



UNCLASSIFIED

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Foreign &  
Commonwealth  
Office

## Grant Contract

The Parties to this Contract are:

The Secretary for State for Foreign and Commonwealth Affairs represented by:

***Catherine Barber***  
***Prosperity Counsellor***  
***British Embassy Brasilia***

for the Foreign and Commonwealth Office (**the Authority**)  
and

***LSE Enterprise Limited***  
***8th Floor, Tower 3, Houghton Street, London WC2A 2AZ***  
***Simon Flemington, Chief Executive Officer***

(**the Grantee**), referred to collectively as the **Parties** and each individually as a **Party**, on the following terms.

### 1. Introduction and Definitions

1.1 This Grant Contract contains the terms on which grant funding is being provided to the Grantee for the Project.

1.2 In this Grant Contract the following terms have the meanings set out below:

Grant Contract

(a) **'Equipment'** means the tools and machinery which the Grantee may use in order to conduct research and other necessary activity for which grant funding has been provided;

(b) **'Project'** means the activity in support of **Social Infrastructure PPPs in Northeast Brazil – Output 2: At least 1 state and 1 city Government designing social infrastructure PPP projects, in at least 1 social sector based on UK expertise, activities 2.1, 2.2, 2.3 and 2.4.**

for which the Authority has sought proposals and awarded grant funding to the Grantee under this Grant Contract;

(c) **'Project Implementation'** means all steps which the Grantee undertakes in order to deliver the Project which is being supported by funding provided under this Grant Contract.

1.3 Any reference to UK primary legislation (Acts) or secondary legislation (Statutory Instruments) in this Grant Contract includes reference to any changes to or replacement of those Acts or Statutory Instruments.

## 2. Grant Offer

2.1 The Authority offers to pay the Grantee the grant funding set out in this Grant Contract **on condition that** the Grantee complies fully with the terms of this Grant Contract.

2.2 The Grantee acknowledges that the Authority agrees to provide funding only for the amount, period and purposes set out in this Grant Contract.

## 3. Purpose of the Grant

3.1 The Authority is providing grant funding for the implementation of the project entitled: **Social Infrastructure PPPs in Northeast Brazil – Output 2: At least 1 state and 1 city Government designing social infrastructure PPP projects, in at least 1 social sector based on UK expertise, activities 2.1, 2.2, 2.3 and 2.4** ("the Project"). The Project outputs and activities are set out in Annex A.

3.2 The Grantee accepts responsibility for the proper use and administration of all funding provided under this Grant Contract and undertakes that this will be used only for the purpose of carrying out the Project in accordance with Annex A.

## 4. Grant Funding Period

4.1 The grant funding period is from **1 April 2015 to 31 March 2016**.

4.2 Project Implementation will begin on the day after the last of the two parties signs this Grant Contract.

## 5 Amount of the Grant

5.1 The Authority shall provide up to a maximum of **£ 45,000.00** towards the total costs of the Project, of which **£ 45,000.00 (forty five thousand sterling pounds)** will be paid in the current financial year.

5.2 The Authority does not guarantee grant funding for subsequent periods after the term of this Grant Contract. If the Authority were to provide additional grant funding this will depend on factors including:

(a) The availability of funding to the Authority and

- (b) Full compliance with the terms of this Grant Contract by the Grantee in the period covered by this Grant Contract.

## 6. Timing of Grant payments

- 6.1 Payment will be made 1 month in arrears.
- 6.2 The Authority will not authorise payment unless the Grantee has:
- (a) signed and returned a copy of this Grant Contract to the Authority;
  - (b) provided appropriate bank details including a method for identifying the Authority's funding either in a separate bank account or by using project codes; and
  - (c) complied with the terms of this Grant Contract, especially the reporting requirements.
- 6.3 The Authority reserves the right to withhold all or any payments of the grant funding if it has reasonably requested information and/or documentation from the Grantee and this has not been provided to the Authority within the timescales reasonably required.

## 7. Managing the Grant

### Reporting

- 7.1 The Grantee shall provide a quarterly monitoring report and a financial report every 3 months during the grant funding period starting from **30<sup>th</sup> June 2015**.
- 7.1.1 The **quarterly monitoring report** shall:
- (a) describe the Project activities completed and the results achieved
  - (b) contain an assessment of progress made against the proposals in original bid documents
  - (c) refer to the indicators of success in Annex A (the Final Bid Form).
- 7.1.2 The **financial reports** shall state:
- (a) how much funding was spent
  - (b) the purpose of the expenditure in (a) above
  - (c) whether any funding was used for consultant's fees or travel expenses.
- 7.2 When the Project has been completed the Grantee shall prepare and send a final report ("the **Project Completion Report**") to the Authority within the period that the Authority requests. This report shall contain a detailed breakdown of all expenditure for the grant funding period. The Authority will only make a final grant payment when the Project Completion Report has been submitted to the relevant representative of the Authority, in the format requested and with all of the information that is required.
- 7.3 The Grantee shall send originals or copies of invoices and receipts to the Authority within one (1) calendar month after sending a financial report to the Authority.
- 7.4 Where a Project has an annual expenditure of over £200,000 the Grantee shall provide externally audited financial reports to the Authority unless the Parties agree otherwise.

## Monitoring and Evaluation

- 7.5 The Authority will supervise the progress of the Project throughout the grant funding period and reserves the right to:
- (a) carry out Evaluation Visits at a time agreed with the Grantee and after giving reasonable notice; and/or
  - (b) to appoint an external evaluator.
- 7.6 The method and timing of the Evaluation of the Project will be at the Authority's discretion.
- 7.7 The Grantee will make staff available to meet with, answer questions and provide management information to the evaluator appointed by the Authority.
- 7.8 The Authority and the Grantee shall undertake a joint review of the Project if the Authority considers it necessary to refocus the Project outputs. If, at any stage, the Project outputs are not achieving the agreed objectives, impact and delivery the Authority may terminate the Project.

## Surplus funding

- 7.9 The grant funding must be spent in the financial year for which it was approved. Funds may only be carried over *in exceptional circumstances* with the **prior written agreement** of the Authority's authorised representative.
- 7.10 The Authority and the Grantee shall work together to ensure effective management of the grant funding provided under this Grant Contract.

