Title of assignment:	Specialized company for design and carrying out public opinion survey on citizens' drivers of tax morale in North Macedonia
Project:	NEAR-TS/2019/413-704, *Tax responsibility project, – Towards civic responsibility and responsible tax funded by the European Union and implemented by CEA.*
Contracting authority (CA)	Centre for Economic Analyses Skopje (CEA)/ Центар за економски анализи Скопје (ЦЕА)
Offer deadline:	12/2/2020, 16.00 o'clock
Expected Starting Date:	20/02/2020
Expected End of the Assignment:	20/03/2020, or one month after the contract signing

TERMS OF REFERENCE

1.   BACKGROUND INFORMATION

1.1.   Country background

In most countries, raising revenues requires an efficient, effective tax system. But standard policy measures for improving taxpayer compliance/tax morale – such as reforming legislation and administration – may not be enough. They may also be time-consuming or infeasible due to technology infrastructure, limited resources, and political constraints. A thorough understanding of human behavior and how individuals interact with policies and programs can provide creative and cost-effective solutions to these challenges. There are evidence from World Bank field experiments that consider the social, psychological, and economic factors influencing taxpayer decision making. Complementary studies from some countries demonstrate how context-specific, behaviorally informed messaging can offer an immediate, low-cost solution to bureaucratic and technological barriers.

Interventions that consider human behavior, help individuals better process information, make decisions, and submit their tax declarations accurately and on time, and help tax administration officials improve the way they do their job. Behaviorally informed policy emphasizes the importance of context for decision making and behavior. It examines the social, psychological, and economic factors that affect what people think and do. It addresses details in bureaucracies, technologies, and service delivery that are often overlooked in standard policy design, but that can dramatically influence the effectiveness of development programs and projects, especially in low-income contexts. Behaviorally informed policy can provide creative solutions to difficult challenges, often at low cost.

In order to determine the drivers of tax responsibility/morale the counteracting authority (CEA) requests proposals for a methodology, design of survey and implementation of representative sample survey among the citizens – tax payers on the territory of Republic of North Macedonia to conduct public opinion survey that detects/determines the main drivers of tax morale among the tax payers.

1.2. Current situation in the sector

The tax to GDP in Republic of North Macedonia (RNM) for two decades is around/or below 17% of the GDP, as compared to the EU countries which is 25%-50%. The structure of the tax mix indicates that it is constant through time and that that the indirect tax are predominant i.e. 80% are consumption taxes (VAT) while in EU this is inclined to a higher degree towards the personal taxes. Furthermore, the EU average contributing factor of tax evasion has been estimated to be a result of tax morale of 14.5%., or another study states that the average tax evasion on an EU level is 12.3% of GDP.

2. OBJECTIVE & EXPECTED RESULTS

2.1. Objective and purpose

The overall objective of the assignment is for a qualified entity to design a methodology through survey and conduct a citizen wide public opinion survey that will adequately determine the main tax morale drivers that will enable creation of a profile of the tax payers in RNM.

The results shall be used as a source to contribute to advancement of civic responsibility in RNM through tax responsibility. Building the tax citizenship requires inductively motivating and promoting active and responsible citizenship involved and aware of the social relevance of taxes and on the other hand boosting transparency and efficiency of public expenditure.

The assignment shell result in the creation of indicators for the citizens' values and perceptions that drive or disincentives of tax compliance for physical entities – that is the citizens. This will define the input parameters for areas of interventions and incentives to motivate citizens to improve their tax responsibility and enhance compliance. This set of activities (assignment) are one of the tools to be used as input to design informed tax messages and communication between the tax authorities and the citizens.

Thus, the questions of the survey should focus on the following factors influencing the tax morale of the physical entities paying taxes:

- On the demand side of the tax paying and service delivery market (physical entities)
  - social,
  - psychological, and
  - economic
- On the supply side of the tax paying and service delivery market (public sector)
  - Bureaucracies of the tax office,
  - Technologies of the tax office to administer taxes, and
  - Quality of service delivery

Thus the purpose of this assignment is as follows:
- Creation of a methodology, survey and a statistically analysis of above-mentioned factors/determinants influencing the tax morale/compliance will assist in designing some proper incentives to motivate citizens to improve/continue timely tax payment.
- Findings from the research provided by the procured legal entity will help in identifying proper determinants of the tax morale/compliance. This will further assist the CA in the preparation of proper actions toward taxpayers to conduct experiments.

