TERMS OF REFERENCE FOR PO8555
THE IMPLEMENTATION OF THE ZIMBABWE ECONOMIC STABILITY AND TRANSFORMATION PROGRAMME
(ZEST)

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List of Abbreviations:

Acronym	Definition
ZEST	Zimbabwe Economic Stability and Transformation Programme
CSO	Civil Society Organisations
BEEP	Business Environment Enabling Programme
BEFSIP	Business Environment, Financial Sector and Investment Project
GDPR	General Data Protection Regulation (GDPR)
BMO	Business Membership Organisations
MDA	Government Ministries, Department and Agencies
GoZ	Government of Zimbabwe
PDIA	Problem Driven Iterative Approaches
TA	Technical Assistance
VFM	Value for Money
KPI	Key Performance Indicator
IMF	International Monetary Fund
GDP	Gross Domestic Product

1. INTRODUCTION

1.1 This Terms of Reference detail the requirements for the Zimbabwe Economic Stability and Transformation (ZEST) programme and build on the successful business environment and investment climate work DFID has already funded through the Business Enabling Environment Programme (BEEP) that ended in December 2017.

1.2 The expected results of the programme will be:

- **Impact:** Help unlock Zimbabwe's prosperity potential through stable and inclusive growth
- **Outcome:** Increased Government capacity to deliver economic reforms with greater public knowledge and pressure to act
- **Outputs:** High-quality, practical and responsive technical analysis, policy advice and advocacy on good economic governance

2. CONTEXT

2.1 Zimbabwe has been one of the most under-performing economies in Africa over the last twenty years. Zimbabweans suffered one of the worst periods of hyperinflation in global history between 2005-2008 with formal employment falling dramatically. The country now has one of the highest levels of informalisation in the world according to IMF estimates.

2.2 Despite a rapid economic recovery post-hyperinflation between 2009-2012 economic growth has since slowed and the economy remains highly fragile. High fiscal deficits since 2016 have led to significant macroeconomic imbalances, which have seen a return to inflation and rapidly rising domestic debt. The IMF projects negative growth of around 5% in 2019.

2.2 Following elections in 2018 the Government of Zimbabwe has committed to comprehensive economic reforms to drive economic recovery, set out in a two-year Transitional Stabilisation Programme (TSP). The Government has also recently agreed an 11-month Staff Monitored Programme with the IMF to support fiscal consolidation and monetary reforms.

2.3 Zimbabwe has considerable potential for economic growth with a relatively skilled workforce, substantial natural resources and established infrastructure networks. Zimbabwe has the building blocks of a diverse and inclusive economy. But improved economic governance is needed to realise this potential. Sound macroeconomic management and a more enabling business environment (including secure property rights) could unlock significant potential for job-intensive exports in agro-processing, services and tourism.

3. THE OBJECTIVE

3.1 ZEST is designed to support improvements in economic governance and the business environment to help unlock Zimbabwe's prosperity potential. Through supporting reforms of economic governance policies, instruments and implementation, ZEST will help to facilitate inclusive economic recovery and trade and investment links, including with the UK, thereby reducing poverty in Zimbabwe.

3.2 ZEST will need to be flexible and adaptive to changing political and economic circumstances, able to capitalise on emerging opportunities, and build on the UK's existing influence, leadership and strong relationships in Zimbabwe. It will be evidence-driven, and aim to leave no one behind, promoting inclusive growth and remaining sensitive to gender and disability equality.

3.3 ZEST aims to support improvements in economic governance and the business environment in Zimbabwe by assisting key participants in:

- advocating for economic governance reforms,
- implementing reforms/improving the ability to implement sound policies and
- improving capacity to monitor and adjust reforms for best fit.

Key participants may include:

a. Civil Society Organisations (CSO's), Business Membership Organisations (BMO's) and the business media (demand-side);
b. Research institutions and think-tanks (information/service providers to the demand and supply sides)
c. Government Ministries, Department and Agencies (MDA's) (supply-side)

3.4 Assisting non-government organisations and institutions will enhance their capacity to effectively advocate for reform and their capacity to then monitor Government's progress in effecting change. Working with government organisations will support their ability to deliver reforms and monitor progress. Improving the capacity of organisations to participate in public/private dialogue, and either advocate effectively for change, or have the capacity to implement it, will lead to systemic improvements in economic governance and the enabling environment, contributing to sustainable economic growth. Furthermore, strengthening the capacity of research institutions and think tanks to undertake effective policy research will enhance the quality and quantity of information available to inform policy dialogue and reform.

3.4 The sustainability of activities will be critical to the long-term success of the programme. For this reason, the demand-side focus will be on strengthening the ability of local and/or locally-invested BMOs/CSOs to participate in dialogue and advocate for change, not of the programme undertaking this advocacy and participation itself.