## Additional governance

- 7.11 In order to ensure its accountability to Parliament or any other body authorised to scrutinise its use and management of public funds or in order to assess risks of fraud or guard against potentially fraudulent use of grant funding, the Authority reserves the right to:
- (a) make grant funding subject to such arrangements (including terms of reference, steering committees and virtual boards) as it considers reasonable, appropriate and proportionate to manage the relationship with the Grantee. This reservation may be exercised because of the budget, scope or complexity of a Project; or
  - (b) commission an external audit of the financial reporting provided by the Grantee at any point in the grant funding period. Where the Authority exercises this right, it will bear the cost of such audit.

## Recovery of funding

- 7.12 If the Authority makes an overpayment to the Grantee, it will seek recovery of all sums overpaid. The Grantee shall repay any overpayment to the Authority within thirty (30) calendar days of receiving a written request from the Authority to make a repayment. If there is a dispute between the parties about the overpayment, repayment will not be made until the dispute has been resolved.
- 7.13 The Authority retains the right to recover any funds given to the Grantee under this Grant Contract which have not been used for the purposes of implementing the Project or cannot be accounted for.

## Financial Irregularity

- 7.14 If the Grantee has good reason to suspect fraud or any other misuse of any grant funding paid under this Grant Contract, it must notify the Authority immediately, explain the steps that are being taken to investigate the suspicion and keep the Authority informed of the progress and outcome of the investigation.

## **8. Other uses of grant funding**

### Procurement

- 8.1 The Grantee must obtain value for money when using grant funding and shall act in a fair, open and non-discriminatory manner when buying goods and services.
- 8.2 The Grantee shall follow its own procurement guidelines and procedures when buying goods and services using grant funding provided under this Grant Contract.
- 8.3 If the Authority requests information from the Grantee about the use of grant funding provided under this Grant Contract for procurement, the Grantee shall provide sufficient information to show that its procurement processes are transparent, fair, allow for competition and was cost effective.

### Equipment – Purchase and disposal

- 8.4 The Authority provides funding under this Grant Contract on the basis that the Grantee will not use grant funding to purchase Equipment in order to implement the Project.
- 8.5 If the Grantee considers that it is necessary or that it may be necessary to use grant funding to buy Equipment it shall inform the Authority of this at the earliest opportunity. The Grantee shall not purchase Equipment using grant funding provided under this Grant Contract unless the Authority has consented to such use of the funding and this is recorded in writing as an additional annex to this Grant Contract.
- 8.6 The Authority reserves the right to consider any failure to seek its consent before using grant funding to buy Equipment as a significant breach of this Grant Contract for which the Authority may end this Grant Contract.

- 8.7 If the Grantee buys Equipment to implement the Project it shall maintain a record and notify the Authority of such purchases using grant funding. Entries in the record must include the following information:
- (a) description of the item(s)
  - (b) specific identification (e.g. serial number)
  - (c) date of purchase
  - (d) where the item was purchased
  - (e) original value (including VAT, if paid)
  - (f) person responsible for the purchase
- 8.8 If the Grantee has an existing process by which it records all purchases, this process may be used to record the information set out in clause 8.7(a)-(f).
- 8.9 If the Grantee buys Equipment with the Authority's consent, any such Equipment with an initial value of £1,000 and a useful life of more than one (1) year at the end of the grant funding period will be the property of the Authority and must not be disposed of except as the Authority directs.
- 8.10 If the Grantee has an existing process or policy regarding the ownership and disposal of Equipment which is inconsistent with clause 8.9, it shall make the Authority aware of this at the earliest possible opportunity when bidding for funding from the Authority.

## **9. Authority Access to sites and records**

- 9.1 The Authority may request reasonable access for its authorised representatives, after giving the Grantee notice, to:
- (a) Project sites which the Grantee owns or occupies and where any activity in support of the Project has been undertaken and/or
  - (b) records (however these are stored) which show how grant funding for the Project has been used.

## **10. Lawful conduct**

- 10.1 The Grantee acknowledges that the Authority is subject to the Freedom of Information Act 2000, the Data Protection Act 1998 and the Equality Act 2010.
- 10.2 The Grantee must ensure that it complies with any applicable law or organisational directives and regulations which is binding on it.
- 10.3 The Grantee shall also cooperate with the Authority (to the fullest extent permissible and consistent with its obligations under any applicable law or rules) to enable the Authority's compliance with its obligations under the legislation referred to in clause 10.1 or other applicable legislation which applies to the provision of grant funding under this Grant Contract.

10.4 The Grantee acknowledges that, where the Authority is required to disclose information in line with its obligations under the UK Freedom of Information Act 2000, it shall be responsible for determining whether any information relating to this Grant Contract is exempt from disclosure. If the Grantee provides information to the Authority which is designated as commercially sensitive or confidential these markings shall not determine conclusively whether or not disclosure by the Authority is necessary in order to comply with its legal obligations.

## **11. Transparency**

11.1 The Grantee acknowledges that the Authority shall disclose payments made under this Grant Contract with a value of twenty five thousand pounds (£25, 000) or more in accordance with the UK Government's transparency agenda.

## **12. Publicity – Acknowledgement of Funding**

12.1 The Grantee may acknowledge the grant funding provided by the Authority for the Project in materials produced during the grant funding period and at related public events unless the Authority directs otherwise. Where the Authority directs that its funding must not be acknowledged the Grantee shall comply with this instruction.

12.2 The Grantee must consult the Authority regarding the content of any promotion or publicity regarding the Project particularly if it proposes to use any of the Authority's branding or logos.

## **13. Conflict of Interest and Grantee commentary**

13.1 The Grantee shall ensure that it has adequate procedures in place to enable early identification and effective management of any conflicts of interest which it or its Staff may have in relation to this Grant Contract. Where the Grantee identifies a conflict of interest it shall notify the Authority of this and provide information about how this is being managed.

13.2 In addition to its obligations in clause 13.1, the Grantee shall:

- (a) avoid expressing views which are inconsistent with the Programme Objective when speaking to external partners in order to deliver the Project;
- (b) make clear that it does not represent or speak for the Authority or the Government of the United Kingdom in any situation where it expresses views;
- (c) check with the Authority first before making any statements which might be covered by clauses 13.2 (a) or (b).

## **14. Amendment of this Grant Contract**

14.1 This Grant Contract may be amended only by written agreement of the Parties.

## **15. Breach of Grant Conditions, Temporary Suspension and Termination**

### Temporary suspension of performance

15.1 Either Party may notify the other of any event or matter which was neither caused by the Parties nor is within the control of the Parties which prevents, delays or is likely to prevent or delay the performance of its obligations under this Grant Contract. In this situation, the Parties may agree to suspend the performance of obligations under this Grant Contract temporarily for a period of up to 1 calendar month (“Temporary Suspension Period”).

