**TERMS OF REFERENCE**

**for providing consultancy services to conduct an analysis of main corruption risks**

**and mitigation measures in the sphere of taxation**

**Background and context:**

The EU Anti-Corruption Initiative (EUACI) is the flagship EU program in Ukraine funded by the EU, co-funded and implemented by the Ministry of Foreign Affairs of Denmark. The EUACI’s strategic objectives are: corruption in Ukraine is reduced; Ukraine advances with anti-corruption reform; and the reconstruction in war-affected areas of Ukraine is implemented within a framework that incorporates transparency, accountability, and integrity. Among its activities, the EUACI is providing support to Ukrainian partners in the field of EU integration and accession.

Following the granting of EU candidate status in June 2022, and successful completion of seven steps outlined by the European Commission, in December 2023 the European Council decided to open accession negotiations with Ukraine. On 25 June 2024, the EU held its first intergovernmental conference with Ukraine, formally opening the membership negotiations. The negotiating framework for Ukraine, in line with the revised EU enlargement methodology, requires anti-corruption to be mainstreamed throughout all the relevant chapters, which will only be provisionally closed once sufficient anti-corruption policies in that specific chapter are implemented. Bilateral meetings on chapters of EU *acquis* are taking place to present Ukraine’s level of alignment with the EU *acquis*. These meetings will also address relevant anti-corruption issues in line with the mainstreaming approach.

In this context, an analytical study of the sphere of taxation would help to identify key corruption risks and practices and formulate recommendations for their mitigation as a basis for anti-corruption mainstreaming under the respective chapter of the EU acquis. Thus, the analysis would provide an important input to Ukrainian partners as well as to the EU Commission in the run up to the bilateral/screening meeting in June 2025. The National Agency for Corruption Prevention, NACP, will be the Ukrainian partner of this assignment.

As part of the analysis of the taxation sphere a number of aspects are considered, in particular:

extensively the area of indirect taxation, namely value-added tax (VAT) and excise duties (including excise duties on tobacco products, alcoholic beverages and energy products), aspects of taxing income from savings of individuals and of corporate taxes, compliance with the principles of the Code of Conduct for Business Taxation (aimed at the elimination of harmful tax measures), level of administrative co-operation and mutual assistance with EU Member States for a smooth functioning of the internal market as concerns taxation and providing tools to prevent intra-Community tax evasion and tax avoidance as well as considering international tax fraud and evasion schemes, embezzlement, accountability of tax inspectorates, extortion by tax officials.

**Objective:**

The main objective of the assignment is to identify the main corruption challenges in the sphere of taxation and to suggest ways to address them as part of the anti-corruption mainstreaming and in preparation of the upcoming bilateral/screening meeting in June 2025.

**Scope of work:**

The scope of work on the assignment includes the following key tasks:

1. Analysis of corruption risks and practices in the sphere of taxation, with the following main steps:

* drafting a detailed methodology for the study, including mapping of stakeholders (i.e., business support organizations and business associations from sub-spheres, governmental authorities, NGOs, CSOs, international donor projects, and the actors with the informal influence in the area etc.), approach to identification of corruption risks and practices, prioritization of selected aspects for in-depth analysis, to be approved by the EUACI and the NACP;
* analysis of the sphere of taxation, desk research of available information about corruption risks in the sphere of taxation (with particular attention to related international studies, which could be used as a basis) and consultations with a few selected experts, including from the European Commission and NACP;
* prepare and conduct an online survey of above-mentioned stakeholders to identify aspects or functions in the sphere of taxation most affected by corruption risks and practices;
* based on the desk research, consultations and survey, identify the key corruption risks and practices in the sphere of taxation for in-depth analysis. Should be limited to the most widespread or the most impactful risks/practices;
* drafting questionnaire for in-depth semi-structured interviews with stakeholders on the key corruption risks and practices in the sphere of taxation (covering sub-spheres), defining the list of stakeholders for in-depth interviews;
* in-depth analysis of the functions affected by key corruption risks and practices, including interviews with relevant stakeholders, review of legislation, review of open sources, etc.;
* defining recommended sphere-specific measures to mitigate key corruption risks and eliminate/minimize key corruption practices in the sphere of taxation.

1. Drafting a report with an analysis of corruption risks and practices in sphere of taxation and possible measures of mitigation.