The objectives of this assignment are to obtain from the bidders:

- Proposed and after selection develop final and adequate methodology and methodological tool (questionnaire) for carrying out the public opinion survey for achieving the overall objective to examine the factors/determinants that influence on the willingness to pay taxes in RN Macedonia by physical entities - citizens.

- Fully carry out a representative sample survey on the territory of RNM through face to face or phone survey with citizens determining the degree of tax morale and determinants of tax morale as incentives for increased civic responsibility through tax responsibility.
- Prepare and deliver a data base of answers in excel and SPSS format
- Provide statistical analysis of the received survey results according to the proposed methodology and work plan

2.2. Results to be achieved by the contractor

3. SCOPE OF THE WORK

3.1. General
3.1.1. Description of the assignment

Based on the above-described objective of the assignment, the selected contractor shall work on the following set of tasks, in close cooperation and after approval of the responsible staff from the contracting authority – CEA for each part of the process:

o **Preparation of the respondents list by application of a representative sampling method**

The company will be required to provide technical and field-based services to carry out a national public opinion survey including preparation and presentation of the methodology for sampling and data collection. This basic infrastructure will comprise a representative list of respondents – sample on the territory of the whole country and also on level of 6 regional tax centers (Skopje, Bitola, Prilep, Stip, Tetovo and Strumica) who will participate in the public opinion survey. The surveying shall be done independently and cannot be part of an omnibus survey. The surveying is expected to be carried out by face-to-face or by phone interviews (for different approach costing should be provided separately if applicable). There will be a requirement also to disaggregate findings along developmentally relevant lines (including by gender, age, ethnicity, location and income, category of students, employee in public sector, employee in private sector, farmers, etc.).

o **Designing a structured questionnaire (public opinion poll questions)**

Once the respondents list is established, the company shall develop and finalize the list of poll/survey questions. The survey questions will have to be discussed with CEA for inputs and clearance prior finalization. CEA will also provide the contractor with a list of topics of interest for the poll which will serve as a basis for defining the specific questions. Specific emphasis in the survey should be given to indicators for the quality and scope physical entities` needs related to the willingness to pay taxes and the need for improvements the tax system in general. CEA will expect the bidder to indicate the optimum number and types of questions suited to the polling methodology and stratified sample size representative of the survey population. The questionnaire as a tool must be prepared and used in *Macedonian language* as well as all the documents such as analysis, data, methodology and reports. The final list of questions will have to be approved by CEA.

o **Carrying out the public opinion survey**

Once the survey questions are agreed with and cleared by CEA, the contractor will be expected to gather information via face-to-face or by phone interviews. The core surveying team of the contractor, shall provide instructions/guidance to the network of polling staff (surveyors) and appoint controllers for quality assurance after final agreement on the content of the survey is approved from CEA. The surveying shall be anonymous, but evidence shall be provided that all methodological diligence has been applied to ensure representativeness of the sample. All data and information thus generated shall be the property of CEA and shell not be used for any other purpose.

Once the questionnaire has been approved by CEA the company shall conduct pilot test of the survey questionnaire. The purpose of the pilot testing is to assure that the questionnaire is clear and understandable to

the respondents, and the length of time required to administer the questionnaire is reasonable. The company should report back to CEA on the findings of the pilot test and discuss any possible changes to the questionnaire.

    o   **Preparation of a report on the research and the findings of public opinion survey**

Based on the research and the findings of the survey, the contractor shall prepare an integral report, including quantitative and qualitative analysis of responses and analysis of relevant demographic data.

Furthermore, the contractor shall prepare initial cross-tabulation and additional cross-tabulations at the request of CEA according to the answers of the survey. The report should be prepared in Macedonian language. The final report should also include brief description of what these survey results mean in the context of citizen responsibility through tax responsibility; what are the factors/determinants that influence on the willingness to pay taxes in Macedonia by physical entities. The analysis will be based only for physical entities' opinion by analyzing the personal income tax as central tax and property tax, real estate transfer tax, inheritance tax, gift tax as local taxes.

The data shall be delivered to CEA in excel and SPSS formats and the analysis in Word format, both via e-mail, USB and 3 printed versions of the initial cross-tabulation and also the final analysis with additional cross-tabulations.