### Termination

15.2 Either Party may terminate this Grant Contract by giving one (1) month’s notice to the other if:

(a) the other Party commits a significant breach of any terms of this Grant Contract and the breach is not remedied after communication and within the period agreed by the Parties; or

(b) there is a significant event which was neither caused by the Parties nor is within the control of the Parties and this prevents the implementation of the Project.

15.3 The Authority may terminate this Grant Contract by giving one (1) month’s notice in writing to the Grantee, if:

(a) any changes occur, which in the sole opinion of the Authority, impair the value of the contribution to the Project or towards the Authority’s Programme Objective;

(b) The funding available to the Authority becomes, or is likely to become, in the Authority’s sole opinion, insufficient for it to continue to finance the Project.

15.4 On termination of this Grant Contract the Grantee shall provide financial and narrative reports (including invoices and receipts) up to the date of such termination.

## **16. Insurance**

16.1 The Grantee shall ensure that it has such insurance in place as is necessary for the normal conduct of its activities. Where it is necessary for the Grantee to purchase additional insurance cover in order to perform its obligations under this Grant Contract, the Grantee shall ensure that it has all relevant insurance in place prior to the start of the grant funding period.

## **17. Liability and Indemnity**

17.1 Neither Party may limit its liability for personal injury or death caused by negligence, fraud or fraudulent representation.



- 17.2 Subject to clause 17.1, the Authority does not accept any liability to the Grantee or to any third Party for any costs, claims, damage or losses however they are incurred.
- 17.3 The Grantee agrees to indemnify the Authority for any costs, claims, damage or losses which arise as a result of negligence by the Grantee or out of any breach by the Grantee of any terms of this Grant Contract.

## **18. Grantee responsibility for Staff**

- 18.1 The Grantee undertakes to provide adequate supervision of and care for its staff, authorised agents and representatives.
- 18.2 In the event that it is necessary for the Grantee or any of its representatives or associates involved in the Project to travel in order to perform the tasks specified in Annex A, the Grantee shall be responsible for obtaining security advice from security providers that are established and reputable with appropriate experience, qualified personnel and insurance cover. The costs of any specialist security provision shall be borne by the Project budget.
- 18.3 Subject to 18.4, where the Authority has publicly advised against all travel to a country or region where the Project is to be implemented or where the Authority has highlighted specific security or safety concerns, the Grantee must liaise closely and in good time with the Authority about the feasibility of travel to such country or region.
- 18.4 The Authority acknowledges that where the Grantee has access to its own source of advice and processes for ensuring the safety and security of its personnel (including contractors and other authorised agents) it will rely on such provisions and shall bear the responsibility for all such personnel.

## **19. Intellectual Property Rights**

- 19.1 Any intellectual property rights which arise in the course of the implementation of the Project by the Grantee shall belong to the Grantee provided that the Grantee hereby grants to the Authority a worldwide, perpetual, royalty free licence to use such intellectual property rights for any purpose directly connected with the Project.
- 19.2 Except as provided for in clause 19.1 above, this Grant Contract shall not grant either Party any rights over the other Party's intellectual property rights. In particular, neither Party shall own or assert any interest in the other Party's existing intellectual property rights "Background IP".
- 19.3 The Grantee warrants that it will take all reasonable steps to ensure that its implementation of the Project under this Grant Contract will not infringe any intellectual property rights of any third Party. The Grantee agrees to indemnify and hold the Authority harmless against all liability, loss, damage, costs and expenses (including legal costs) which the Authority may incur or suffer as a result of any claim of alleged or actual infringement of a third Party's intellectual property rights **because of the Grantee's negligent implementation of the Project.**

## **20. Information about Grantee Staff and Sub-contractors**

- 20.1 The Grantee acknowledges that in some circumstances the Authority may for security purposes require information regarding its Staff and subcontractors or other authorised representatives. Where the Authority makes such a request the Grantee shall, subject to clause 20.2, provide the Authority with such information as the Authority may require in order to carry out any security checks it deems necessary.
- 20.2 When providing information to the Authority in line with clause 20.1, the Authority acknowledges and the Grantee agrees that such disclosure will be to the extent that this is permissible under any of the following:
- (a) the UK Data Protection Act 1998 (if applicable);
  - (b) the principles of transparency, legitimate purpose and proportionality; or
  - (c) any other legislation or personal data protections rules, policy or practice that applies to the Grantee.

## **21. Dispute Resolution**

- 21.1 The Parties shall attempt in good faith to negotiate a settlement to any dispute between them arising out of or in connection with this Grant Contract.
- 21.2 The Parties may settle any dispute using a dispute resolution process which they agree.
- 21.3 If the Parties are unable to resolve a dispute in line with the requirements of clauses 21.1 or 21.2, the dispute may, by agreement between the Parties, be referred to mediation in accordance with the Model Mediation Procedure issued by the Centre for Effective Dispute Resolution (“CEDR”), or such other mediation procedure as is agreed by the Parties. Unless otherwise agreed between the Parties, the mediator will be nominated by CEDR. To initiate the mediation the Party shall give notice in writing (the ADR Notice) to the other Party, and that latter Party will choose whether or not to accede to mediation. A copy of the ADR Notice should be sent to CEDR. The mediation will start no later than 14 days after the date of the ADR Notice.
- 21.4 The performance of the obligations which the Grantee has under this Grant Contract will not cease or be delayed because a dispute has been referred to mediation under clause 21.3 of this Grant Contract.

## **22. Entire Agreement**

- 22.1 This Grant Contract constitutes the entire agreement between the Parties and supersedes all negotiations, representations or agreements either written or oral preceding it, without prejudice to the Authority’s rights and remedies at law or otherwise.

## 23. Governing Law

23.1 This Grant Contract will be governed by and construed in accordance with substantive English law and the Grantee hereby irrevocably submits to the non-exclusive jurisdiction of the English courts. The submission to such jurisdiction will not (and will not be construed so as to) limit the right of the Authority to take proceedings against the Grantee in any other court of competent jurisdiction, nor will the taking of proceedings by the Authority in any one or more jurisdictions preclude the taking of proceedings by the Authority in any other jurisdiction, whether concurrently or not.