3.5 There are five key principles that will underpin the development of the ZEST programme. The programme will:

- Work on areas that will have the most catalytic impact on inclusive long-term growth. This programme will focus on activities that have the best chance of supporting long-term transformational growth, whilst leaving no one behind.
- Be effective in promoting economic governance reforms. Interventions needs to be aligned to Zimbabwe's own reform priorities.
- Be flexible and adaptive, retaining flexibility to adapt to changing political and economic circumstances, and ensuring activities suit the current context and are in line with UK development policy and strategy for Zimbabwe.
- Represent excellent value for money (VfM), delivering high impact with efficient and effective expenditure.

4. THE RECIPIENTS

4.1 The main recipients of ZEST programme services will include BMOs, business media, CSOs, research organisations and policy/advocacy organisations, and Government of Zimbabwe. The specific recipient organisations will be determined as the programme progresses and can change during the life of the programme.

5. SCOPE OF WORK

5.1 The programme will work at a national level, supporting national organisations and their provincial chapters where appropriate. This could be through direct engagement or through the provision of a limited amount of sub-grants to other niche organisations for specific pieces of work.

5.2 As stated, ZEST aims to support improved economic governance and the business environment in Zimbabwe, by assisting key participants in both advocating for reforms and implementing reforms or improving the ability to implement reforms. More specifically, this means the programme will:

- Stimulate dialogue between government, civil society and the private sector on issues of importance to economic governance and growth, and ensure that policy is well-informed;
- Assist organisations to conduct and access good quality research to strengthen the evidence base for dialogue and change on economic governance, business friendly policy, legal and regulatory change. This will provide a strong base from which to formulate evidence-based policy positions;
- Improve co-ordination and collaboration of pro-growth advocacy activities amongst business and trade associations, civil society, media and research institutions.
- Support improvements in the leadership and governance of business and trade associations to enhance professionalism and sustainability of business associations and their core activities;
- Work with relevant government MDAs (government Ministries, Departments and Agencies) to provide relevant and appropriate supply side responses to the ZEST programme's demand-side activities;
- Support MDAs to identify ways of addressing regulatory and institutional constraints on growth;
- Improve the technical capacity of MDAs to formulate, reform or fully implement policies on economic governance which will foster inclusive economic growth and a positive enabling environment;
- Identify possible champions of reforms and those who would possibly block reform efforts of this initiative, with the aim of achieving their buy-in;
- Develop communications strategies to influence stakeholders (through public opinion broadly or amongst small groups of decision-takers).

5.3 The exact activities the programme will undertake will be dependent on the contextual research and mapping undertaken during the inception phase and emerging opportunities through the life of the programme, but the broad remit would be in the following areas:

A. **Support the private sector and civil society to improve the context for policy making:** Improving the capacity of civil society and business groups that act in the economic space to make a positive contribution to the wider economic governance dialogue, helping to build resilience in the private sector. Indicative examples of advocacy outputs are: Support to business associations and inclusive platforms for public-private dialogue; Arranging investment conferences and trade missions; Policy dialogue events on job creation and labour regulations; Business engagement on Local Content policies or Business engagement on SME formalisation Strategy. This workstream will have a fund element to be disbursed to grantees and is expected to be 20% of the total programme funding.

B. **Analytical research to improve public knowledge:** Conducting research on economic governance to improve public knowledge and transparency, providing expertise and ensuring wide dissemination to create impetus for positive action. Indicative examples of potential analytical outputs could be: Analysis on mineral taxation regimes & transparency; Analysis on financial sector deepening and inclusion or Feasibility and bankability analysis of future infrastructure investments.

C. **Technical Assistance:** The provision of technical assistance and wider capacity building activities to support improved capacity in reform-minded organisations (both government and non-governmental. Indicative examples of technical assistance outputs could be: Support for tax policy review and administration reforms; Advice on public financial management reforms, fiscal transparency and debt management capacity; Advice on international experience with Special Economic Zones; Support to build capacity of the new Zimbabwe Investment Development Agency or Policy advice on rural development and inclusive agricultural models

The Supplier will monitor the wider economic governance and business environment fields on an ongoing basis and to identify any emerging opportunities within it. The Supplier will coordinate with other programmes to ensure complementarity in activities

6. METHODOLOGY

6.1 ZEST aims to interact with and seek to influence a complex and sensitive economic environment. Its success therefore will depend on several underlying principles of operation:

a. A comprehensive and extensive knowledge and understanding of contextual dynamics in the operating environment;
b. The need for an adaptive and evolving programme approach.
c. The ability to integrate appropriate mechanisms for capturing feedback for the programme to respond in a timely and proportionate manner to on the ground realities.

6.2 As such, the manner in which ZEST operates and how it will incorporate these principles to achieve the over-arching objectives will be critical to the success of the programme. Working adaptively requires critical thinking and ongoing reflection, the development of innovative tools and systems, and relationships of trust to be maintained by the Supplier.

