

Section 4 Appendix A

CALLDOWN CONTRACT

Framework Agreement with: Charles Kendall & Partners Ltd

Framework Agreement for: Procurement Agent and Capacity Development in Partner Government Services

Framework Agreement Purchase Order Number: 5758

Call-down Contract For: Procurement Support to the Tanzania Revenue Authority

Contract Purchase Order Number: 40092376

I refer to the following:

1. The above mentioned Framework Agreement dated **15th December 2011**;
2. Your proposal of **7th April, 2015** (attached at Annex C)

and I confirm that DFID requires you to provide the Services (Annex A), under the Terms and Conditions of the Framework Agreement which shall apply to this Call-down Contract as if expressly incorporated herein.

1. Commencement and Duration of the Services

- 1.1 The Supplier shall start the Services no later than **4th May 2015** ("the Start Date") and the Services shall be completed by **31st March 2016** ("the End Date") unless the Call-down Contract is terminated earlier in accordance with the Terms and Conditions of the Framework Agreement.

2. Recipient

- 2.1 DFID requires the Supplier to provide the Services to the **Tanzania Revenue Authority** ("the Recipient").

3. Financial Limit

- 3.1 Payments under this Call-down Contract shall not exceed **£97,105.00** ("the Financial Limit") and is exclusive of any government tax, if applicable as detailed in Annex B.

Payments shall be made on a 'Milestone Payment Basis'.

4. DFID Officials

- 4.1 The Project Officer is:

4.2 The Contract Officer is:

5. Key Personnel

The following of the Supplier's Personnel cannot be substituted by the Supplier without DFID's prior written consent:

6. Reports

6.1 The Supplier shall submit project reports in accordance with the Terms of Reference / Scope of Work at Annex A.

7. Duty of Care

All Supplier Personnel (as defined in Section 2 of the Agreement) engaged under this Call-down Contract will come under the duty of care of the Supplier:

- I. The Supplier will be responsible for all security arrangements and Her Majesty's Government accepts no responsibility for the health, safety and security of individuals or property whilst travelling.
- II. The Supplier will be responsible for taking out insurance in respect of death or personal injury, damage to or loss of property, and will indemnify and keep indemnified DFID in respect of:
 - II.1. Any loss, damage or claim, howsoever arising out of, or relating to negligence by the Supplier, the Supplier's Personnel, or by any person employed or otherwise engaged by the Supplier, in connection with the performance of the Call-down Contract;
 - II.2. Any claim, howsoever arising, by the Supplier's Personnel or any person employed or otherwise engaged by the Supplier, in connection with their performance under this Call-down Contract.
- III. The Supplier will ensure that such insurance arrangements as are made in respect of the Supplier's Personnel, or any person employed or otherwise engaged by the Supplier are reasonable and prudent in all circumstances, including in respect of death, injury or disablement, and emergency medical expenses.
- IV. The costs of any insurance specifically taken out by the Supplier to support the performance of this Call-down Contract in relation to Duty of Care may be included as part of the management costs of the project, and must be separately identified in all financial reporting relating to the project.

- V. Where DFID is providing any specific security arrangements for Suppliers in relation to the Call-down Contract, these will be detailed in the Terms of Reference.

8. Call-down Contract Signature

- 8.1 If the original Form of Call-down Contract is not returned to the Contract Officer (as identified at clause 4 above) duly completed, signed and dated on behalf of the Supplier within 15 working days of the date of signature on behalf of DFID, DFID will be entitled, at its sole discretion, to declare this Call-down Contract void.

For and on behalf of
The Secretary of State for
International Development

Name:

Position: Procurement Professional

Signature:

Date: 27th April, 2015

For and on behalf of
Charles Kendall & Partners Ltd

Name:

Position:

Signature:

Date:

Annex A

Terms of Reference

Procurement Support to the Tanzania Revenue Authority

INTRODUCTION

DFID is providing substantial financial and technical support to the Tanzania Revenue Authority (TRA) in implementing its fourth corporate plan. This is an ambitious 5 year plan to increase revenue and is built around key themes of making it easier to pay tax, increasing voluntary compliance, and continual improvement of the TRA itself. Central to the plan is the procurement and implementation of a new integrated domestic revenue administration system (IDRAS). The system will be integrated with a number of TRA's other systems and will support future modernisation activities, all geared towards making it easier for taxpayers to understand and pay their taxes on time. It will also streamline tax administration, reduce the potential for errors and fraud, and improve the TRA's service delivery.

TRA has gone through two procurement exercises to date, both of which involved a high number of non-compliant bids and which failed to identify a suitable solution. The delays in implementing the system are preventing other crucial activities taking place and significantly impacting TRA's ability to meet its modernisation and revenue collection targets.

