

Call-down Contract

Terms of Reference

| |
|---|
| Terms of Reference for a new contract Tax, Audit and Transparency (TAUT) Programme |
|---|

Objective

DFID Ethiopia is seeking to contract a service provider for its Tax, Audit and Transparency (TAUT) Programme for 12 months, starting on 12th April 2018 and ending on 11th April 2019. The TAUT Programme consists of DFID bilateral technical assistance to the Government of Ethiopia (GoE).

Recipient

The direct recipient of the service will be the GoE represented by the Prime Minister's Office (PMO), the Ethiopian Revenues and Customs Authority (ERCA) and the Ministry of Finance and Economic Cooperation (MoFEC).

Scope of Work

The service provider will provide administrative services mainly consisting of: i) deployment of long-term advisors and short term experts, and ii) financial and procurement management.

Specific tasks/activities

DFID funds will be held in a flexible facility to be drawn upon to finance specific activities under the TAUT programme. This Facility is designed to ensure responsiveness, efficiency and quality through a two-track system consisting of:

- 1) Rapid contracting and mobilisation of pre-identified individuals to deliver specific technical assignments developed by DFID and or GoE; and
- 2) the sourcing, recruitment, mobilisation, and active management of long and short term experts.

The TAUT Flexible Facility allows the programme to provide services specifically tailored to the demands of GoE counterparts, particularly the ERCA Tax Transformation Office (TTO), the PMO Delivery Unit (PMDU) and the MoFEC Tax Policy Directorate (TPD). These clients have versatile needs and the traction of different activities may change over time. A flexible pool of technical expertise can be employed exactly where and when it is needed, responding quickly to reform opportunities, gain further traction and respond to changing needs and priorities.

The TAUT Flexible Facility workflow consists of the following:

- Contact, negotiate terms of contract including fee rates, finalise contract and mobilise prequalified individuals (see above 1);
- Discuss and agree the ToR developed by DFID and/or GoE, develop ToRs when required, provide high quality candidates at cost and select the best expertise (see above 2)
- Mobilisation and contracting of experts, providing all the necessary information and organising travel and logistics to get the experts to the post;
- DFID selects best option and approves cost with the Service Provider (SP)

Programme success is measured through a set of KPIs relating to a combination of process indicators and service quality/output indicators.

Reporting

Overall, the Service Provider is accountable and reports to the TAUT Programme Senior Responsible Owner (SRO) for strategic and day to day programme operation. The Service Provider will report to DFID Ethiopia Deputy Programme Manager for financial, procurement and logistical matters.

The Service Provider will provide narrative and financial progress reports on a quarterly basis. There will also be a final report covering programme performance and financial management. This report will incorporate progress reporting for the final quarter of the contract. Quarterly reporting will consist of an overview of progress for the quarter as well as an expenditure report. The structure and content of reports will be agreed between the SP and DFID Ethiopia immediately following signature of the contract. Some contents of the report will be linked with the programme logframe. After programme end, an Annual Audit report will be carried out by DFID, through a third party.

In addition to the above reports, the service provider will produce and make available specific reports upon request from and agreement with DFID.

Expertise and Experience

The Service Provider should have proven experience in managing programmes with multiple stakeholders. This should include proven evidence of earlier engagement and the skills and expertise of staff in multi-stakeholder programme management.

Key Performance Indicators

Payment will be made at month 6 and month 12, respectively, for the retained 10% fees, which will be billed upon an assessment of KPI completion to DFID satisfaction

| KPIs | Success Criteria | Withholding fees | Description of requirements |
|---|---|------------------|---|
| Retention and timely mobilisation of experts | - No vacant position for more than 15 working days, or as otherwise agreed between DFID and the Service Provider -Maximum 7 working days to complete the contracting process with experts, from time of approval by DFID, or as otherwise agreed between DFID and the Service Provider | 3% | For all long-term posts financed by the programme |
| Performance against work plan | 95% of activities in the work plan is completed within the agreed time and quality standards determined with the Service Provider | 3% | To be agreed: weighting, activities, timeframe and quality standards |
| Quality and timeliness of reports (progress, financial, forecasts and invoices) | -100% within the agreed timeframe determined with the Service Provider -95% of quality | 2% | To be agreed: timeframe and quality standards |

| | | | |
|---|---|-----|---|
| | requirements | | |
| Feedback on quality of experts and stakeholder engagement | -Average score of 4 out of 5, both for quality of staff and stakeholder engagement (see below for scoring criteria) | 2% | The score is an average of the surveyed population; on the scale of 0-5 where 5 is the highest; there will be agreement beforehand between DFID and the Service Provider on the practical application of the scoring and on what basis it is made |
| | Total | 10% | |

Scoring Criteria – application of which will be agreed by DFID and Service Provider

5. Responsibilities delivered with a high level of efficiency and effectiveness.
4. Responsibilities delivered efficiently and effectively
3. Effort needed to deliver contracted responsibilities
2. Major effort needed to deliver responsibilities.
1. Serious under performance. Not meeting most contract deliverables

Background

The TAUT programme was designed to support GoE capacity development in tax, audit and anti-corruption. TAUT aims to increase tax revenue and improve accountability and transparency. The programme budget is £17m over five years (2014-2019).