**Expected deliverables:**

The following deliverables are expected:

* Detailed methodology of the study, including questionnaire for online survey and the list of stakeholders for a survey.
* Analysis of the sphere of taxation (based on desk research, consultations and online survey) with the identified key corruption risks and practices in the sphere of taxation for in-depth analysis.
* Questionnaire for in-depth interviews with stakeholders on key corruption risks and practices in the sphere of taxation and ways to address them.
* In-depth analysis of the selected functions affected by corruption risks and practices in the sphere of taxation.
* Draft report on analysis of corruption risks and practices in the sphere of taxation with the following elements included:
* Executive summary;
* Introduction;
* Methodology;
* General overview of the sphere of taxation in Ukraine, including key stakeholders, corruption perception and practices, key ongoing anti-corruption efforts in the area;
* Analysis of key corruption risks and practices in the sphere of taxation (covering sub-spheres);
* Key findings, including a summary table of key corruption risks/practices and corresponding recommended sector-specific mitigating measures, and final recommendations.
* Provide a final report after obtaining and incorporating comments from the EUACI and possibly other stakeholders.

Deliverables are to be provided in English and Ukrainian languages. Electronic copies should be sent by email to the designated EUACI contact person.

The draft report should be provided by the 15 April 2025 and the final report by the 15 May 2025. The timeline for provision of other deliverables by the contractor would be defined in consultations with EUACI while drafting the methodology.

Other deliverables could be requested upon the agreement with the contractor.

**Timeline:**

The intended commencement date is the date of signature of the contract with the selected service provider.

**The final deadline for receiving all the requested deliverables (including the final report on analysis of corruption risks and practices in the sphere of taxation) is 15 May 2025.**

**Requirements to the Service Provider/s:**

The contract can be awarded to *a team of experts* *or organization* meeting the following criteria:

* Team of experts (private entrepreneurs under Ukrainian legislation) or organization (NGO or other legal entity under Ukrainian legislation) with at least 5 years of experience of analytical work (such as conducting studies and research, policy analysis, policy advise, etc.) in the sphere of taxation.
* Core project team should include expertise in the sphere of taxation as well as in related legal and policy making or policy advise, including, of cross-cutting aspects (such as tax compliance, VAT system processing, excise duties operating, income taxation and other corporate taxes, functioning of tax authorities’ international cooperation and related exchange of information, analysis and/or mitigation of risks of international tax fraud (including evasion schemes and embezzlement), accountability of tax inspectorates, extortion by tax authorities, etc.).
* Core project team should include at least one expert with at least 5 years of experience in one of the following areas: anti-corruption, anti-bribery, compliance, good governance.
* International experience of anti-corruption measures in the sphere of taxation is desirable, irrespectively of the nationality of experts.
* Experience in implementation of and/or participation in taxation spere’s related international donor-funded projects/activities will be an advantage.
* Profound sense and personal culture of integrity.
* Excellent written and oral communication skills in English and Ukrainian languages.

**Monitoring and evaluation:**

Definition of indicators:

The performance of the contractor will be judged upon reaching the purpose of this contract as well as obtaining its results, as indicated in the sections "Objective" and "Expected Deliverables" herein respectively.

Special requirements:

By signing the contract, the contractor (and its representatives) agree to hold in trust and confidence any information or documents ("confidential information"), disclosed to the contractor or discovered by the contractor or prepared by the contractor in the course of or as a result of the implementation of the contract and agrees that it shall be used only for the purposes of the contract implementation and shall not be disclosed to any third party without EUACI authorisation.

The contractor reports to the EUACI. The contractor shall de-brief the EUACI prior to finalising the assignment.

# Bidding details:

The bidder or team of bidders must submit the following information to be considered:

* The CV / CVs (max. 3 pages each) of core project team members (including lead expert).
* A list of assignments related to this project executed during the last five years.
* A one-pager describing the approach to implement this assignment.
* At least one example of analytical study, report or other similar document prepared by the organization / experts on the sphere of taxation.
* A financial offer presented in EUR with disaggregation by expenses, including all taxes or other such charges.

**Budget:**

The total contract budget cannot exceed **EUR 32,000.**

# How to apply:

The deadline for submitting the proposals **is 18 December 2024, 18:00 Kyiv time.**

The proposals shall be submitted within the above deadline to [euaci@um.dk](mailto:euaci@um.dk) and [ievrom@um.dk](mailto:ievrom@um.dk) indicating the subject line “Tender: “Analysis of corruption risks and practices in sphere of taxation”.

Bidding language: English.

Any clarification questions for the bid request should be addressed to [euaci@um.dk](mailto:euaci@um.dk) and [ievrom@um.dk](mailto:ievrom@um.dk), **no later than 16 December 2024, 18:00 Kyiv time.**

# Evaluation criteria:

Bids will be evaluated under the criteria provided below:

|  |  |  |
| --- | --- | --- |
| **#** | **Criteria** | **Weight** |
| 1 | Criterion 1: Professional experience, including the length of experience, the proven track record of practical expertise in the given field, quality of example of the analytical product provided | 50% |
| 2 | Criterion 2: The quality of the outline of the approach | 30% |
| 3 | Criterion 3: Financial offer | 20% |