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Contract

## **Tax Systems Transformation Programme (TSTP)**

Foreign Commonwealth and Development Office

F20: Modification notice

Notice identifier: 2025/S 000-065615

Procurement identifier (OCID): ocds-h6vhtk-05cd5d

Published 15 October 2025, 2:16pm

### **Section I: Contracting authority/entity**

#### **I.1) Name and addresses**

Foreign Commonwealth and Development Office

King Charles Street

London

#### **Email**

[kevin.mcgrath@fcdo.gov.uk](mailto:kevin.mcgrath@fcdo.gov.uk)

#### **Telephone**

+44 1355843567

#### **Country**

United Kingdom

#### **Region code**

UK - United Kingdom

**Internet address(es)**

Main address

<https://www.gov.uk/government/organisations/foreign-commonwealth-development-office>

Buyer's address

<https://fcdo.bravosolution.co.uk/web/login>

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**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.2) Description****II.2.1) Title**

Tax Systems Transformation Programme (TSTP)

**II.2.3) Place of performance**

NUTS codes

- ET - Ethiopia

Main site or place of performance

Addis Ababa

#### **II.2.4) Description of the procurement at the time of conclusion of the contract:**

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 will 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.

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.

**II.2.7) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Start date

13 March 2019

End date

13 March 2026

**II.2.13) Information about European Union Funds**

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

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## **Section V. Award of contract/concession**

### **Contract No**

8325

### **Title**

Tax Systems Transformation Programme (TSTP)

### **V.2) Award of contract/concession**

#### **V.2.1) Date of conclusion of the contract/concession award decision:**

13 March 2019

#### **V.2.2) Information about tenders**

The contract/concession 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, Canada

Ottawa

Country

Canada

NUTS code

- CA - Canada

The contractor/concessionaire is an SME

No

#### **V.2.4) Information on value of the contract/lot/concession (at the time of conclusion of the contract;excluding VAT)**

Total value of the procurement: £27,167,193

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## Section VI. Complementary information

### VI.3) Additional information

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 has additionally observed a 10 day standstill period (ended on 13 October 2025) 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

## **VI.4) Procedures for review**

### **VI.4.1) Review body**

The High Court of Justice in England and Wales

London

Country

United Kingdom

## **Section VII: Modifications to the contract/concession**

### **VII.1) Description of the procurement after the modifications**

#### **VII.1.1) Main CPV code**

- 75211200 - Foreign economic-aid-related services

#### **VII.1.3) Place of performance**

NUTS code

- ET - Ethiopia

#### **VII.1.4) Description of the procurement:**

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.

#### **VII.1.5) Duration of the contract, framework agreement, dynamic purchasing system or concession**

Start date

13 March 2019

End date

13 March 2028

#### **VII.1.6) Information on value of the contract/lot/concession (excluding VAT)**

Total value of the contract/lot/concession:



£27,167,193

### **VII.1.7) Name and address of the contractor/concessionaire**

Cowater International

Ottawa

Country

Canada

NUTS code

- CA - Canada

The contractor/concessionaire is an SME

No

## **VII.2) Information about modifications**

### **VII.2.1) Description of the modifications**

Nature and extent of the modifications (with indication of possible earlier changes to the contract):

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 Panning 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

### **VII.2.2) Reasons for modification**

Need for additional works, services or supplies by the original contractor/concessionaire.

Description of the economic or technical reasons and the inconvenience or duplication of

cost preventing a change of contractor:

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 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.

### **VII.2.3) Increase in price**

Updated total contract value before the modifications (taking into account possible earlier contract modifications, price adaptations and average inflation)

Value excluding VAT: £27,167,923

Total contract value after the modifications

Value excluding VAT: £22,848,653