

TERMS OF REFERENCE

GENERAL INFORMATION

Title of consultancy: Analysis of ownership structures and shareholders in targeted countries and their linkages with jurisdictions with opaque financial sector – REAP Initiative

Application closing date: 2nd September 2022

Consultancy start and end date: ASAP – end of September

Location of consultancy: Remote

BACKGROUND

Transparency International (TI) is the global civil society organisation leading the fight against corruption. Through more than 100 chapters worldwide and an international secretariat in Berlin, Germany, TI raises awareness of the damaging effects of corruption and works with partners in government, business and civil society to develop and implement effective measures to tackle it. Transparency International aims to achieve change in two main areas: policy and institutional change and behaviour change. However, in some contexts, raising awareness is a big challenge that also requires evidence to support those efforts.

THE REAP INITIATIVE

The Rallying Efforts to Accelerate Progress – Africa Inequalities Initiative (REAP) is a response to the European Commission's call to accelerate progress towards reducing income and wealth inequalities in Africa, in order to benefit those most left behind. Civil society has proven to be a trigger of systematic change, advocating for marginalised sectors, and pushing for transparency reforms across the world. Therefore, this project seeks to empower civil society actors in their endeavour to be stronger governance actors. To achieve this, REAP stands upon three pillars: two are focused on the national level – in Kenya and South Africa–, and a third one focuses on the impact of illicit financial flows on inequality, from a regional and global perspective.

At this level, this project aims to foster stronger regional and global action to disrupt mechanisms enabling illicit financial flows (IFFs), tax evasion and tax avoidance undermining the sustainable development of countries in Africa. This will be achieved through strengthening CSOs' capacities and influence to contribute to policy formulation and to monitoring and supporting the implementation

of commitments that consider, reflect, and advance the priorities and needs of those most left behind. In partnership with local organisations, this initiative will contribute to the generation of evidence of the extent, types, and impact of IFFs, tax evasion and tax avoidance in the region, highlighting innovative tools and approaches to tackle them. This evidence will also contribute to establishing the groundwork for advocacy endeavours to promote and push for the implementation of strong regional and global commitments that take into consideration the experience and needs of African countries.

One key deliverable of the project is to publish an analysis of illicit financial flows in Africa related to corruption, tax evasion and tax avoidance. The research focuses on assessing the risks for 9 targeted countries as well as capacities to address them. A methodology has already been developed and is currently being implemented.

OBJECTIVE

In the framework of the research carried out under the REAP project, Transparency International is looking for a consultant to calculate the values of and analyse two proxy variables regarding business structures in our nine targeted countries – Ethiopia, Congo-Brazzaville, Côte d’Ivoire, Kenya, Mauritius, Morocco, Nigeria, South Africa, and Zambia –. The two relevant proxy variables and their objectives are the following:

- i. Firms controlled from risky jurisdictions, in order to understand the degree to which shareholders and beneficial owners are registered in countries and jurisdictions with low level of financial and corporate transparency.
- ii. Ownership links with risky jurisdictions, in order to understand the degree by which citizens of the country under analysis holds firms, which are registered in countries with a low level of financial and corporate transparency.

The main objective of the work is to gain a better understanding of the ownership structures in the targeted countries in order to assess the risk of these countries to be vulnerable to IFFs schemes, given that an abnormal number of companies operating in a country which are registered in jurisdictions with opaque business registries may signal IFFs vehiculated through private companies¹. The selected consultant will work in coordination with TI-S to calculate these two proxy variables employing a method provided by TI-S, which is part of the team’s methodology to assess risks of IFFs in the region. Likewise, the consultant will need to have access to the necessary data to calculate and analyse these variables, including: i) number of shareholders or beneficial owners of companies of all relevant countries; ii) the nationality of the shareholders or beneficial owners of companies in all relevant countries; iii) the country of registration of companies; iv) the financial and corporate transparency level of all the relevant jurisdictions.

¹ Aziani, Alberto, Joras Ferwerda, and Michele Riccardi. 2021. “Who Are Our Owners? Exploring the Ownership Links of Businesses to Identify Illicit Financial Flows.” *European Journal of Criminology*.
<https://doi.org/10.1177/1477370820980368>

EXPECTED DELIVERABLES

The expected deliverables/final products are the following:

- i. The calculation and analysis of the proxy variable **“Firms controlled from risky jurisdictions”** for the nine targeted countries
- ii. The calculation and analysis of the proxy variable **“Ownership links with risky jurisdictions”** for the nine targeted countries
- iii. A brief analytical report of the two proxy variables that includes the values for the nine targeted countries, the position of these countries in a global ranking, and the mean values for Africa as a whole (REAP and non-REAP targeted countries) as well as for the world.