DFID has agreed to contract a Procurement Agent to provide Technical Assistance to TRA by reviewing previous tenders and procuring the system.

OBJECTIVE

The objective of this contract is to assist TRA in procuring IDRAS by the end of 2015.

In achieving this objective, the Procurement Agent shall work with TRA to understand the reasons why the previous procurement exercises failed and whether they could have been done differently within the country's procurement laws and regulations.

RECIPIENT

The main recipient of the service will be the TRA. The introduction of IDRAS is being led by a Project Board, chaired by the Commissioner for Large Taxpayers Department, and supported by a Project Technical Team that will be led by a Project Director. The Procurement Agent will report to the Chair of the Project Board to ensure the tender is specified correctly, in collaboration with the Director for ICT and Deputy Director for Administration.

Lessons learnt from previous procurement exercises should be shared with other stakeholders as appropriate (eg The Public Procurement Regulatory Authority (PPRA)).

INPUTS

The contract will involve the following inputs:

- i. A review of the two previous tenders to understand why they failed to identify a suitable provider under Tanzanian procurement laws and regulations and inform recommendations for a re-tender.
- ii. Workshop with the TRA's procurement unit and other stakeholders to review lessons from the review and discuss recommendations emanating from it.
- iii. Design a new tender using the Procurement Agent's guidelines (or otherwise agreed with the TRA and DFID) incorporating lessons learnt from the previous two tenders. This process should be agreed by the Project Board.
- iv. Re-advertising the tender internationally, including engaging with interested bidders and those who bid previously, to ensure a fully competitive bidding process.
- v. Managing the procurement exercise and selecting a supplier with the agreement of TRA in a highly competitive and challenging environment.
- vi. Assisting TRA to negotiate with the successful supplier through to contract signature.

DELIVERABLES

The contract is expected to produce the following deliverables:

- i. A report detailing the reasons why the previous procurement exercises failed and making recommendations for the future. The report should include:
 - a) Detailed analysis of why the tenders failed to produce a successful bid, including the extent to which the reasons were a result of procurement laws and regulations or the TRA's commercial or technical specification.
 - b) Comparison with the tender process for the procurement of the customs system, TANCIS.
 - c) An analysis of relevant Tanzanian procurement laws and regulations and their impact on the process.
 - d) Lessons for TRA in designing large tenders such as this, incorporating feedback from the workshop and agreed actions to implement recommendations.
 - e) A workplan and procurement plan, agreed with the TRA for ensuring that a third tender will attract sufficient interest for a competitive process that meets TRA's needs and that will ensure that implementation has started by the end of 2015.
- ii. A re-designed tender package agreed with the TRA that shall result in the timely acquisition of a new system and achieve value for money for TRA. This should include technical specifications, clear implementation arrangements that reflect good practice for large IT projects, and incorporate lessons from the TANCIS implementation.

- iii. Fully auditable tender exercise.
- iv. A tender evaluation report that summarises the conclusions from the procurement process, making it clear for TRA who to contract with and at what price. This should include an outline of appropriate procurement procedures and related actions, as well as points to take forward from the procurement exercise to the contract.
- v. Contract negotiated and signed with the successful supplier.

METHOD

The Procurement Agent will set up a Procurement Agent Project Management Unit (PA-PMU), which will coordinate the effective management and monitoring of the contract with DFID Tanzania and with the TRA.

Clear communication channels and / or approval processes will be established between the Procurement Agent, DFID and the TRA.

The Senior Responsible Officer for DFID support to the TRA, Tax Modernisation Adviser, DFID Deputy Programme Manager and the Chair of the TRA Project Board will be kept informed by the Procurement Agent of all relevant issues that are likely to affect the desired outcomes. A communication matrix will be attached as an Annex to the first deliverable.

Following signature of the calldown contract, the Procurement Agent will arrange a start-up meeting with the TRA and DFID Tanzania. The key purpose of this meeting is to agree respective roles and responsibilities and agree time lines for the deliverables. These agreements will be summarised in the procurement plan in the first deliverable.

The Procurement Agent's method of undertaking this contract must be consistent with the scope of the services / terms and conditions of the relevant DFID framework. The Agent will be expected to demonstrate efficiency, effectiveness, and accountability, and measure and record its associated value added.

The Procurement Agent will also be expected to demonstrate the highest level of integrity and transparency, including demonstrating, undertaking and recording appropriate steps to address potential conflicts of interest and ensure commercial confidentiality. Any breach of this clause 15 may, at DIFD's sole determination, result in this contract being terminated.

The Procurement Agent that undertakes any part of this contract to deliver procurement support to the TRA may not then bid, submit a tender or deliver the IDRAS from its own organisation or any subsidiary thereof or related company. This Clause 16 shall apply even if the Procurement Agent withdraws or terminates the contract to deliver procurement support to the TRA at any stage.

