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Award

Tax Systems Transformation Programme (TSTP)

Foreign Commonwealth and Development Office

F15: Voluntary ex ante transparency notice

Notice identifier: 2025/S 000-061833

Procurement identifier (OCID): ocds-h6vhtk-05a719

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Section I: Contracting authority/entity

I.1) Name and addresses

Foreign Commonwealth and Development Office

King Charles Street

London

SW1A 2AH

Email

kevin.mcgrath@fcdo.gov.uk

Telephone

+44 1355844000

Country

United Kingdom

Region code

UK - United Kingdom

Internet address(es)

Main address

<http://www.gov.uk/fcdo>

I.4) Type of the contracting authority

Ministry or any other national or federal authority

I.5) Main activity

General public services

Section II: Object

II.1) Scope of the procurement

II.1.1) Title

Tax Systems Transformation Programme (TSTP)

Reference number

8325

II.1.2) Main CPV code

- 75211200 - Foreign economic-aid-related services

II.1.3) Type of contract

Services

II.1.4) Short description

FCDO intend to extend an existing contract with Cowater International to continue to assist the Government of Ethiopia raise tax revenues in a responsible and equitable way.

The procurement was originally run in 2018 receiving 4 bids via a Restricted procedure then subsequently the contract was started on 13 March 2019.

II.1.6) Information about lots

This contract is divided into lots: No

II.1.7) Total value of the procurement (excluding VAT)

Value excluding VAT: £27,167,193

II.2) Description

II.2.3) Place of performance

NUTS codes

- ET - Ethiopia

Main site or place of performance

Ethiopia

II.2.4) Description of the procurement

This notice is to indicate that the Foreign, Commonwealth & Development Office (FCDO) proposes to extend the contract with the named supplier for the Tax System Transformation programme (TSTP) operating in Ethiopia in a manner that is necessary to support Ethiopia's tax reform programme. The contractual extension would run for 24 months from its current proposed end date of 13 March 2026 up to 13 March 2028.

The anticipated expenditure in the period between 13 March 2026 and 13 March 2028 will be up to £4,843,000 (which therefore falls within the contract's financial headroom, with FCDO having spent only £18,005,643 of the £27,167,193 value of this contract to date).

This notice constitutes a Voluntary ex ante notice under regulation 99 of the Public Contracts Regulations 2015. The Authority considers that the award of this contract modification is permitted under regulation 72(1)(b) of those Regulations, and therefore subject to publication of a notice under that provision, however the Authority also intends to observe a 10 day standstill period under regulation 99(3)(c). Further details are provided later in this notice.

The purpose of the Tax Systems Transformation Programme (TSTP) is to assist Government of Ethiopia raising tax revenues in a responsible and equitable manner. The objective of this contract for services is to manage the Accelerated Delivery component of the overall programme on three outcomes: an equitable and business friendly tax environment; improved voluntary compliance; increased GoE revenues. Accelerated Delivery translates political will at the highest level into coordinated and technically sound reform of Ethiopian tax systems. The TSTP contract brings together 'delivery' and technical tax expertise from specialist consultancy, UK HMRC, and other development partners to support Ethiopia in meeting the financing needs of its 10-year prosperity plan, macroeconomic reforms, and supporting an eventual exit from aid. It provides a blend of long-term embedded advisers and short-term experts to deliver improved business processes, enhanced administrative capabilities, improved IT, reformed tax policy, and lower compliance costs for taxpayers.

A TSTP extension would enable 24 months of continuous outputs/deliverables to existing activities supporting Government of Ethiopia ministries such as the Ministry of Finance and Ministry of Revenue.

To continue to assist the Ethiopian Government raise tax revenues in a responsible and equitable way with areas of activity during the extension period will potentially include;

Continue embedded technical assistance and specialist consultancy across core MOR Directorates;

Implementation of the revenue administration reform roadmap, with monitoring routines institutionalised;

Strengthened donor coordination and delivery alignment;

Knowledge transfer with phased drawdown of embedded advisers;

Transfer of donor coordination responsibilities to create ownership, tools, and coordination structures;

Continue systematic monitoring, evaluation and learning to sustain performance and course correction;

Plan and deliver a sustained exit strategy aligned with the requirement of NMTRS.

II.2.11) Information about options

Options: Yes

Description of options

The original contract included an option to extend the contract by 2 years to 13 March 2026 and an increase in contract value by an additional £10 million.

A contract amendment in February 2024 applied the advertised 2-year extension option and reduced the value of the contract from £27,167,193 to £18,005,643. The reduction in budget was as a result of FCDO Business Planning adjustments. The scope and objectives remained the same but in line with the flexible and adaptive approach some activities were scaled back.

This modification will extend the contract for a further two years from 13 March 2026 to 13 March 2028 but remain within the original contract value of £27,167,193

II.2.13) Information about European Union Funds

The procurement is related to a project and/or programme financed by European Union funds: No

II.2.14) Additional information

The extension does not increase the value of the contract.