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Simon Flemington  
Chief Executive Officer  
Date

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Catherine Barber  
Prosperity Counsellor  
Date

Annex A      The Final Bid Form

FCO Strategic Programme Fund and Bilateral Programme Fund

**PROJECT PROPOSAL FORM**

(For projects worth **over £80,000**)

\* To be completed by the Post

<b>Project Title</b>	<b>Social Infrastructure PPPs in Northeast Brazil</b>	
<b>Which Programme is the funding being sought from *</b> <i>Policy Programme title or Bilateral Programme Budget</i>	Prosperity Fund	
<b>Project Code *</b> <i>To be added once the Project has been approved and the code is provided by the Programme Team</i>		
<b>Is the Project ODA eligible *</b> Yes/No	Yes	
<b>ODA Codes *</b> <i>To be added by Post using guidance in Annex 2 and 3 of "<a href="#">OECD's ODA Reporting Guidance</a>".</i>	<b>Input Sector Code</b>	43020 – Economic Poverty Reduction Budget Support for Economic Infrastructure and Development Planning
	<b>Channel of Delivery Code</b>	10000

**Part A: To be completed by the Project Implementer**

<b>Project Title</b>	<b>Social Infrastructure PPPs in Northeast Brazil</b>
<b>Purpose</b>	<b>Bahia, Ceará, Paraíba, Pernambuco, and Sergipe; and Salvador, Fortaleza, Aracaju, Recife, and Maceio designing and implementing social infrastructure PPPs in health, education, waste management, and prisons.</b>
<b>Context and Need for the Project</b>	<p><b>Context</b></p> <p>Implemented by the LSE Enterprise and FESPSP during 2013/2014, the Project ‘Improving PPPs in Brazil’ promoted efficiency and transparency on PPP projects on Northeast states and municipalities. During the project activities, we added new government beneficiaries and built demands for collaboration for future projects, based on the recognition of UK experience with PPPs. <b>The project concluded that social infrastructure PPPs in areas such as health, waste management, and education is the main priority for states and city governments in the region.</b> The UK is a leader in this area and <b>apart from benefiting Brazil, the project will create significant business opportunities for UK companies.</b></p> <p>This project will <b>support states and cities in the Northeast of Brazil to deliver social infrastructure PPPs using the UK as a reference, also supporting the creation of a levelling playing field market.</b> To achieve that Purpose, the implementers will <b>(Output 1) strength and expand the United Kingdom – Northeast Region PPPs Forum</b> by bringing together top level public officials and decision makers to take part of meetings and training/workshops, <b>showcasing the British experience in PPPs</b> in sectors such as health, education, waste management and prisons.</p> <p>The implementers will <b>(Output 2) build knowledge and support decision makers to design and implement social infrastructure PPPs based on UK expertise.</b></p> <p>The project will also <b>(Output 3) disseminate best practices in social infrastructure PPPs and competition procedures’ to other Brazilian states, city governments and the Brazilian Federal Government.</b></p>



### **Timing**

The year of 2015 is the time to start this project as the new ministers of Finance and Planning, Budgeting and Management of the **reelected Rousseff Administration have explicitly said they want to increase the number of PPPs and concession projects to help improve Brazil's infrastructure in a moment of fiscal constraint.**

At a good timing, the **project will strengthen the PPP business environment in the region, not only improving local infrastructure projects, but also facilitating the entrance of UK companies in this new market.**

**In addition to that, new state governments in the region are also very keen to implement new social infrastructure projects via PPPs in a period of public finance constraints. The UK presence there at this moment is very important to ensure UK expertise is selected as the main reference.**

### **Benefit to the UK**

Brazil will invest US\$215bn in infrastructure in the next 4 years. **British companies can access this investment.** The UK has world-class consultancy and cutting edge technologies that Brazil needs but doesn't have. **Social infrastructure PPPs represent a particular comparative advantage for the UK with lack of same level competitors in Brazil or abroad.**

**British businesses will benefit from an improved PPP business environment in the Northeast region and from a facilitated entrance of international companies in this market.** Via the project, UK companies in social infrastructure related areas such as health, prisons, urban mobility, and education will be regarded as the best option by Brazilian sub national governments as sources for the design and delivery of PPPs.

**PPPs were first designed in the UK and are widely used by policy makers to deliver infrastructure projects and social services.** UK expertise will help Brazil to design and implement more transparent, efficient, fair, and competitive PPP projects in social infrastructure.

	<p><b>Organisations such as Infrastructure UK, HMTreasury and specific British businesses are regarded as references in Brazil.</b></p> <p><b>The project will serve as a major tool to unlock opportunities for the UK in social infrastructure projects.</b></p>
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<b>Cost</b>	<b>Cost to FCO FY15/16</b>	<b>£ 177,000</b>		
	<i>Cost to Co-funders</i>	£ 45,000	<b>Total FY15/16</b>	£ 222,000
	<b>Cost to FCO FY16/17</b>			
	<i>Cost to Co-funders</i>		<b>Total FY 16/17</b>	
<b>Co-Funding</b>	<p><b>Yes</b></p> <p>The project beneficiaries (states and city governments) will provide in kind and monetary <b>co-funding</b> to support project events, communication strategy, flight tickets, accommodation and coffee breaks <b>worth £ 75,000 in both years.</b></p>			
<b>Timing</b>	Planned start date:	April 2015	Planned completion date:	March 2016

**PLEASE ATTACH A FULL ACTIVITY BASED BUDGET (in Excel). Proposals without an activity based budget will not be considered**  
The Activity Based Budget must match the activities and timings set out below



<p><b>Will the Implementing Partner</b> be sub-contracting any other agencies to carry out elements of the project activities? If Yes, please provide details</p> <p><i>Good procurement procedures <u>must</u> be followed – please refer to Annex C of the FCO Grant Contract</i></p>	<p><b>No</b></p>
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<p><b>Implementing Agency</b> <i>Name; Address; Telephone Numbers; Email; Website</i></p>	Name of Implementing Agency	<b>London School of Economics Enterprise (LSE Enterprise)</b>	
	Address	Eighth Floor, Tower Three, Houghton Street London, WC2A 2AZ, United Kingdom	
	Contact Name	Carlos Alexandre Nascimento	
	E-mail/phone	<a href="mailto:C.A.Nascimento@lse.ac.uk">C.A.Nascimento@lse.ac.uk</a> +55 11 7788 1768	
	Website	<a href="http://www.lse.ac.uk">www.lse.ac.uk</a>	
	Name of Implementing Agency	<b>Fundação Escola Sociologia e Política de São Paulo (FESPSP)</b>	
	Address	Rua General Jardim, 522 - Vila Buarque, São Paulo - SP, 01223-010, Brazil	
	Contact Name	Rafael Castilho	
	e-mail/fax or phone	<a href="mailto:castilho@fespsp.org.br">castilho@fespsp.org.br</a> +55 11 99685 7669	
	Website	<a href="http://www.fespsp.org.br">www.fespsp.org.br</a>	
<b>Country or countries covered</b>	Brazil		
<b>Have you bid for funding from the</b>	LSE Enterprise and FESPSP implemented the Project 'Improving PPPs in Brazil: Efficiency and		