The expected time to complete this assignment is approximately **5 – 8 working days during September 2022**.

The consultant shall work in close cooperation with the Research and Policy Expert and the Research Coordinator of the TI Secretariat (TI-S team) and seek feedback to ensure that deliverables are developed according to organisational standards and policies. The consultant will discuss their proposed approach with the TI-S team. A feedback loop will be built in to allow the TI team to review the outputs produced under this consultancy.

All submissions are required in English, in electronic form, in accordance with the deadlines. The consultant is responsible for editing and quality control of language. The TI secretariat retains the sole rights with respect to all distribution, dissemination and publication of the deliverables.

SELECTION CRITERIA

The consultant should have the following qualifications:

- a. University degree in a relevant academic field (political science, social sciences, economics, law or similar)
- b. Substantive knowledge on illicit financial flows, anti-corruption and anti-money laundering
- c. Knowledge of the region and targeted countries in the relevant topics (i.e., money laundering, corruption, tax evasion, tax avoidance)
- d. Substantive and demonstrable experience in calculating and analysing risks associated with money laundering, corruption, and tax abuse
- e. Experience in data collection and analysis of large datasets
- f. Access to the required data on shareholders and beneficial owners in relevant countries in order to collect the data and analyse it

- g. Experience of working with clients in civil society, particularly advocacy-oriented NGOs
- h. Fluency in English (written and spoken)

In addition, due to the European Commission procurement rules, application is open only to nationals of the following countries, or legal persons established in one of the following countries:

- EU / EEA Member States and the UK
- IPA II beneficiaries (Albania, Bosnia and Herzegovina, Kosovo, Montenegro, Serbia, Turkey, Republic of North Macedonia)
- Developing countries and territories, (included in the OECD-DAC list of ODA recipients), which are not members of the G20 group
- Overseas Countries and Territories (OCTs) covered by Council Decision 2013/755/EU of 25
- November 2013 on the association of the overseas countries and territories with the European Union

REMUNERATION AND COSTS

The Consultants should provide their estimated total fee as a lump sum or as standard daily or hourly rates. The consultant should also provide a detailed breakdown of all their estimated costs.

For candidates based in the EU, EEA, UK, and Switzerland

Transparency International e.V. (Secretariat), (TI-S) is registered as a Business Entity in Germany with VAT identification number DE273612486. EU reverse charge applies. Service providers should issue invoices with zero VAT.

Candidates who are based in Germany and do not charge German VAT must confirm their small entrepreneur status.

APPLICATION SUBMISSION

The application should include the following documents in English:

- a. CV
- b. Cover letter describing the qualifications for the assignment and how you plan to implement it (max 1-2 pages)
- c. A cost estimate of the above-mentioned services and outputs
- d. Two examples of and references to other similar work previously undertaken

Applicants must also state their nationality in their tenders and provide the usual proof of nationality

under their national legislation. This allows us to ensure that we comply with the European Commission procurement rules, in particular the rule of nationality. See “selection criteria” above.

Please, email your application documents by **2nd September 2022, 6pm CEST**, indicating “Calculation proxy variables IFFs risks – REAP” in the subject line to REAP-consultancy@transparency.org . Only shortlisted applicants will be contacted.

The Transparency International Secretariat is committed to creating an inclusive work environment where diversity is valued and where there is equality of opportunity. We actively seek a diverse applicant pool and therefore welcome applications from qualified candidates of all regions, countries, cultures, and backgrounds.

Selection of candidates is made on a competitive basis, and we do not discriminate on the basis of national origin, race, colour or ethnic background, religious belief, sex, gender identity and expression or sexual orientation, marital or family status, age or ability. We kindly ask applicants to refrain from including in their application information relating to the above as well as from attaching photos.

DATA PROTECTION

When you respond to this tender and submit your application, you provide consent that Transparency International e. V. keeps your application materials for the period of ten years according to German legal requirements. Afterwards Transparency International will delete your application and any personal data included in it. If you have any questions, please reach out to dataprotection@transparency.org .