6.3 DFID envisages ZEST to be implemented and monitored through the use of a methodology that ensures a clear and consistent approach to institutional reform, that is locally defined and locally led with the emphasis on adaptive change. Such a methodology should focus on the overarching objective, incorporate strategic direction through intermediate focal points, but enable experimentation with alternative routes to achieve the outcome and build in learning at every step of the process to ensure that value is still gained from alternatives that do not succeed.

6.4 Other analytical tools should also be employed as part of the implementation of the programme. For example, ZEST should fully integrate Political Economy Analysis and Conflict Analysis into activities, ensuring these are used as live tools to inform the programme; other tools such as Actor Network Mapping, could also be built into ZEST where appropriate.

6.5 Flexible and adaptive institutional reform approaches must look first to in-country practice, looking to learn from and adapt this, before incorporating external best practice. This has the advantage of enabling local ownership of activities and solutions, and a core element of ZEST will be to support Zimbabwean counterparts to own and define priorities and to lead their own reforms with technical support. Where this is less possible to do directly, the programme will seek to embed knowledge and structures so that as many benefits as possible are sustained.

6.6 Strategic direction will be provided through quarterly, formal meetings of a Steering Committee. The function of the Steering Committee will be to:

- Provide oversight and set the overall direction of the programme;
- Promote synergies across intervention areas (including with other programmes) and Zimbabwean institutions;
- Strengthen local ownership of the programme's activities and promote political will to support delivery;
- Assess the overall delivery progress of the programme, help to manage and advise on higher level risks, and advise on major decisions DFID and its partners need to take with regards to the shape and focus of the programme.

6.7 Membership of the Steering Committee will include DFID and will include expert and independent individuals from external institutions. The format of formal engagement of the Steering Committee should also be flexible, retaining the capacity for example to build in different issue-specific fora or hold several different meetings with key interlocutors, and able to evolve depending on implementation experience.

6.8 Appropriate technical oversight and quality assurance must be applied and should as a minimum:

- Provide ongoing monitoring of project progress.
- Identify and co-manage shared risks across intervention areas.
- Agree on key messages and recommendations to the Steering Committee.
- Operationalise identified synergies across intervention areas and entry points for collaboration across projects and report on them.
- Share operational and strategic lessons and practical experience.
- Discuss developments in the operating environment that can help other intervention areas in the framework to deliver.
- Encourage more informal cross programme linkages likely via a regular forum for implementing partners to showcase progress.
- Promote innovation, adopt new ideas and creative solutions to emerging challenges.
- Ensure iterative learning processes are actively built into project decisions and are actively informing the development of the project.

6.9 **Fund Management:** The Supplier for ZEST should also be flexible, retaining the ability to act as a 'fund manager' for any sub-grants that may be appropriate, supporting selected non-Government partners to undertake activities in the fields of advocacy for economic governance and business environment reform; or to develop and implement activities directly where appropriate. The fund element is expected to be in the region of **20% of** the contract value. However, all support and assistance, whether provided to downstream partners or directly, should be provided in a structured and strategic manner which fosters collaboration and partnership, builds in iterative learning, and demonstrates sustainability and inclusiveness. The delivery mechanism for any sub-grants will need to meet DFID's due diligences standards and demonstrate compliance with DFID's subsidy policy.

6.10 The supplier will need to ensure that potential short-listed grantees or recipients of ZEST funding are thoroughly reviewed, and capacity assessed - these assessments should include a thorough financial assessment (robust and reliable financial internal control systems, annual accounts and legal status) and governance structures (institutional arrangements, strategic planning, human resource management etc. The supplier must ensure due diligence requirements are met in vetting of potential grantees (including policies on safeguarding, child protection, fraud control, anti-corruption and environmental protections). The supplier will be required to advise selected grantees on financial accounting, reporting, procurement, and other compliance practices associated with the programme.

7. MONITORING AND REPORTING

7.1 Progress and results on ZEST should be monitored, measured and evaluated through the use of a search frame, rather than a logframe. A search frame is a monitoring tool focused on iterative adaptation. The operating environment and the need for ZEST to adapt to emerging opportunities mean a log frame, with pre-determined activities and a linear path, is not an appropriate monitoring tool for ZEST.

7.2 A full search frame will be developed during the inception phase and will then be adapted as the programme progresses. Changes to the search frame will be agreed by the Steering Committee.

7.3 Accountability will be maintained through the definition of specific actions to progress from one focal point to another (defined incrementally as the programme progresses), with timeframes; and through the development of a clear, structured and detailed monitoring, evaluation and learning (MEL) strategy at the start, which includes the process by which learning will be undertaken at each iteration and then incorporated into the next, to ensure value is still generated from activities which do not succeed. Focal points will be linked to payment milestones where feasible.

7.4 Quantifiable data from the search frame will be used to inform a qualitative analysis in each Annual Review. Broadly, Annual Reviews (and the PCR) would assess progress against three pillars: 1) bilateral work on economic governance reforms; 2) activities on investment climate reform; and 3) how iterative experimentation and learning is being incorporated into the programme. An indicative weighting for these pillars would be 25%:25%:50% respectively, but this is subject to change.