<p><b>FCO in the past three years?</b> <i>Please provide details of any bids made and/or projects implemented</i></p>	<p>Transparency' during fiscal years 2013/14 and 2014/2015.</p>
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Project Plan				
Purpose/Objective: Bahia, Ceará, Paraíba, Pernambuco, and Sergipe; and Salvador, Fortaleza, Aracaju, Recife, and Maceio designing and implementing social infrastructure PPPs in health, education, waste management, and prisons.				
Indicator(s)	Baseline	Sources	Milestones	Target & Date
<p><b>At least 1 state and 1 city government in the Northeast Region designing and implementing social infrastructure PPP projects,</b> with better-prepared civil servants, based on UK expertise.</p> <p>Because of project's dissemination strategy, <b>UK seen as the best option for delivery of social infrastructure PPPs</b></p>	<p>Despite the huge potential, there are very few social infrastructure PPP projects going on in the Northeast Region and very few public servants with capacity to design and implement them.</p>	<p>LSE Enterprise and FESPSP data collection among the beneficiaries</p> <p>Beneficiaries official reporting</p> <p>Beneficiaries PPP units</p> <p>Radar PPP</p> <p>Press cuts</p>	<p>Quarterly progress reports (June/September/December/2015; March/June/September/December/2016; March/2017)</p>	<p><b>By March 2016, at least 120 civil servants trained and certified.</b></p> <p>By Marh 2016, <b>at least 1 state and 1 city government with status 'Public Intention' or 'Opened PMIs or MIPs' for social infrastructure PPP projects, in at least 1 social sector based on UK expertise,</b></p> <p>By March 2017, <b>Brazil recognises the UK as the main reference</b> for the design and implementation of social infrastructure PPPs.</p>

**Output 1: United Kingdom – Northeast Region PPPs Forum working at full capacity, with 4 UK knowledge promotion workshops implemented including (a) health, waste management, prisons and education best practices in PPPs projects based on the UK government and UK companies expertise; and (b) improving the participation of UK companies at social infrastructure procurement.**

Indicator(s)	Baseline	Sources	Milestones	Target & Date
<b>At least 120 civil servants from the project beneficiaries with capacity</b> to assess, propose, procure and monitor social infrastructure PPP projects based on the UK expertise.	There is no currently customized workshops offered to the project beneficiaries regarding social infrastructure PPP projects based on UK expertise.	LSE Enterprise and FESPSP data collection among the beneficiaries  Beneficiaries official reporting  Beneficiaries PPP units	Quarterly progress reports (June/ September/December/2015; March/2016)	By March 2016, at least 120 civil servants trained and certified by March 2016.
Activities linked to Output 1	<p><b>1.1 Creation of a project steering Committee</b> composed of representatives from <b>UKTI</b> sectors involved in social infrastructure PPPs, <b>British Embassy Infrastructure related policy officers</b>, <b>British Embassy outreach leads and project implementers</b> in order to ensure actions promoted by the project are in line with UK in Brazil objectives of promoting UK expertise in PPPs and opening the market for UK companies in the most effective way.</p> <p><b>1.2 In partnership with UKTI, deliver at least 4 UK PPP knowledge promotion workshops</b> to showcase the British experience in social infrastructure in sectors such as health, education, waste management, prisons, procurement and competition process to public officials working with PPPs in States and cities of the Northeast Region. It will also be possible to share best practices with other Brazilian states, cities and the Federal Government.</p> <p><b>1.3 Quarterly meetings with top-level public officials representing the project beneficiaries</b> to organize and strength the United Kingdom – Northeast Region PPPs Forum.</p> <p><b>1.4 Promote the Forum</b> to other states and cities of the Northeast Region such as Maranhão, Paraíba, São Luiz, and João Pessoa in order to have all or most of the States and Capitals of the Northeast within the group.</p>			
<b>Output 2: At least 1 state and 1 city Government designing social infrastructure PPP projects, in at least 1 social sector based on UK expertise.</b>				
Indicator(s)	Baseline	Sources	Milestones	Target & Date
<b>At least 1 state and 1 city</b>	There is no current	LSE Enterprise and	Quarterly progress report of	By March 2016, at least 1



<p><b>Government designing social infrastructure PPP projects</b>, in at least 1 social sector based on UK expertise.</p>	<p>social infrastructure PPP projects among the beneficiary cities. State of Bahia has two PPPs in health going on and one close to sign contract and there is also an ongoing PMI for waste management. Ceará has a recently signed contract for a health PPP and there are 2 PMIs for prisons underway. Sergipe has none going on the social infrastructure sector but it is currently defining a possible PPP portfolio, including health and prisons.</p>	<p>FESPSP data collection among the beneficiaries</p> <p>Beneficiaries official reporting</p> <p>Beneficiaries PPP units</p> <p>Radar PPP</p> <p>Press cuts</p> <p>PPP Brasil</p>	<p>March/2016</p>	<p>state and 1 city Government with 'Public Intention' status or opened PMIs or MIPs for social infrastructure PPP projects, in at least 1 social sector based on UK expertise.</p>
<p>Activities linked to Output 2</p>	<p>2.1 <b>Technical mission to the UK for members of the United Kingdom – Northeast Region PPPs Forum</b> and selected guests to perform practical exchange of experiences for social infrastructure PPP projects so to show the potential for designing and implementing PPPs in <b>sectors as health, education, waste management and prisons in the Northeast Region of Brazil.</b></p> <p>2.2 One day <b>workshop in the UK delivered by the London School of Economics</b> for the participants of the mission. The workshop will showcase UK expertise in social infrastructure PPPs.</p> <p>2.3 <b>One day workshop in the UK in partnership with British businesses associations and UKTI</b> so to promote the project beneficiaries PPPs' portfolio and to create business opportunities and interaction with government officials for British companies.</p>			