TIMING

This contract should start during April 2015 and the desired timetable is as follows:

Table 1: Proposed timing

Activity	Timing
Review of previous procurement exercises	May 2015
Re-design of tender and launch of tender process	June 2015
Management of the Tender	June to October 2015
Evaluation of tenders	28 August 2015
Conclusion of tender process	November 2015

PROJECT FINANCIAL MANAGEMENT

Payments will be made against the satisfactory completion of each Milestone achieved and agreed with DFID. DFID will agree with TRA whether each Milestone has been completed satisfactorily and communicate this to the Procurement Agent within ten working days of receiving them. The final payment will be made once the TRA has signed a contract with the supplier for the supply and implementation of IDRAS.

Milestone	Maximum Proportion of Fee Payable
Assessment report prepared, submitted and agreed with TRA / DFID	1/3 of Technical Assistance Fee
Tender prepared, agreed with TRA and DFID and distributed via electronic tender system	1/3 of Technical Assistance Fee
Conclusion – contract negotiated and signed by TRA and successful supplier	1/3 of Technical Assistance Fee

LOCATION

Some activities, such as documentary reviews, report-writing and drafting the new tender, can be undertaken from the Procurement Agent's home country. Travel to Tanzania is required to discuss the previous tenders with TRA and other stakeholders, reassess the technical specification for the tender with TRA, conduct the workshop, launch the tender process (including bidders' conference) and review the tenders with TRA. Travel to verify the operation of the selected system may also be required.

The Procurement Agent shall agree with DFID and TRA and undertake a suitable mix of in-country visits and home country working that shall ensure the objectives of the contract are met with minimum costs (particularly in relation to travel and subsistence).

Limited office space with internet access and printing facilities will be provided by DFID Tanzania. The TRA will be able to provide space to hold meetings and review documentation on request.

SKILLS AND EXPERIENCE

The Procurement Agent shall mutually agree with DFID and TRA the individual or team proposed to undertake this contract, who shall have, at a minimum, the essential level of skills, experience and seniority detailed below.

Essential:

- Understanding of procurement laws and regulations and experience in applying them in practice.
- Experience in designing successful procurement tenders for public tax administration systems along with demonstrating their efficiency.
- Demonstrated their expertise in issue identification and resolution.
- Demonstrated ability to work in a multi-cultural setting and interact with procurement and IT experts as well as senior management.
- Excellent written and presentation skills.
- Fluency in English.

Desirable:

- Understanding of, and experience in applying, Tanzanian procurement laws and regulations.
- Ability to communicate in Kiswahili.

PROJECT CONTRACTING AND MANAGEMENT

The Procurement Agent shall submit to DFID a CV for each team member with a two-page summary of the team's skills and experience, providing evidence of the skills required and ability to deliver, together with a work plan of how the project will be implemented within the timeframe. Also the Procurement Agent shall submit a financial proposal, detailing fees and expenses for the deliverables set out in section E using the attached proforma. An insufficiently skilled, experienced or senior individual or team proposed or changes to the agreed individual / team at any time during this contract may, at DFID's sole determination, result in this contract being terminated.

The Procurement Agent will be contracted to, and paid by, DFID for this contract.¹ They will report to the Senior Responsible Officer for DFID support to the TRA, who will also provide approvals for the deliverables.

¹ The contract for implementing IDRAS will be between the selected supplier and TRA, which will use its own resources, supplemented by financial aid from DFID and Denmark, to pay them.

Contracts, visas and logistics will be coordinated by the Procurement Agent. DFID will provide limited assistance in setting up meetings and other logistics once the contract has started so the Procurement Agent should ensure that this is factored into their workplan and timescales.

DUTY OF CARE

The Procurement Agent is responsible for the safety and well-being of its personnel (as defined in Section 2 of the Contract) and third parties affected by their activities under this contract, including appropriate security arrangements. The agent will also be responsible for the provision of suitable security arrangements for its domestic and business property.

DFID will share available information with the Procurement Agent on security status and developments in-country where appropriate. DFID will provide the following:

All Procurement Agent personnel will be offered a security briefing by the High Commission on arrival. All such personnel must register with their respective embassies to ensure that they are included in emergency procedures.

A copy of any DFID visitor notes (and a further copy each time these are updated), which the Procurement Agent may use to brief their personnel on arrival.

The Procurement Agent is responsible for ensuring appropriate safety and security briefings for all of its personnel working under this contract and ensuring that its personnel register and receive briefing as outlined above. Travel advice is also available on the FCO website and the Procurement Agent must ensure that all relevant personnel are up to date with the latest position.

Annex C

Charles Kendall & Partners Proposal (attached separately)