Section IV. Procedure

IV.1) Description

IV.1.1) Type of procedure

Award of a contract without prior publication of a call for competition in the cases listed below

- The procurement falls outside the scope of application of the regulations

Explanation:

Extension of the contract beyond the advertised scope without prior publication of a call for competition

The Foreign, Commonwealth & Development Office (FCDO) intends to award a 24 month extension to the TSTP contract with Cowater International. This amendment is made under Regulation 72(1)(b) of the Public Contracts Regulations 2015, which permits modifications because additional services by the original contractor have become necessary where a change of contractor cannot be made for economic or technical reasons and such change would cause significant inconvenience of substantial duplication of costs for the contracting authority. The modification does not exceed 50% of the original contract value. The original contract allowed for a 24 month extension to 13 March 2026 which is currently being used. The extension to 13 March 2028 is necessary to support the Government of Ethiopia to complete its vital macro-economic reform programme and additional services are necessary to ensure continuity of support to deliver its reforms. Delivery of the original contract has been delayed at various points by a number of events beyond control of the Authority, Conflict Covid, & recent disruption to wider reforms. This extension will allow continuity of support to deliver the reforms. The success of this project is a key element of the British Government's foreign policy in this region.

A change of contractor cannot be made for economic and technical reasons related to interoperability with the existing services. The current contractor (Cowater) holds contracts with a number of personnel (embedded advisers) who are indispensable to the success of the programme. There is no guarantee that the embedded advisers would be prepared or obliged to transfer to a new provider, if that were possible, and given their indispensability to the success of the programme that is not a tolerable risk for the Authority. These advisers have in-depth experience and knowledge of the revenue programme to date, and relationships and skills which are indispensable in terms of working on implementation with the national Government and the international financial institutions whose support is key to the programme. The programme has to be delivered at speed, and there is an onerous 3 monthly reporting requirement to the international

institutions involved without which the wider funding flow is at risk. It would therefore be wholly unrealistic to attempt to insert new individuals into such roles in the remaining 2 years of the project, given the time required for them to get up to speed on the projects against this background, and inherent risks. This would undermine effective delivery, which is fundamentally important in the particular political context in Ethiopia.

A change in contractor would cause significant inconvenience or substantial duplication of costs

Any new personnel would need a substantial handover involving significant knowledge transfer, in particular in a context of running another 2 years (as extended) and given the ongoing 3 monthly reporting regime on top of the need to progress the project itself with speed. That would require the Authority to pay for the existing supplier to handover in parallel with the new contract for some time, which would increase, and duplicate costs, of up to £500k over a significant handover period.

The extension does not increase the original contract value by more than 50%.

For the reasons above the Authority considers that regulation 72(1)(b) of PCR 2015 applies to this contract modification. Whilst that provision does in fact require publication of a transparency notice, the Authority is additionally observing a 10 day standstill period aligned to regulation 99 (3) before concluding the modification with Cowater, and in the event of a claim under the Public Contracts Regulations 2015 will rely on these circumstances in relation to the first ground of regulation 99, should it be applicable.

IV.1.8) Information about the Government Procurement Agreement (GPA)

The procurement is covered by the Government Procurement Agreement: Yes

Section V. Award of contract/concession

A contract/lot is awarded: Yes

V.2) Award of contract/concession

V.2.1) Date of conclusion of the contract

13 March 2024

V.2.2) Information about tenders

The contract has been awarded to a group of economic operators: No

V.2.3) Name and address of the contractor/concessionaire

Cowater International

4-109 Murray St, 2nd Floor

Ottawa

ON K1N 5M5

Country

Canada

NUTS code

- CA - Canada

The contractor/concessionaire is an SME

No

V.2.4) Information on value of contract/lot/concession (excluding VAT)

Total value of the contract/lot/concession: £27,167,193

V.2.5) Information about subcontracting

The contract/lot/concession is likely to be subcontracted

Section VI. Complementary information

VI.3) Additional information

This notice constitutes a Voluntary ex ante notice under regulation 99 of the Public Contracts Regulations 2015. The Authority considers that the award of this contract modification is permitted under regulation 72(1)(b) of those Regulations, and therefore subject to publication of a notice under that provision, however the Authority also intends to observe a 10-day standstill period under regulation 99(3)(c). In consequence this is a notice under regulation 99(3), and the Authority is including the justification required by regulation 72.1.b as part of this VEAT notice, detailed at Annex D(3) below. Following the expiry of the relevant standstill period aligned to regulation 99(3), the Authority will formally issue a notice under regulation 72(1)(b) in respect of the modification

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VI.4) Procedures for review

VI.4.1) Review body

FCDO

King Charles Street

London

SW1A 2AH

Country

United Kingdom