	<p>2.4 <b>Follow-up meetings with project beneficiaries to ensure UK expertise</b> learned in the UK can be applied locally.</p> <p>2.5 <b>Continuous guidance to project beneficiaries on design of new Social Infrastructure PPPs.</b> To do so, use UK social infrastructure PPPs experts who will come to Brazil for workshops detailed on Output 1 to provide targeted consultancy for local PPP units.</p> <p>2.6 <b>Elaboration and delivery of report with recommendations on the best way to apply UK expertise</b> on social infrastructure PPPs to the Brazilian reality.</p>			
<p><b>Output 3: Dissemination of best practices in social infrastructure PPPs and competition procedures' to other Brazilian states, and city governments, and the Brazilian Federal Government.</b></p>				
Indicator(s)	Baseline	Sources	Milestones	Target & Date
<p><b>Project results disseminated to wider Brazilian audience in at least three major PPP related events</b> with the support of the Brazilian PPPs Network</p> <p>By being involved in the project activities and dissemination strategy, <b>Brazilian Federal Government recognises UK expertise as a reference in the design and delivery of social infrastructure PPPs.</b></p>	<p>UK expertise not widely promoted at PPP related events.</p> <p>Brazilian Federal Government not involved with UK-Northeast PPP Working Group.</p>	<p>LSE Enterprise, FESPSP and British Embassy database</p> <p>Radar PPP</p> <p>Press Cuts</p> <p>Brazilian PPPs Network</p>	<p>Quarterly progress report of March/2017</p>	<p>By March 2017, the updated 'Guia Prático para Estruturação de Programas e Projetos de PPP' disseminated to at least 1000 decision makers involved with PPP projects and interested people on this issue.</p> <p>By March 2017, project results are widely disseminated in Brazil and UK expertise is seen as the best option for the delivery of social infrastructure PPPs.</p>

<p>Activities linked to Output 3</p>	<p>3.1 <b>Promotion of project results at events such as the PPP Summit</b> and other major events related to the subject in Brazil.</p> <p>3.2 <b>Revising and updating the ‘Guia Prático para Estruturação de Programas e Projetos de PPP’</b> developed at the previous implemented project with the inclusion of specific content about best practices in social infrastructure PPPs and competition procedures.</p> <p>3.3 <b>Disseminating the updated guideline to reach PPP</b> related stakeholders from the entire country.</p>
<p><i>ADD MORE LINES AS NEEDED</i></p>	
<p><b>Sustainability</b></p>	<p>By supporting the design and implementation of fairly competitive social infrastructure PPPs in the Northeast states and city Governments and disseminating best practices and project results to other states and the Federal Government, this project will contribute to creating the long-term conditions for implementing high standard social infrastructure PPPs in Brazil. This will benefit the Brazilian population by providing better quality public services - which is one of the actual country’s most pressing needs.</p> <p>Furthermore, the project will support the improvement of the business environment in Brazil, long-term economic growth and facilitate trade between Brazil and other countries. <b>Focusing on UK expertise, as a side benefit the project will pave the way for the participation of UK companies in the social infrastructure market of Brazil’s fastest growing region</b> (Northeast).</p>
<p><b>Monitoring</b></p>	<p>How will the monitoring be carried out and by whom <i>eg site visits, regular meetings etc</i></p> <p>Implementers will regularly meet and assess project results with the beneficiaries either in the cities and states or by phone and e-mail, promoting an open, transparent, engaged and outcome-oriented project culture among all involved.</p> <p>LSEE and FESPSP will regularly report progress to Post by the means of the quarterly progress and financial reports.</p>

<b>Risks</b>	<b>Risk</b>	<b>Impact</b> Low/ Medium/ High	<b>Like- lihood</b> L/M/H	<b>Management</b> <i>How will the risk be managed and monitored, what are the mitigating actions, and who is the risk owner</i>	<b>Escalation Point</b> <i>At what stage will the management of this risk need to be escalated to a more senior colleague and/or flagged to London</i>
	1. Lack of engagement from States and City governments to the project.	<b>H</b>	<b>M</b>	Ceará, Pernambuco, Paraiba, Bahia, Salvador, Recife, Aracaju and Maceio participated in the project design. Fortaleza and Sergipe did not take part of the project design but both were involved in activities of the Project 'Improving PPPs in Brazil'. In addition, the implementers and the Post are checking other options in the Northeast to include and engage more beneficiaries (e.g., Maranhao, Sao Luis and Joao Pessoa) so to reduce the risk concentration.	Quarterly progress report of September/2015
	2. Increased interest and demand for designing and implementing social infrastructure PPP projects does not occur.	<b>M</b>	<b>M</b>	Engage early in the project implementation with project beneficiaries and selected guests so to organize a high level technical mission to the UK, ensuring the project has buy in and the British experience will result in interest and demand for designing and implementing social infrastructure	Quarterly progress report of December/2015



				PPPs in the Northeast Region.	
	3. Dissemination strategy is not effective in reaching other Brazilian states and the Brazilian Federal government.	<b>M</b>	<b>L</b>	Invite since the beginning of the project other states, Capitals and the Federal government to participate of the project activities. Elaborate an effective dissemination strategy.	Quarterly progress report of December/2015
<b>Stakeholders</b>	<b>Stakeholders</b>	<b>Interest</b> L/M/H	<b>Influence</b> L/M/H	<b>Engagement / Communications plan</b> (How to engage, how often and who by/who to)	<b>Owner</b>
	Initial project beneficiaries: States of Bahia, Pernambuco, Paraíba, Ceará and Sergipe, and city governments of Salvador, Fortaleza, Recife, Aracaju and Maceio.	<b>H</b>	<b>H</b>	Senior officials from each state and city government will take part of the project activities since the beginning as direct beneficiaries. Technical officials will also be involved since the start. All beneficiaries are supposed to take part of the technical mission to the UK.	Implementers/Post
	Other Brazilian States and Capital cities in the Northeast Region such as Maranhao, Joao Pessoa, and Sao Luis.	<b>H</b>	<b>H</b>	Senior officials from each state will be invited to take part of the project activities since the beginning so to engage and become direct project beneficiaries. Technical officials will also be invited since the start.	Implementers/Post
	Other Brazilian States and Capital cities such as Minas Gerais, Sao Paulo, Goiás, Rio de Janeiro, Paraná and Santa Catarina, Belo Horizonte, Sao Paulo, Goiânia, Rio de Janeiro, Curitiba and	<b>M</b>	<b>M</b>	Already have best practices experiences on PPPs, or are willing to benefit from the project's outcomes. Senior officials from each state will be invited to take part of the project activities since the	Implementers/Post