The programme was approved by DFID ministers in June 2014. The MOU between the GoE and DFID was signed in August 2014. Ministerial approval of the contract for the Service Provider was obtained in March 2015 and the contract between DFID and the original Service Provider was signed in May 2015 for three years period.

Programme implementation began in May 2015 following contract signature with the original Service Provider. Now into its third year of implementation, the programme experienced some performance challenges but also delivered important results.

The programme has delivered good results in specific areas; mainly in Tax Administration IT systems and Auditor General capacity development. It has improved efficiency in terms of cost and time saving both to the Tax Authority and to tax payers. The establishment of the Audit Training Institute (ATI) is on track. Detailed curriculum and training materials were developed, training of trainers completed and initial staff training conducted. The ATI will be strengthened and become fully operational during the coming six months. Further, tax policy capacity gaps and needs assessments have been completed during this period and lead to the decision to initiate tax policy work at directorate level within the Ministry of Finance and Economic Cooperation.

After 18 months (following an inception review after 6 months and the programme's first annual review) the programme was restructured in order to limit the role of Service Provider to the mobilisation and deployment of experts. The responsibility for managing performance and ensuring delivery of results was moved to GoE counterparts supported by the recently established Tax Transformation Office and DFID.

The restructured programme has also refocused its areas of intervention. The major focus is now on tax administration and Auditor General Capacity building. After the end of contract with the current provider in May 2018, the programme will again refocus

entirely on tax transformation. The GoE leadership have recently expressed commitment to Tax Transformation to these ends, GoE has invited DFID to lead a delivery approach consisting of 2 delivery units embedded in Ethiopian Government departments. These units aim to translate political commitment into the concrete actions required for transformative change. They will also channel expertise to where it will be most effective. DFID and GoE have already established a Tax Transformation Office (TTO) in ERCA and a Prime Minister's Delivery Unit (PMDU) in the PMO. The TAUT programme is the main source of finance for the establishment of the structures and systems required for a delivery approach to tax transformation. The programme will continue to support until May 2018, when the contract with current provider will come to an end.

To help the GoE realize its Tax Transformation agenda, in September 2017 DFID Ethiopia developed and submitted a Business Case for Ministerial approval requesting £35 million over 5 years. We anticipate a gap of between 6 and 12 months before this new programme becomes operational following the end of TAUT contract with the current Service Provider. This requires a bridging period between the end of the present contract and the start of the new Business Case. This ToR is intended to provide support during this bridging period to the operation of existing tax transformation delivery units.

Out of the total approved budget of £17m, about £11m has been either spent or committed. We estimate the cost for the one-year period under contract to be between £2.5m and £3.5m

Duty of Care

The Service Provider is responsible for the safety and well-being of their personnel and third parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property. All duty of care, transport, translation and logistical support, office space, and insurances will be the responsibility of the Provider.

DFID is guided by and works on the basis of the travel advice available on the FCO website and the supplier must ensure it (and its personnel) are aware of this. The supplier is responsible for ensuring appropriate safety and security briefings for all of its personnel working under this contract.

The supplier is responsible for ensuring that appropriate arrangements, processes and procedures are in place for its personnel, taking into account the environment they will be working in and the level of risk involved in delivery of the contract (such as working in dangerous, fragile and hostile environments etc.). The supplier must ensure its personnel receive the required level of appropriate training prior to deployment.

Suppliers must develop tenders on the basis of being fully responsible for Duty of Care in line with the details provided above and the initial risk assessment matrix prepared by DFID (see Annex 1 to this Terms of Reference). They must confirm in the tender that:

- They fully accept responsibility for security and Duty of Care.
- They understand the potential risks and have the knowledge and experience to develop an effective risk plan.
- They have the capability to manage their Duty of Care responsibilities throughout the life of the contract.
- They will give responsibility to a named person in their organisation to liaise with DFID and work with DFID to monitor the security context for the evaluation.

If bidders of this assignment are unwilling or unable to accept responsibility for Security and Duty of Care as detailed above, bids will be viewed as non-compliant and excluded from further evaluation.

Acceptance of responsibility must be supported with evidence of capability (no more than 2 A4 pages) and DFID reserves the right to clarify any aspect of this evidence. In providing evidence tenderers should consider and answer yes or no (with supporting evidence) to the following questions:

- I. 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)?
- II. 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?
- III. Have you ensured or will you ensure that your staff are appropriately trained (including specialist training where required) before they are deployed and will you ensure that on-going training is provided where necessary?
- IV. 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)?
- V. Have you ensured or will you ensure that your staff are provided with and have access to suitable equipment and will you ensure that this is reviewed and provided on an on-going basis?
- VI. Have you appropriate systems in place to manage an emergency / incident if one arises?

Do No Harm

DFID requires assurances regarding protection from violence, exploitation and abuse through involvement, directly or indirectly, with DFID suppliers and programmes. This includes sexual exploitation and abuse, but should also be understood as all forms of physical or emotional violence or abuse and financial exploitation.