7.5 Quarterly reports will be provided by the implementing partner to DFID and will be used to inform Steering Committee meetings. Both are envisaged to happen every quarter but could happen more regularly (particularly in the early stages of programme delivery) at DFID's discretion. Regular reports will include updates on each separate workstream, including assessments of progress and iterations against the search frame, as well as an assessment of the risks and challenges faced by the programme. Delivery Chain Mapping and asset monitoring should be included as a standing agenda item in the regularly scheduled (no less than quarterly) progress meetings, for discussion and review. The Supplier will monitor the wider economic governance and business environment fields on an ongoing basis to identify any emerging opportunities within it and provide a summary of this to DFID in regular reporting.

7.6 Financial reports will be provided monthly to DFID and will detail actual expenditure on the programme and forecast expenditure for the immediate future (remainder of FY or further when requested). Forecasts for outer years should also be included at the start of each financial year and updated whenever possible, but DFID accepts that the adaptable nature of ZEST will make accurate forecasting for outer years complicated.

7.7 Field monitoring will be carried out as relevant. DFID reserves the right to lead or participate in this field monitoring as desired. In addition, DFID reserves the right to conduct asset monitoring spot checks as considered necessary.

7.8 An external evaluation of ZEST will be contracted separately by DFID. This will be a process evaluation focused on how the programme is being implemented and the appropriateness of flexible and adaptive approaches, with the intention of establishing lessons which can inform programme design for other flexible and adaptable programmes. It is envisaged that this would take place during the second year of ZEST's implementation. The Supplier for ZEST will cooperate with the evaluators as required.

7.9 The Senior Responsible Owner for this programme within DFID will be the Economic Adviser in DFID Zimbabwe's Governance and Economics Team. Additionally, a Private Sector Adviser, Governance Adviser and Programme Manager will be closely involved in the programme.

7.10 In line with normal DFID programme management and governance procedures, the supplier will be required to submit reports as outlined below

- Develop with DFID a satisfactory reporting format including the establishment of necessary systems to generate reliable and accurate information,
- Provide quarterly output based financial reports and narrative summaries of output based work plan deliverables, detailing:
    - Budget actual spend linked to outputs and quarterly updated forecast
    - A narrative description of progress in the last reporting period, highlighting particular achievements or events
    - A summary of issues and concerns that need to be addressed
    - Progress against project work plans and priority actions and/or changes to work plan in the next reporting period
    - Annex listing all technical assistance assignments and operational research commissioned in last quarter
    - Progress against KPI's/milestones
    - Assessments of direction of travel of risks and effectiveness of mitigating actions
    - Fraud and its management
    - Annual Audits
    - VFM reports
    - Assets Management reports
    - Delivery Chain Mapping updates

8. OUTPUTS AND DELIVERABLES

8.1 Phase 1. Inception phase: The Supplier will be required to submit the following for DFID's approval by the end of the inception phase (within 3 months of the beginning of the contract):

1) Contextual research and mapping of key policy reform areas to support (what, where, how)
2) A fully developed[1] search frame;
3) A fully developed Monitoring, Evaluation and Learning plan (MEL) for the programme, with specific focus on the process by which iterative learning will be built into programme implementation;
4) An inception report, including (but not limited to):
    a. A mapping of potential areas of involvement, including an analysis of their potential contributions to improved growth/governance and an assessment of the political (or other) barriers to intervention with mitigation options/solutions;
    b. the justification for engagement in areas identified in the search frame, (including where relevant a rationale for decisions not to work in certain areas/on certain topics)
    c. A proposal on how to ensure interventions are inclusive in nature, demonstrating how vulnerable minorities such as women or the disabled will be included in activities;
    d. A Value for Money strategy/assessment
    e. A proposed communications strategy for programme activities (acknowledging political sensitivities tailored to specific workstreams), including proposals for how UK funding will be acknowledged and publicised where possible;
    f. Procedures for the identification, development and procurement of activities, including the handling of due diligence, allocation of indicative proportion of budget, and sub-grants to any selected partners.;
5) A Risk Management Strategy with complete risk register and risk analysis for the programme;
6) A detailed Delivery Chain Map: The Supplier shall provide and maintain an up to date and accurate record of named downstream delivery partners in receipt of DFID funds and/or DFID funded inventory or assets. This record must demonstrate how funds/Assets flow from the initial source to end beneficiaries. Note: This will be an enduring requirement throughout the implementation phase also. This record needs to be updated as needed, and at least quarterly, by the Supplier, and when there are material changes to the delivery chain.
7) Asset register. The Supplier shall provide and maintain an up to date and accurate record of any DFID funded inventory or assets over £500 (this record must include any named downstream delivery partners in receipt of said DFID funded inventory or assets) and demonstrate how these are managed/reviewed (either in a main supplier or delivery partner context).