	Florianópolis			beginning. Technical officials will also be invited since the start. Those States and cities will be invited to support the project beneficiaries with previous experiences and best practices. Will also benefit from the project's dissemination strategy.	
	Brazilian Ministry of Planning	<b>H</b>	<b>M</b>	Wishes to have a better environment for the implementation of PPPs in the country. Will be invited to project activities and will be invited to be a focal point for the dissemination strategy.	Implementers/Post
	London School of Economics Enterprise (LSE Enterprise)	<b>H</b>	<b>H</b>	Will be one of the project's implementers and will support project activities by providing UK expertise in PPPs.	Post
	Fundação Escola de Sociologia e Política de São Paulo (FESPSP)	<b>H</b>	<b>H</b>	Will be one of the project's implementers and will support every aspect of the project implementation, provide technical support and customize the project to the Brazilian needs and interests.	Post
	PPP Brasil and RedePPP	<b>H</b>	<b>M</b>	Are interested in increasing the quantity of social infrastructure PPPs in Brazil and will be invited for the project activities and provide technical support when requested.	Implementers
	HM Treasury, CityUK, Infrastructure UK, International Project Financing Association	<b>H</b>	<b>H</b>	Interested in disseminate the UK experience on PPPs and benefit from the project results. Will be	Post





	(IPFA), International Finance Corporation (IFC), Confederation of British Industry (CBI), National Health Service (NHS).			invited to participate of the project activities showcasing the UK experience on PPPs.	
	British businesses operating with PFI/PPPs in social and economic infrastructure	<b>H</b>	<b>H</b>	Interested in disseminate the UK experience on PPPs and benefit from the project results with increased market entrance. Will be invited to participate of the project activities showcasing the UK experience on PPPs and interacting with Brazilian public officials and high-level authorities.	Implementers/Post



<b>Beneficiary Groups</b>	<p>Ceará, Pernambuco, Recife, Paraiba, Bahia, Salvador, Aracaju and Maceio participated directly in the project design by the means of contributions during the technical mission to the UK in 2014 and by participating of the event launching the United Kingdom – Northeast Region PPPs Forum, when the idea of this project was first discussed so to reflect wishes, needs and interests of the beneficiaries.</p> <p>Fortaleza and Sergipe did not directly took part of the project design but both were involved in activities of the Project 'Improving PPPs in Brazil', including the technical mission to the UK.</p> <p>The implementers are confident this project really reflects and customize the beneficiaries demand and interests for fostering PPPs in social infrastructure.</p>
<b>Signature of Implementing Agency Lead Contact</b>	Carlos Nascimento
<b>Date</b>	12.02.2015

**Part B: To be completed by Post**


<b>What Programme or CBP Objective</b> does this project help meet	Programme	<p>3.2 Support Brazil to decrease policy barriers that prevent greater international involvement in infrastructure projects.</p> <p>3.3 Support Brazilian state and local governments to implement policies that reduce bureaucracy in tender processes and support the creation of a level playing for businesses at the sub national level.</p>
	CBP	<p><b>Conditions for Growth:</b> Openness, Opportunity, and Reputation.</p> <p><b>Infrastructure Campaign Objective:</b> Creating and promoting business opportunities for UK companies in the Brazilian Infrastructure Sector, championing the UK’s reputation, and opening the business environment for the long run.</p> <p><b>Benefit to UKTI Areas:</b> Healthcare, Built Environment, Education.</p> <p><b>UK government 2020 Export Drive</b> supporting at least one priority sector of healthcare.</p> <p><b>Outreach Strategy</b> by working with cities and states outside the traditional Rio-Sao Paulo-Brasilia area.</p>
<b>How will this project help to deliver</b> that Objective	<p><b>PPPs were first designed in the UK and are widely used by policy makers to deliver infrastructure projects and social services.</b> UK expertise will help Brazil to design and implement more transparent, efficient, fair, and competitive PPP projects in social infrastructure. <b>Organisations such as Infrastructure UK, HMTreasury and specific British businesses are regarded as references in Brazil.</b></p>	

<b>Contact name</b> and details at Post	Guilherme Johnston <a href="mailto:guilherme.johnston@fco.gov.uk">guilherme.johnston@fco.gov.uk</a> +55 11 30942714
In addition to the “need for	Brazil will invest US\$215bn in infrastructure in the next 4

<p>the Project” set out above, <b>what benefit will the Project deliver for the UK?</b>  <i>Please note that if the Project is ODA eligible the primary purpose of the Project <u>must</u> be the development of the host country.</i></p>	<p>years. <b>British companies can access this investment.</b> The UK has world-class consultancy and cutting edge technologies that Brazil needs but doesn't have. <b>Social infrastructure PPPs represent a particular comparative advantage for the UK with lack of same level competitors in Brazil or abroad.</b></p> <p><b>British businesses will benefit from an improved PPP business environment in the Northeast region and from a facilitated entrance of international companies in this market.</b> Via the project, UK companies in social infrastructure related areas such as health, prisons, urban mobility, and education will be regarded as the best option by Brazilian sub national governments as sources for the design and delivery of PPPs.</p>
<p><b>How have lessons learned from previous similar projects</b> been taken into consideration in the development of this idea</p>	<p><b>We have learned from previous projects that when working with local and state governments beneficiary engagement at senior level is very important to ensure project is delivered with impact.</b> For this reason the project already has engagement from mayors, vice-governors, and state secretaries.</p> <p>Furthermore, we have also learned that in the Norheat of Brazil, <b>development of a very close relationship with stakeholders is vital to open doors.</b> Via the new project we will continue to strengthen these relationships which will be very beneficial also to UK business willing to enter the market.</p>
<p><b>What consideration has been given to an exit strategy</b> to ensure that the project does not create dependence? Please provide details</p>	<p><b>Project will receive co-funding from the participant cities and states.</b> In addition to that, project outputs clearly states that UK knowledge should be used at some PPP projects. <b>This will also contribute for the continuation of the project activities.</b></p>
<p><b>Evaluation</b>  <i>Will this project be evaluated?</i></p> <p><i>Projects over £500,000 must be evaluated, and this should happen within 6-12 months of the Project Completion Report being submitted to London</i></p> <p><i>For Projects between £100,000 and £500,000</i></p>	<p>Yes / No:</p> <hr/> <p>When:</p> <hr/> <p>Yes</p>