- The programme is targeting a highly sensitive area of work. The Supplier must demonstrate a sound understanding of the ethics in working in this area and applying these principles throughout the lifetime of the programme to avoid doing harm to beneficiaries. In particular, the design of interventions including research and programme evaluations should recognise and mitigate the risk of negative consequence for women, children and other vulnerable groups. The supplier will be required to include a statement that they have duty of care to informants, other programme stakeholders and their own staff, and that they will comply with the ethics principles in all programme activities. Their adherence to this duty of care, including reporting and addressing incidences, should be included in both regular and annual reporting to DFID;

- A commitment to the ethical design and delivery of evaluations including the duty of care to informants, other programme stakeholders and their own staff must be demonstrated.

- DFID does not envisage the necessity to conduct any environmental impact assessment for the implementation of the Issue based programme. However, it is important to adhere to principles of “Do No Harm” to the environment.

Annex 1: Country Risk Assessment

Location: Ethiopia

Date of assessment: 18th September 2017

Assessing official: Robbie Packer

This is a general risk assessment for the whole of Ethiopia. Although the vast majority of activities will take place in Addis Ababa, risk does vary by region and the supplier should take this into account when planning travel.

| Theme | DFID Risk score |
|--------------------------------|-----------------|
| OVERALL RATING | 2.07 |
| FCO travel advice | 3 |
| Host nation travel advice | N/A |
| Transportation | 4 |
| Security | 2 |
| Civil unrest | 2 |
| Violence/crime | 3 |
| Espionage | 2 |
| Terrorism | 2 |
| War | 1 |
| Hurricane | 1 |
| Earthquake | 1 |
| Flood | 2 |
| Medical Services | 4 |
| Nature of Project/Intervention | 1 |

| | | | | |
|--------------------|----------------------|---------------|---|---------------------|
| 1 Very Low risk | 2 Low risk | 3 Med risk | 4 High risk | 5 Very High risk |
| | | | SIGNIFICANTLY GREATER THAN NORMAL RISK | |

| Theme | DFID Risk score |
|----------------------------------|--|
| OVERALL RATING | 2 Low Risk |
| FCO travel advice | There are no travel restrictions to the majority of the country, however the FCO advises against all travel to large parts of the Somali region, border areas, the dankil dessert area and parts of Gambella region. The FCO advises against all but essential travel to Jijiga town and parts of Gambella region. |
| Host nation travel advice | Not available |
| Transportation | Driving standards are poor, and traffic accidents are common and often fatal. Visitors should be very careful when travelling by car. Drivers should also be aware that under Ethiopian laws, drivers involved in car accidents can face severe punishments, including custodial sentences and fines. Traffic accidents are a regular occurrence in Ethiopia and Addis Ababa specifically. You should avoid driving after dark in rural areas: vehicles often have no lights and livestock may be roaming the roads. |
| Security | The security situation in the country as a whole is rated as moderate, however there are pockets of insecurity. Since |

| | |
|---------------------------------------|--|
| | September 2014, there have been reports of ethnic conflict between communities in the Gambella region. There is local instability, lawlessness, military activity and a general risk of banditry in the Somali region, especially bordering Oromia. There are cross-border tensions in the Tigray and Afar regions. There is banditry in the areas bordering Sudan, South Sudan and Kenya. This is reflected in the FCO travel advice. This said, the security situation in Addis Ababa (where programme activities will take place) is stable, hence the low risk rating. |
| Civil unrest | Protests and demonstrations sometimes take place in Addis Ababa and other cities. In the past, some of these have become violent. You should avoid any protests or demonstrations. |
| Violence/crime | Petty theft and mugging is common and on the rise. Take particular care when visiting crowded public places, especially at night. Be aware of the risk of pick-pocketing, and bag and jewellery snatching including from vehicles stopped at traffic lights in Addis Ababa. Incidents involving parked and unattended cars are on the increase. Levels of violent crime are low. There has been violence, inter-tribal clashes and armed attacks in the Gambella region. |
| Espionage | The threat of espionage is considered to be low. |
| Terrorism | There is a threat from terrorism, although historically this has been low. Attacks could be indiscriminate including in places frequented by foreigners. The terrorist group Al-Shabaab, although based in Somalia, poses a threat across the East Africa region. There are credible reports that Al Shabaab plan, and have the capability, to attack targets in Ethiopia, particularly in Addis Ababa, Jijiga and Dolo Odo. |
| War | The Ethiopia-Eritrea border remains closed. Several security incidents have taken place along the border. The risk of cross-border tensions remains. |
| Hurricane | No identified risk |
| Earthquake | No identified risk |
| Flood | Seasonal and localized floods cause temporary displacements and damages to roads. |
| Medical Services | There are a number of hospitals in Addis Ababa but only private hospitals offer a reasonable standard of basic care for minor health problems. Elsewhere, medical facilities (including dentistry) are extremely poor. |
| Nature of Project/Intervention | It is envisaged that the project will mainly be operating in Addis Ababa. Work will be mainly office based and therefore is not deemed to have heightened levels of risk in any area. |

CB129 (February 2007)