[1] 'Fully developed' means a search frame which maps out different workstreams and focal points towards the overall objective, and initial specific actions steps; it does not mean defining every action step the whole way to the overall objective.

Note: This will be an enduring requirement throughout the Implementation Phase also. This must be updated quarterly by the Supplier to reflect the status of said assets.

8) The organisational structure, roles and responsibilities; including internal rules governing the reporting relationships within the proposed governance structure, highlighting any areas where conflicts of interest may arise and how they may be addressed/mitigated in line with the Terms and Conditions of Contract.
9) A detailed budget proposal for FY19/20 linked to a proposed workplan for the implementation phase.
10) Monthly meetings will be held between DFID and the Supplier during the inception period to discuss progress and direction of the programme.
11) A value for money strategy outlining KPI and VFM indicators
12) An exit strategy plan- The Supplier must provide, as part of the Inception Phase deliverables, and adhere to a clear exit and handover strategy to facilitate a smooth transition post June 2023, including in relation to knowledge transfer and conflict of interest. The Supplier will develop a strategy for a responsible exit leading up to the withdrawal of DFID funding at the end of the Contract and country engagement strategies should outline measures to ensure sustainability into the future. This programme will end in 2023 and there is no assurance of additional funding. Country engagement strategies should outline measures to ensure sustainability and hand over to public sector or local private sector organisations to ensure sustainability of services into the future.

8.2 Phase 2. Implementation phase: To be agreed with DFID during the inception phase, and subject to flexibility in line with flexible and adaptive principles and the search frame concept. Indicative deliverables are given below but not limited to:

1) Ongoing contextual research and analysis to influence the ZEST work programme
2) Annual Budgets and work programmes to be approved by the Steering Committee
3) Delivery of activities agreed in annual work programmes
4) Ongoing reviews of results performance against the agreed Search Frame, with formal annual reviews to feed into DFID Annual Review cycle.
5) Bi-annual narrative reports on implementation status of agreed activities
6) Quarterly reviews of the programme risk register informed by ongoing risk assessments
7) An asset register. The Supplier shall provide and maintain an up to date and accurate record of any DFID funded inventory or assets over £500 (this record must include any named downstream delivery partners in receipt of said DFID funded inventory or assets) and demonstrate how these are managed/reviewed (either in a main supplier or delivery partner context). Note: This will be an enduring requirement throughout the Implementation Phase also. This must be updated quarterly by the Supplier to reflect the status of said assets.
8) Value for Money strategy with agreed targets and baselines to be assessed in bi-annual VfM reports
9) Monthly meetings will be held between DFID and the Supplier during the inception period to discuss progress and direction of the programme.

8.3 End of contract: Three months before the end of the contract, DFID expects that a lessons learnt workshop will take place, and that a final report will be produced. This final report will as a minimum include a programme summary and identify key lessons learnt from implementation (on both the content of activities and the methodology of implementing the programme), but the exact structure and format will be agreed with DFID at the time.

9. CONSTRAINTS AND DEPENDENCIES

9.1 The programme will avoid duplicating other similar on-going initiatives carried out through other HMG programmes or through programmes supported by other donors. The programme will take a holistic approach to the participation of other stakeholders to ensure engagement and prevent duplication.

9.2 The programme should be aware that DFID funded a range of Market development/M4P activities under the Business Enabling Environment Programme (BEEP), and activities in this sector under ZEST would be expected to build on the progress made under BEEP. DFID Zimbabwe would expect a smooth follow on from the BEEP programme and will facilitate this where possible.

9.3 DFID envisages that some activities under ZEST could be follow-on activities from work-streams under BEEP, even direct continuation if appropriate, but the remit of ZEST is much wider than that of BEEP

10. TIMEFRAME AND BUDGET

10.1 The supplier will provide the ZEST services for a period of 4 years from September 2019 to September 2023.

10.2 The contract for ZEST will be split into two phases:

- Phase 1: inception phase (3 months);
- Phase 2: implementation phase (45 months).

10.3 The Zimbabwean political and economic context is complex and uncertain, and the ability of any programme to deliver progress on reform in this context is relatively unknown. Given this, contract for ZEST will be subject to break points at the following points:

- At the end of the inception phase;
- After the second year of implementation

10.4 Continuation of the services after these periods will be based on an assessment of the operational context and on satisfactory performance and progress of the Supplier.

10.5 The total budget for the contract for the ZEST programme is £13million inclusive of all government taxes

10.6 Equally, if circumstances change and/or substantial progress can be demonstrated, then this programme may be significantly increased in time and/or budget. An increase in value of up to 50% for up to a further two years.

10.7 The Supplier should commit to being fully prepared in the event that any decision is made to scale up (increase) or scale down (decrease) the scope of the programme. DFID reserves the right to scale back or discontinue this programme at any point in line with DFID's contractual Terms and Conditions.