<p><i>please highlight to the Programme Team if you think it would be useful for this Project to be evaluated.</i></p>	
<p><i>Please ensure that a decision is made <u>with</u> the Programme Team and the evaluation is added to the evaluation plan. Funding for Project Evaluations will have to come from the Programme budget</i></p>	
<p><b>The Implementer</b> <i>Provide details of any previous work with the Implementing Agency, and relevant background information on financial, reputational, organisational etc issues</i></p>	<p>The London School of Economics Enterprise is internationally recognised for delivering projects at very high quality. It was the implementer of a previous project also working with the Northeast region of Brazil. The project was delivered very successfully.</p> <p>FESP has equally successfully delivered the above mentioned project as the local partner in Brazil. The organisation has a very good reputation in the area of social sciences which will be very useful for the new project working with social infrastructure.</p>
<p><b>Cross Cutting Issues</b> <i>What additional impact will the project have on issues such as the environment, diversity, gender, and human rights? Please note both positive and negative possible impacts</i></p>	<p>By working with social infrastructure and improving the quality of public services in Brazil <b>the project will trigger an improvement of areas such as healthcare and education in one of Brazil's poorest regions which is the Northeast.</b></p>
<p><b>Human rights (HR) assessment</b> <i>For projects in the security and justice sectors: Have you completed an assessment under the Overseas Security &amp; Justice Assistance Guidance?</i></p>	<p>Yes / No</p>
<p>Please summarise the results including the key risks and mitigation measures and overall rating</p>	
<p><i>For other projects: Do you consider that there is a serious risk that the assistance might directly or significantly contribute to a violation of human rights and/or IHL?</i></p>	<p>If YES what is the risk:</p>
<b>CHECKLIST</b>	
<p><b>Consultancy Value Programme</b> <i>Are consultants being used in the delivery of this Project? If yes, please ensure that you check the requirements within the CVP on Corporate Procurement Group's Sharepoint site</i></p>	<p>Yes</p>
<p><b>Marketing &amp; Advertising Freeze</b> <i>Will elements of the Project include Marketing or</i></p>	<p>No</p>

<p><i>Advertising products and services that are externally procured i.e. will incur cost to FCO. If yes, refer to the guidance on the Comms &amp; Engagement Sharepoint site and complete the necessary clearance forms</i></p>	
<p><b>TV &amp; Film Production</b> <i>Is the project producing any television programmes or films (including documentaries)? If yes, you must seek approval from PrivateOffice in advance of the activities.</i></p>	No
<p><b>Advance Payments</b> <i>Will the implementer require payments in advance? If Yes, please complete the Advance Payment request Form (Programme Office's Sharepoint site) as early as possible. Please note, advance payments will ONLY be made where there is a clear justification</i></p>	No
<p><b>Single Source Justification</b> <i>Has the project been part of an open Bidding Round or Tender process? If not you may need to complete an SSJ. Please refer to Corporate Procurement Group</i></p>	Yes
<p><b>Gifting</b> <i>Will any of the goods procured during the project become the property of the implementer or beneficiary? If Yes, please consult the Gifting &amp; Granting Guidance (Programme Office's Sharepoint site). Please note, goods purchased during a project will usually remain the property of HMG and will need to be disposed of in accordance with guidance</i></p>	No
<p><b>Contract</b> <i>There must be a signed contract in place between FCO and the implementer, prior to any activities commencing. Please ensure that the implementer is aware of the content of the Contract well in advance of having to sign. Please refer to guidance on Grant Contracts (Programme Office's Sharepoint site). If the project is being implemented by a commercial organisation/ business, please see CPG's Sharepoint site for guidance on Commercial Contracts.</i></p>	The implementers will sign the FCO Grant Contract.
<p><b>Due Diligence</b> <i>Reasonable checks must be made on the potential implementing organisation prior to initiating the project. Please detail what checks</i></p>	We have checked their: Capacity to carry out work Local reputation for delivery

<p><i>will/have been carried out, and the findings, on at least:</i></p> <ul style="list-style-type: none"> <li>• <i>Financial position (you can ask to see their books)</i></li> <li>• <i>Capacity to carry out work</i></li> <li>• <i>Local reputation for delivery</i></li> </ul>	
<p><b>Can this project be referred to publicly</b>, or are there sensitivities that would preclude publicity. If public, please provide an unclassified form of words describing the project, which can be used in briefing materials.</p>	<p>Yes. The project will showcase UK expertise on social infrastructure PPPs.</p>
<p><b>Comments from Policy Desk</b> either geographical or thematic <i>Does the project have the support of the relevant desk?</i></p>	<p>Yes. The project is particularly aligned with UK in Brazil Infrastructure Prosperity Campaign, UKTI areas such as Healthcare, Built Environment.</p>
<p><b>Date of Post Programme Board</b> at which the bid was approved</p>	<p>March 12, 2015</p>
<p><b>Comments from Post Programme Board</b> <i>[Note: <b>All bids must</b> be appraised by the Post Programme Board]</i> <i>Include here, information on why the Project was approved, what additional work was needed prior to approval, further information for the Strategic Programme Board in London</i></p>	
<p><b>Signature of Board Chair</b></p>	<p style="text-align: center;">             Alex Ellis         </p>
<p><b>Date</b></p>	
<p>Once approved by the Post Programme Board, non-Bilateral and non-devolved Programme Budget projects should be forwarded to the Programme Team in London for discussion at the Strategic Programme Board</p>	

<b>Comments from Strategic Programme Board</b>	
<b>Date</b>	







## Annex C Statement of FCO Procurement Good Practice principles

1. Good procurement practice includes the key principles set out below:
  - Purchasing should be done with the aim of securing value for money.
  - Purchasing should be done by competition unless there is a robust justification (legal/operational) for not having a competition.
  - Buyers should have, develop and use their awareness of particular supply markets to improve the quality and competitiveness of goods/services etc that are offered (effective supplier management).
  - Buyers (in FCO) should comply with applicable legal and international obligations.
  - *Wherever possible* anything purchased should have been produced in a sustainable manner.
  - Ethical conduct is extremely important.
  
2. Ethical conduct relates in particular to ensuring that:
  - Buyers' integrity must be beyond reproach (this ties in with issues around acceptance of gifts and hospitality from suppliers or equally offering gifts or hospitality to suppliers – this should not happen)
  - Staff involved in purchasing activity must declare any interest they have in a particular transaction whether this is because of personal gain to them or to a family member or close associate (effective management of potential and actual conflicts of interest)
  - The confidentiality of information is protected unless there is a lawful reason which justifies disclosure (e.g. compliance with the Freedom of Information Act 2000, contractual agreement between contract parties that certain types of information can be disclosed). There may also be reasons based on government policy which require disclosure of certain types of information.
  - Any information provided to suppliers is accurate and not intentionally misleading or misleading due to inattention on the buyer's part.
  - All suppliers are treated fairly (i.e. not favouring one supplier or acting to the disadvantage of another)
  - The competition process does not undermine ongoing relationships with suppliers. This is about conducting purchasing activity in a way that inspires confidence in the fairness of the process.