1. **Background:**

Transparency International Cambodia (TI Cambodia) is a fully accredited National Chapter of Transparency International Secretariat based in Berlin, Germany. With more than 100 Chapters worldwide, we work together with all relevant stakeholders including the government, civil society organisations (CSOs), development partners (DPs), private sector, media and individuals to promote integrity and reduce corruption.

TI Cambodia has successfully implemented its 1st Strategic Plan 2012-2015 and 2nd Strategic Plan 2016-2019. In preparation for the effective execution of next Strategic Plan 2020-2022, Phase III “Collective Actions Against Corruption (CA2C)”.

Tax incentives have been broadly deployed as a tool to attract investment and create jobs in both developed and developing economies. There are some circumstances under which the use of tax incentives could be economically justified. These include incentives granted to projects which are expected to confer significant positive externalities to the rest of the economy, such as investment in high-tech industry and research and development (R&D). However, experience demonstrates that on most cases where tax incentives are utilized (especially in the global south) they are inefficient and economically unsustainable, representing losses in tax revenue that are desperately needed in exchange for insufficient economic gains.

Over the past years, Cambodia has initiated and implemented numerous incentives to encourage investment in the country. For instance, investment incentives are provided for projects that meet a Qualified Investment Project (QIP) requirements, including exemption from tax on corporate income with a maximum exemption of up to nine years, accelerated depreciation on manufacturing assets, exemption from import duty on production equipment, raw materials and inputs to manufacture and the right to employ foreign labour. However, it is unclear whether these incentive measures contribute to achieving the objectives. In Cambodia, the issue has also not received adequate attention from both tax researchers and tax policy makers. Cambodia has not yet developed an adequate mechanism to assess the costs and benefits of tax incentives. There is also not much information and data available in order to conduct a careful analysis on the effectiveness of tax incentives in Cambodia.

2. **Objectives:**

The main objective of the study is to provide an in-depth analysis and discussion on the development of Cambodia’s tax incentive regime and its effectiveness, more specially aiming at achieving the following objectives:

- To review theoretical and empirical literature on the costs and benefits of tax incentives with special reference to Cambodia and to provide an analysis on international experience on tax incentives and lessons learned for Cambodia;
To conduct an examination of tax incentives in Cambodia, including the major features of Cambodia’s tax incentive regimes; a full review of the current legislations on the design, approval and oversight of tax incentives and its offering to tax payers, the governance of tax incentive regimes – how transparent and accountable the procedure is – and what are the costs and benefits of tax incentives; and
To discuss relevant issues that require further and deeper investigation, and to propose recommendations for potential changes in tax policy in Cambodia in general and tax incentives in particular.

3. Roles and Responsibilities:

- Develop a clear and detail research method, framework and schedule/timeline. This should be held in consultation with TI Cambodia;
- Conduct a thorough desk review to gather background and current information and development on tax incentives;
- Conduct in-depth interviews with targeted individuals and experts to understand current development of tax incentive regimes. The size of the samples should be discussed and agreed by the TI Cambodia in order to ensure that it has a large enough sample size to be able to make sound recommendations based upon the findings;
- Identify, approach and form an Advisory Group for the research who will play an advisory role for the conduct of the study. Facilitate three consultation workshops (organised/funded by TI Cambodia). The first workshop is to present the research methodology and framework (inception report) while the second one is to present the first draft report to the Advisory Group to generate their inputs and the final one is for the Advisory Group to validate the study findings and recommendations. Stakeholder consultations are expected to be held to generate meaningful inputs for the research study;
- Produce a well-written and comprehensive research report based on the outcomes of the study and should appropriately discuss the current contexts and issues of tax incentives in Cambodia. It should also present an objective analysis of the findings, taking into account comments and inputs from TI Cambodia and other relevant experts. Most importantly, it should provide sound and solid recommendations in light of the research findings; and
- Present the research findings and recommendations at the report launching event (organised/funded by TI Cambodia).

4. Deliverables:

The consultant is expected to deliver the following key outputs.

- A full and well-written and comprehensive in-depth study on tax incentives in Cambodia (English);
- A summary version of the research report that outline key findings and recommendations (English); and
- The consultant is also expected to present the research findings and recommendations at the report launching event.

5. Work schedule:

The anticipated duration of the contract is four months, starting from March 2020.

6. Payment schedule:

Payments by TI Cambodia are delivery-based. Any deliverable not meeting the required specifications will have to be reworked and resubmitted at no additional cost to TI Cambodia. The proposed payment schedule for this assignment is upon submission of progress reports on completed tasks, outlined against planned outputs. Based on the report and satisfactory performance, payments will be approved by the Director of Programmes.

7. Type of supervision and place of work:

- The consultant must work closely with TI Cambodia for the whole duration of this project, as well as with the inputs from the Advisory Group and senior management of TI Cambodia; The consultant will from time to time submit and share the progress of activities as agreed in the contract; and
- The consultant does not have to be present at TI Cambodia office during the course of the assignment.
8. **Required knowledge, Experience and Skills:**

- Advanced university degree (MA or PhD) in Economics, Finance or other relevant subjects;
- Demonstrated strong knowledge and experience in undertaking research studies, especially qualitative method, in the areas of tax incentives/exemptions;
- Prior experience in Cambodia and/or knowledge of Cambodia’s tax issues are desirable;
- Excellent English language skills (native speaker standard) and ability to write clear and compelling content for a wide variety of audiences;
- Ability to work with minimum supervision and deliver the outputs with high quality; and
- Passion for Transparency International Cambodia’s mission and goals and a commitment to the organisation’s core values.