11. PAYMENT MECHANISMS/PERFORMANCE REQUIREMENT

11.1 DFID encourages payment-by-results approaches where appropriate but accepts this may not always be feasible. Given this, DFID proposes the following payment approach for this contract:

- Inception phase: this will be contracted on a milestone basis, where payment will be made contingent on approval of quality inception phase deliverables as outlined in paragraph 8.1.
- Implementation phase: payment will be a combination of input and performance related payments linked to KPIs.

11.2 The Cost Proforma, 'Tab 2.2 – Disbursements', requires the Supplier to identify all programme payment references in Table 1. DFID expects measurable project activity milestone payment details to be provided for the Inception period.

11.3 If a milestone has not been delivered at the expected time, the associated payment will be withheld and a 'reasonable' amount of time (up to 4 weeks) allowed for the supplier to deliver as '*Completed*' as per DFID's conditions of contract (section 2). If a milestone is critically time-bound, meaning DFID has stated a specific date for on-time delivery as '*Completed*', then this will be made explicit to the Supplier(s) at the outset and the impact of any late delivery will result in non-payment. The table below categorises milestone progress against payments:

Milestone progress during the reporting period	Category	Payment
No progress against planned milestone	Not started	Nil Payment
Less than 50% completion of the milestone	Started	% To be agreed
50% or more completion of planned milestone	Advancing	% To be agreed
100% achievement of planned milestone as per DFID agreement of Milestone Achievement Certificate	Completed	Full payment

11.4 If a milestone has only partly been met '*Started*' or '*Advancing*' and completion of the milestone is out of the Supplier(s) control, due to unforeseen circumstances, then (where appropriate) DFID will seek to make a payment proportionate to what the supplier's level of effort has been, categorised as a % in the table above. (The % will be agreed between DFID and the supplier during inception phase)DFID will allow a reasonable amount of time and flexibility to adjust for the supplier to deliver the remaining milestone unless the milestone was determined as 'time-bound'.

11.5 If there is a dispute over the quality of a milestone then feedback will be provided, and the Supplier(s) allowed one opportunity to improve the deliverable to the required standard and for full payment to be made.

11.6 Transition from Inception phase to Implementation will be dependent on satisfactory completion of milestones in the inception phase and subject to DFID approval of inception phase requirements, as set out below.

11.7 Proposed KPIs are shown on Appendix C and para 5.3. Supplier(s) are free to propose precise milestones payments. The milestones for the inception phase of the programme should include all the requirements as set out Section 8 of this ToR.

11.8 KPIs will link delivery of targets to an agreed payment schedule. Performance at implementation phase will also be tracked through progress against SMART outputs/results set out in the search framework.

11.9 The first element of a hybrid contract is payments linked to results/milestones for an effective delivery of the project. All, or a proportion of, the payment of programme fees will be linked to delivery of agreed milestones, the amount will be proposed by the supplier as part of commercial criteria 8.

11.10 The second element of the Hybrid contracting model is payment linked to satisfactory achievement of KPIs as identified in Appendix C. The Supplier will apply the proportion of these costs (20% risk share as a minimum) to be withheld, this will be proposed in supplier's commercial proposal at commercial criteria 8. KPIs address the Supplier performance in terms of managing the programme. Appendix C details the applicable KPIs and the weighted scoring system is set out in Table 2 below. KPI linked payments will be pro-rata as outlined in Table 2. Table 2 indicates the scoring system for measuring performance and % amount of costs 'at risk'. Appendix C details each KPI and the allocated 'Category Performance' percentage weighting to any given KPI. Each KPI will be scored 1-5 based on the scoring methodology indicated in Table 2. The score (1-5) is then multiplied by the respective KPI weighting (Category Performance % indicated in Appendix C to provide the KPI weighted score. All the KPI weighted scores will be added together to determine a Total Score Achieved (0-500). The % Costs withheld is dependent on the Total Score Achieved.

Table 2: Weighted scoring system for use with KPIs.

Scoring Methodology	Scoring	Total Score Achieved	% Core Team Costs withheld
Serious Underperformance Consistently below requirements	1	0-199	Full % risk share withheld
Underperformance Often below requirements	2	199-299	Three quarters of % risk share withheld
Less than Satisfactory Sometimes performs below requirements	3	300-399	Half of % risk share withheld
Satisfactory Mostly meets requirements	4	400-449	Quarter of % risk share withheld
Good Performance Consistently meets requirements	5	450-500	Full Payment

11.11 Supplier costs, not linked to delivery of specific milestones, will be paid monthly with the agreed % of core team costs retained and subsequently reconciled at the end of each quarter. The quarterly reconciliation payment will be dependent on the performance of the Supplier as scored against the KPI's in Appendix C. Quarterly contract management meetings will be held with DFID, and the Supplier must build this KPI payment element into its proposed Contract Management Plan.

11.12 Scoring of the KPIs will be performed by DFID, including inputs from the full DFID programme team, the TPM and the Supplier. This performance scoring system will include a process whereby any disputes concerning achievement of the KPIs or otherwise can be dealt with effectively as part of the overall contract management plan.

