportunities for joint working with other pillars of the PSAGP and other DFID programmes.
  - Where relevant, an initial conflict assessment, coupled with an analysis of how the programme and activities will impact on the conflict dynamics with in each state.
  - Agreement with the Programme Steering Committee on a Value for Money framework for the programme (using the four dimensions of efficiency, effectiveness, economy, and equity) and the Delivery Profile (included in the tender pack).
  - Agreement with the Programme Steering Committee on a broad work plan for the first full year of implementation that demonstrates Value for Money and includes proposals for joint working with other pillars of the PSAGP.
  - Office(s) fully established and core staff recruited with a clear plan for how the management systems will allow for scaling up or scaling down the delivery team as appropriate and covering the breadth of skills required for the successful delivery of the project.
17. During the implementation phase the Service Provider will be required to deliver the outputs in line with performance targets indicated in the results framework. These outputs will be adaptable over the life of the programme to ensure the overarching outcomes are achieved. The Service Provider will be expected to review results and lessons learned on a regular basis in order to adapt its approach to ensure maximum impact and value for money.
18. The Service Provider will provide quarterly and annual progress reports to the Programme Steering Committee. This will include regular reporting on performance indicators and programme expenditure, updates on risk and political economy analysis, and value for money analysis. The progress reports should highlight new evidence and lessons learned, and proposed adaptations to the programme approach.
19. The programme will be subject to independent reviews in the form of an inception review after the inception phase, followed by annual reviews, a mid-

term review and a project completion review. All the pillars will be reviewed jointly and will feed into the overall scoring of the PSAGP.

### **Performance requirements**

20. The Service Provider will be engaged under a performance based contract.
21. The level of payments and their timing will be linked to the delivery of outputs and outcomes, including financial management performance milestones and will include incentives to encourage joint working with other DFID projects.
22. DFID will be looking for suppliers to make proposals on the form of the performance based contract in their bids. The proposals should demonstrate a balance between risk and reward with progressively more challenging results as the programme matures. DFID will be looking for proposals with robust arrangements for ensuring performance monitoring, accountability for delivering VFM (including on the equity dimensions of VFM), incentives for delivering results, innovation and collaboration with other DFID programmes. Please also refer to ITT volume 2 - Annex A (Delivery Profile).
23. As stated in the Business Case we expect Service Providers to ring-fence some project funding for collaborative activities with other pillars of the PSAGP and with other DFID sector programmes. These funds will be used on the basis of joint work plans agreed between the programme pillars and other DFID sector programmes.

### **Constraints and dependencies**

24. The successful Service Provider is expected to be in place by February 2016 to ensure a smooth transition from the SPARC programme which will close in April 2016. The Service Provider will need to be willing to work in full co-operation with the other pillars of the PSAGP and the Programme Steering Committee.

### **Management and Reporting**

25. A Programme Steering Committee will be established to oversee the coordinated implementation of all three pillars of the PSAGP. This will include DFID advisers and the managers of each PSAGP pillar. Other key DFID service delivery programmes are also expected to be represented on the Committee.
26. The Service Provider will be required to provide the following reports:
  - An inception work plan to be submitted to DFID after three weeks in country. The work plan will be approved by the Programme Steering Committee;
  - A complete inception report to be submitted to DFID at the end of the inception phase covering all the requirements specified under paragraph 16. The bidders are expected to propose the length of the inception period in their bids (up to a maximum of six months). The inception report will be reviewed and approved by the Programme Steering Committee;

- Financial forecasts of expenditures, monthly invoices, quarterly progress and financial reports, external audit reports on the annual financial statements according to a format to be agreed with DFID during the inception phase.
- The Service Provider will be required to provide evidence on results, analyse lessons learned, and explain how the programme has been adapted in the light of evidence on its effectiveness and the changing political economy context. This should be documented in an accessible form, circulated to programme partners and interested parties and made available on a website.

### **Timeframe**

27. This is a five-year programme (February 2016- January 2021). The first year will include an inception phase (estimated to be 6 months from February 2016- August 2016). The selected Service Provider will be expected to mobilise on site in Nigeria by February 2016 in order to ensure a two month overlap with the outgoing governance programmes.
28. At the end of the Inception phase there will be a break point to review the inception outputs. Progress to the Implementation Phase will be subject to satisfactory performance of the Service Provider and upon delivery of Inception outputs and the continuing needs of the Programme. There will also be an annual break point to review implementation phase outputs. Progress to each implementation phase will be dependent on satisfactory performance of the Service provider and upon delivery of the previous implementation phase outputs. The Terms of Reference and budget for the project will also be part of the review process.
29. DFID reserves the right to scale down/up the programme dependent upon performance of the service provider or changes in the political context at any time during the life of the programme. Throughout the programme, the Service Provider will be required to achieve the deliverables and outputs set out in the TORs, ensuring that the programme is sufficiently flexible to scale up or down as appropriate in the prevailing reform environment; Conduct regular political economy analysis to enhance understanding of the dynamics in the partner agencies, and impact on the programme.

### **Duty of care**

30. The Service Provider is responsible for the safety and well-being of their Personnel and Third Parties affected by their activities, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.
31. DFID will share available information with the SP on security status and developments in-country and where appropriate.
32. The Service Provider 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 below.
  - A security briefing for all SP Personnel on arrival, including reference to the latest travel advice available on the Foreign and Commonwealth Office

website. Travel advice is available on the FCO website and the SP must ensure they (and their Personnel) are up to date with the latest position

- 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 SP may use to brief their Personnel.

33. Tenderers must develop their ITT Response on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID. They must confirm in their PQQ Response 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.

34. If you are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, your PQQ will be viewed as non-compliant and excluded from further evaluation.

35. 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.



## DFID Overall Project/Intervention Summary Risk Assessment Matrix

**Project/intervention title: Public Sector Accountability and Governance Programme**

**Date of assessment: 09/07/2015**

Theme	DFID Risk score	DFID Risk score
	Zone 1	Zone 2 ( if a split assessment)
OVERALL RATING <sup>2</sup>	4	2
FCO travel advice	4	2
Host nation travel advice	Nil	Nil
Transportation	3	3
<b>Security</b>	<b>4</b>	<b>4</b>
<b>Civil unrest and violence/crime</b>	<b>4</b>	<b>4</b>
<b>Terrorism</b>	<b>4</b>	<b>4</b>
War	1	1
Hurricane	1	1
Earthquake	1	1
Flood	2	2
Medical Services	2	2
Nature of Project/ Intervention	2	2

**Locations: Zone: 1 Kano, Jigawa, Kaduna, Katsina, Zamfara, Yobe**

**Zone: 2 Abuja, Lagos, Enugu and Anambra.**

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

<sup>2</sup> The Overall Risk rating is calculated using the MODE function which determines the most frequently occurring value.

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