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TERMS OF REFERENCE

TO DEVELOP IMPLEMENTATION AND PARTNERSHIP STRATEGIES FOR SCALING UP E-FISCALIZATION IN THE KYRGYZ REPUBLIC

Project Title	UNDP “Strategic partnership, innovation and communication” Project
Assignment Title	International Expert to Develop Implementation and Partnership Strategies for Scaling Up E-fiscalization in the Kyrgyz Republic
Type of Contract	Individual Contract
Start/End Dates	September 2019
Estimated working days	12 effective person days
Location	Home based with 5-day travel to Bishkek, Kyrgyz Republic

1. BACKGROUND

According to the National Statistics Committee, the shadow economy in Kyrgyzstan in 2018 was about 23-24% of GDP. However, experts assess the shadow sector of the Kyrgyz economy is about 50% of GDP¹, with the high level of informal transactions in the private sector maintained as a result of among other regulatory, tax and custom administration issues.

In line with the Government’s Programme “Trust, Unity and Creation” 2018–2023 that underlines the key role of digital technologies and their crosscutting nature in addressing key development challenges, the e-system of tax administration and remote administration methods have been launched under the Law of the Kyrgyz Republic “On amending certain legal acts on implementation of e-fiscalization of tax procedures” that includes the following:

- Implementation of mandatory track and trace system (labeling of goods) by means of identification and tracking systems;

¹ Kyrgyzstan in 2018: Growing GDP and debt, decreasing investments, The Times of Central Asia, <https://www.timesca.com/index.php/news/26-opinion-head/20665-kyrgyzstan-in-2018-growing-gdp-and-debt-decreasing-investments>

- Transition to electronic invoices in the form of e-documents “E-invoices” and creation of E-invoices information system, including virtual warehouse of tax payers, national catalog of goods and VAT risk management analysis;
- Cash register (CR) infrastructure, including identity and security with the transaction function in real-time and development of an information system allowing analysis of the information transmitted through CR based on single record of goods and services.
- Simplification and unification tax regimes for small and medium business.

Since December 2018, UNDP in close cooperation and coordination with the Prime Minister Office, State Tax Office and the Ministry of Economy of the Kyrgyz Republic implements an “Innovations for Governance” Project, which provides technical assistance in finalizing the e-system of tax administration, developing institutional legislative base, and introducing innovative approaches required for its realization.

To date, UNDP has assisted the government to reach important progress with the rapid assessment of the necessary legislation and infrastructure of the Kyrgyz Republic, development of a prototype of E-INVOICE platform and initiating piloting solutions for electronic fiscal administration. Rapid implementation of fiscal system transformation is of extreme importance to ensure country’s effective benefit from entry into the Eurasian Economic Union. Next steps will require the further refinement of the tools and pilot testing at scale to develop an effective implementation strategy, aligned with key tax administration functions and related reforms.

The Government and the private sector of Kyrgyzstan are engaged in a quite active dialogue on tax reform and corruption risks and how to address them. There are a few improvements in the business environment about inspections and e-governance, but many systemic problems remain unresolved and require joint development efforts. The strategic and comprehensive reform aiming at strengthening accountability and increasing transparency of fiscal system obviously evolves considerable politico-economical risks, which requires the development of a strategic and tactical implementation approach, in order to gain mutual support and being effective.

The government of the Kyrgyz Republic has had initial discussions with potential partners for financing the scaled initiative, but the framework for such a partnership needs to be carefully shaped, especially among potentially multiple contributing donors and development partners. It will require also defining the mutual accountability principles that will be jointly discussed, elaborated and accepted by the partners supporting the reform.

2. OBJECTIVE

UNDP intends to engage an International Consultant to work closely with the Government of the Kyrgyz Republic in developing a comprehensive implementation plan and leverage financing through a clear partnership strategy in order to mobilize resources for scaling up and ensuring successful nationwide implementation and sustainability of the e-fiscalization initiative.

The Consultant will assist the government in articulating sustainable development results; identifying the opportunities and risks of rapid reform/tax transformation based on sound analysis, as well as providing risk mitigation strategies for the implementation phase.

The Consultant will build strategic recommendations on the basis of assessments and discussions with potential development partners and their experiences in order to secure their buy-in and take the initiative to scale.