11.13 A ZEST bank account must be opened locally by the supplier and used for ZEST project funds 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.

11.14 The Supplier will need to be able to operate on terms of payment which provide for payment on delivery of agreed deliverables/ outputs.

11.15 During the inception phase and during the first period of the implementation phase, the call for proposals for grants will be assessed based upon their offer of payments based upon programme milestones.

11.16 During implementation phase, there will be an expectation that a minimum of 20% of the supplier's payments will be based upon agreed results with DFID and the remainder being paid upon achievement of agreed milestones. As part of the tender submission, bidders should outline their committed percentage expenditure on results even if they are not at this stage able to confirm what those specific log-frame outputs/ results will be.

11.17 It is expected that the ZEST will conduct and make available to DFID a statutory external audit of the ZEST bank account for each of the financial years in which funds are paid.

12. DUTY OF CARE

12.1 The Supplier will be responsible for their own safety and well-being and Third Parties affected by the consultants' activities under this contract, including appropriate security arrangements. The Supplier will also be responsible for the provision of suitable security arrangements for their domestic and business property.

12.2 DFID will share available information with the Supplier on security status and developments in-country where appropriate. Travel advice is also available on the FCO website and the Supplier must ensure it (and its personnel) are up to date with the latest position.

12.3 The Supplier must develop their Tender on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix developed by DFID (see Appendix B of this ToR). The Supplier must 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 capability to manage their Duty of Care responsibilities throughout the life of the contract.

12.4 Acceptance of responsibility must be supported with evidence of capability and DFID reserves the right to clarify any aspect of this evidence. In providing evidence, the Supplier should consider the following questions:

- Have you completed an initial assessment of potential risks that demonstrates your knowledge and understanding, and are you satisfied that you understand the risk management implications (not solely relying on information provided by DFID)?
- Have you prepared an outline plan that you consider appropriate to manage these risks at this stage (or will you do so if you are awarded the contract) and are you confident/comfortable that you can implement this effectively?
- Have you ensured, or will you ensure that your staff (if any), are appropriately trained (including specialist training where required) before they are deployed, and will you ensure that on-going training is provided where necessary?
- Have you an appropriate mechanism in place to monitor risk on a live / on-going basis (or will you put one in place if you are awarded the contract)?
- Have you ensured, or will you ensure that your staff (if any) are provided with and have access to suitable equipment and will you ensure that this is reviewed and provided on an on-going basis?
- Do you have appropriate systems in place to manage an emergency / incident if one arises?

13. GENERAL DATA PROTECTION REGULATION (GDPR)

13.1 Please refer to the details of the GDPR relationship status and personal data (where applicable) for this project as detailed in App A and the standard clause 33 in section 2 of the contract.

14. COMPLIANCE WITH COUNTER-TERRORISM LEGISLATION[2]

14.1 As per the latest draft policy statement and the interim guidance, DFID's obligations under the legislation are set out below. They apply to suppliers to:

- Identify your partners
- Keep appropriate records
- Identify risks and be clear about the process for escalating risks
- Develop good relationships with your partners
- Report any suspicions and incidents to the counter-fraud and whistle blowing unit

14.2 DFID programme implementers and partner agencies are responsible for:

- Being aware of the legislation and their responsibilities
- Being aware of and vigilant to the potential risks of terrorism.
- Ensuring their funding, assets and other resources cannot be used for activities that may or may not appear to be used to support terrorist activities.
- Supporting strong governance arrangements, financial controls and risk management policies and procedures that fit their needs. This will provide better safeguards against a range of potential abuse, including terrorist abuse.

[2] https://www.gov.uk/government/publications/operating-within-counter-terrorism-legislation

- Keeping DFID informed of evolving risks and reporting any incidents immediately to DFID
- Reporting any suspicions to the police. This is a legal requirement.
- At a minimum, partners need to be aware of which Syrian organisations are designated terrorist organisations (DTO) under CT legislation.

14.3 In addition to compliance to CT legislation, the supplier will also be required to adhere to all other relevant UK and EU legislation.

15. UK AID BRANDING AND TRANSPARENCY

15.1 Transparency, value for money, and results are top priorities for the UK Government. DFID has a duty to show UK taxpayers where their money is being spent, its impact, and the results achieved. DFID has guidance on the use of its logos, which will be shared with the Supplier as necessary.

15.2 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. 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 IATI information is available from: http://www.aidtransparency.net/

16. RISK

16.1 The Supplier will be required to set out their fraud and safeguarding mitigation strategies including internal risk management and reporting systems. DFID will further require that annual financial audits include spot checks of high-risk areas of programme activity and – if any causes for concern arise – these must be reported to DFID immediately. DFID will reserve the right to conduct a full forensic audit. DFID takes a zero-tolerance approach to fraud.