3. SCOPE OF WORK

The International Consultant will work under the direct supervision and guidance of the UNDP Assistant Resident Representative (ARR). As the work will be anchored on the “Accountable Institutions, Justice and Peace” Outcome of the UNDP Kyrgyzstan Country Project Document (CPD, 2018-2022), the Team Leader and the Advisor on Innovations will provide additional support as needed.

Under this assignment the International Consultant will perform the following tasks:

a. Home-based work: 3 days

- Review of background documents, including relevant legislations, state strategies/ programmes/ action plans as well as assessments and studies on tax system and fiscal administration reform in Kyrgyzstan produced by development partners;

b. Mission to Kyrgyzstan: 5 days

- Deploy to Bishkek, Kyrgyz Republic to conduct interviews and brainstorming with relevant staff of the Prime-Minister Office, Tax Office, Ministry of Economy, private sector representatives, customers' groups if appropriate, UNDP and other development partners to assess entry points and identify specific interventions for scaling up the e-fiscalization initiative, development challenges, key programmatic areas and partnerships;
- Engage at technical level with the development banks to i) ensure the e-fiscalisation effort is informed by their respective efforts in this area and offers synergy where possible; ii) mobilises support and partnership around the government's endeavor
- Presentation of initial findings and recommendations to UNDP and selected audiences;

c. Home-based work: 4 days

- Finalization of the report that will include the current situation analysis, comprehensive implementation plan and partnership strategy for scaling up and successful implementation of e-fiscalization in the country.

4. FINAL DELIVERABLES

PRODUCTS	TERMS	PAYMENT STRUCTURE
Approved workplan for the assignment implementation	Within 1 week after contract issuance	30%

1. Current situation analysis for having 360 view; 2. list of necessary initiatives to guarantee successful tax reforms; 3. list of prioritization activities to be implemented; 4. comprehensive implementation plan based on quarterly timeline, including budget estimation for every initiative. 5. Decision making power map to support development right communication strategy for scaling up e-fiscalization project in the country with other donors and partners.	30 September 2019	70%
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5. REPORTING REQUIREMENTS

- The Consultant will report in English. The report to be certified by the UNDP Assistant Resident Representative, which will serve as a justification for payments.
- All information should be provided in both printed and electronic versions (txt, docs, ppt formats).

6. QUALIFICATION REQUIREMENTS

- Master's degree in economics, finance, business administration or other relevant discipline;
- Proven experience working with Tax, Custom including International trade & shipment and digital payments;
- Strong experience in working with development banks and/or international donor agencies is an asset.
- Experience in implementing similar reform initiatives in practice, as a public sector employee, or representative of development organization/ private company or an NGO.
- Excellent knowledge of English, knowledge of Russian is an asset;

7. SCOPE OF PRICE PROPOSAL

Preferred Currency of Offer: United States Dollars (US\$)

The financial proposal shall specify a total lump sum amount, and payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments fall in installments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount (including travel, per diems, and number of anticipated working days).

For local contractor in Kyrgyzstan shall effect payment in Kyrgyz Som based on the prevailing National Bank operational rate of exchange on the month of payment.

8. ADDITIONAL REQUIREMENTS FOR RECOMMENDED CONTRACTORS

Statement of Medical Fitness for Work

Individual Consultants/Contractors whose assignments require travel and who are over 65 years of age are required, at their own cost, to undergo a full medical examination including x-rays and obtaining medical clearance from a doctor prior to taking up their assignment.

the Individual Contractor prior to commencing the travel, either for repatriation or duty travel, the Individual Contractor may choose his/her own preferred physician to obtain the required medical clearance.

Inoculations/Vaccinations

Individual Consultants/Contractors are required to have vaccinations/inoculations when travelling to certain countries, as designated by the national medical requirements. The cost of required vaccinations/inoculations, when foreseeable, must be included in the financial proposal.

9. TRAVEL REQUIREMENTS

5 days of travel to Bishkek, Kyrgyz Republic (4 overnights)

All envisaged travel costs must be included in the financial proposal. This includes all travel to join duty station/repatriation travel. In general, UNDP should not accept travel costs exceeding those of an economy class ticket. Should the IC wish to travel on a higher class he/she should do so using their own resources.

10. SECURITY CLEARANCE

The Consultant/Contractor will be requested to undertake the BSAFE training. These requirements apply for all Consultants, attracted individually or through the Employer

UNDP INPUT

Access to corresponding files related to content of Terms of Reference

Security charges are not applicable