16.2 The Supplier will also be required to develop a risk management strategy during the Inception Phase. This should include a robust approach to appraising and managing risks associated with provision of funding to national and subnational governments.

17. DELIVERY CHAIN MAPPING

17.1 In advance of any release of funds, the Supplier will be required to produce a delivery chain risk map which should, where possible, identify all partners (funding and non-funding e.g. legal/contributions in kind) involved in the delivery of a programme. Risk maps should be reviewed and updated periodically, in line with agreed programme monitoring processes and procedures. A suggested format should include details of:

- The name of all downstream delivery partners and their functions.
- Funding flows (e.g. amount, type) to each delivery partner
- High level risks involved in programme delivery, mitigating measures and associated controls

18. RISK OF FRAUD

18.1 The risk of fraud through downstream Supplier or with partners in country will need to be partly mitigated through the Supplier due diligence of downstream Supplier, ensuring acceptable levels of financial control and reporting and safeguarding before granting funds. It will also be partly mitigated through the TPM. The Supplier will be required to set out how they will monitor the performance and financial management of downstream Supplier and national partners supported through the programme.

29. SAFEGUARDING

19.2 DFID maintains a zero-tolerance approach to sexual exploitation and abuse within Supplier organisations, which includes their downstream supply chains. We expect DFID partners to follow our lead and robustly consider environmental and social safeguards through their own processes. The capacity of our partners to do this and their effective performance will be a key risk assessment factor in programme design, delivery and monitoring and evaluation.

APPENDIX A: GENERAL DATA PROTECTION REGULATION (GDPR)

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 DFID and any changes to the content of this schedule must be agreed formally with DFID under a Contract Variation.

Description	Details
Identity of the Controller and Processor for each Category of Data Subject	The Parties acknowledge that for the purposes of the Data Protection Legislation, the following status will apply to personal data under this contract**:** 1) The Parties acknowledge that Clause 33.2 and 33.4 (Section 2 of the contract) 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 Personal Data necessary for the administration and/or fulfilment of this contract.
Subject matter of the processing	
Duration of the processing	
Nature and purposes of the processing	
Type of Personal Data [and Special Categories of Personal Data]	
Plan for return and destruction of the data once processing complete.	**(UNLESS requirement under EU or European member state law to preserve that type of data)**

APPENDIX B –DFID OVERALL PROJECT/INTERVENTION SUMMARY RISK ASSESSMENT

Country: **ZIMBABWE**

Date of assessment - as at: **10 June 2019**

Assessing official: **DFID**

Theme	**DFID Risk score**
	National
OVERALL RATING[3]	3
FCO travel advice	1
Host nation travel advice	unknown
Transportation	3
Security	2
Civil unrest	2
Violence/crime	3
Terrorism	1
War	1
Hurricane	1
Earthquake	1
Flood	2
Medical Services	2
Nature of Project/ Intervention	**3**

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

NB: This is an assessment of the current situation. The situation in Zimbabwe may possibly change over the life of the programme.

Post Security assessment for Zimbabwe is currently at Medium Risk rating 3

[3] The Overall Risk rating is calculated using the MODE function which determines the most frequently occurring value.

APPENDIX C: KEY PERFORMANCE INDICATORS

Weighting (%)	KPI Name	Criteria
30%	Quality of deliverables and alignment with projects outputs	Timelines of milestones and results delivery . Quality and relevance of technical assistance provided to stakeholders measured by satisfaction levels. # of agreed and defined deliverables completed with a high level of quality, professionalism, and attention to detail.
10%	Quality of Reporting and adherence to work plan and schedule	Degree to which reports provided by the supply partner are timely, accurate, concise and reflective of business needs. Includes aggregated data and financial reporting. Measured by percentage completion rate of work plan activities and budget utilisation rate
10%	Personnel	Performance of team (including team leader) and appropriate level of expertise / skill level of personnel allocated to the project and staff turnover of the core team. Performance of team and appropriate level of expertise Ability to problem solve and address issues
5%	Financial Management and Adherence to budget	% variance of project delivery in comparison to budget / estimate or expectations. Timely submission of forecasts and invoices
15%	Value for Money	Degree to which the supply partner can maximise value for money. Reporting on vfm and demonstrable examples of effectiveness. Percentage of vfm indicators rag rated green i.e. above baseline
10%	Innovation & Innovative Solutions	Degree and number of valuable, innovative and flexible solutions suggested to solve the problems being faced. Where appropriate implement measures to drive process efficiencies.
10%	Knowledge Sharing & Lessons Learned	The supply partner actively captures, and shares lessons learnt (including undertaking appropriate evaluations relevant for the programme and country context) and acts upon recommendations
5%	Collaboration	The supply partner has sought out collaborations with other supply partners and partners and delivers effectively with other organisations.
5%	Responsiveness to Feedback	The supply partner has taken on board feedback from the last reporting period, due diligence review findings, annual review findings, audit report findings and Performance Improvement Plan (PIP).