Based on the above scope of work, the assignment deliverables **are as follows:**
1) Prepared detailed methodology and questionnaire with a schedule of work and finalization of the respondents list/sampling.
2) Designed questionnaire.
3) Conducted survey as per the agreed methodology and representative sample adequately distributed and stratified.
4) Prepared final integral report including the completed questionnaires, statistical analysis and data aggregation.
5) Delivering the full set of answers from the survey in two forms excel and SPSS in workable formats to be used for other analyses

All deliverables will be subject to final clearance and contingent upon quality assurance by the CEA. Some determinants/tips on the demand side of the drivers of tax paying/compliance/morale for preparation of the technical part of the proposal – proposed methodology and survey questions:

Social, psychological and economic determinants	Dilemma of the physical entity
UNDERSTANDING TAX PROCESESS	
Lack of knowledge	Should I declare taxes?
Poor framing	What exactly should I do?
DECIDING TO PAY TAXES	
Perception on consequences	Will I get punished if I do not pay?
Social norms of society	Do others pay taxes?
Low salience on reciprocity	What exactly does the government od with my money?
DECLARING TAXES	
Bandwidth overload	How do I pay?
Process complexity	How much do I owe?
Information overload	Where do I pay?
PAYING TAXES	
Liquidity constraints	Can I afford to pay the tax I owe today?
Procrastination	Can I delay a bit my payment of taxes I owe?
Choice overload	Which is the best paying option?

Thus, the questions of the survey should focus on the following factors influencing the tax morale of the physical entities paying taxes:

- On the demand side of the tax paying and service delivery market (physical entities)
  - social,
  - psychological, and
  - economic
- On the supply side of the tax paying and service delivery market (public sector)
  - Bureaucracies of the tax office,
  - Technologies of the tax office to administer taxes, and
  - Quality of service delivery

3.1.2. Geographical area to be covered

The sample size should be representative sample of the citizens of RNM, tax payers. This basic infrastructure will comprise a representative list of respondents on the territory of the whole country and also on level of 6 regional tax centers (Skopje, Bitola, Prilep, Stip, Tetovo and Strumica) who will participate in the public opinion survey. (See http://www.ujp.gov.mk/mk/organizaciska_struktura)

3.1.3. Target groups

Citizens - physical entities tax payers adequately distributed and stratified based on the guidelines in the other sections of the ToR.

3.2. Timeline

The bidder should prepare and propose adequate timeline for each deliverable no later than 12.02.2020, and the implementation period with all deliverables is until 20/03/2020.

3.3. Project management
3.3.1. Responsible body
The responsible body for managing the process will be CEA. CEA will be included during all phases of the implementation of the assignment.

3.4. Start date & period of implementation of tasks

The intended start date is 20/2/2020 and the period of implementation of the contract will be 30 days from the date of contract signing.

4. REQUIREMENTS
4.1. Staff
Note that civil servants and other staff of the public administration shall not be approved to work as experts.

4.1.1. Key experts

The selection of the company will be made based on the submitted proposal (financial and technical) as well as the following levels of experience and qualifications:

Requirements for the company

- Demonstrated organizational competence and experience with polling/surveying and an outstanding track record of working on complex multidisciplinary projects (list of reference projects shall be included i.e. a list of at least 5 country-wide and relevant surveys based on representative statistical sample of the population and by using face to face or phone survey method over the past 5 years. Demonstrated organizational capacity to produce and analyses high quality and accurate data.

- Proven experience in working with customer behavior analyses. Experience in working with international institutions will be an asset.

Team's qualifications
- A qualified expert team shall be assigned as per the qualification requirements:
- The team shall have a Team Leader and at least one additional expert. For all team members, the list of relevant projects/assignments shall be indicated. The CVs of the technical staff shall be included in the proposal as well.

	Team members and/or areas of expertise	Qualification requirements
1.	**Team Leader**	o Minimum University degree (political science, statistics, other related/relevant field) Advanced degree will be an asset. o At least 5 years of professional experience particularly as relates to statistics and random sampling/ analysis o Proven experience as a project/team Leader working on minimum 5 relevant projects (List of relevant projects/assignments shall be indicated)
2.	**Expert**	o Minimum University degree (political science, statistics, other related/relevant field) Advanced degree will be an asset. o At least 3 years of relevant experience in polling, statistics, data analysis including a minimum of three relevant o Proven experience on at least 3 relevant assignments/projects. (List of relevant projects/assignments shall be indicated)

4.2. Office, facilities, equipment

Office/logistical accommodation for adequate implementation of the assignment will be fully arranged and organized by the contractor. The contractor shall ensure that experts and survey implementing staff are adequately supported and equipped. No equipment is to be purchased on behalf of the contracting authority as part of this service contract. Any equipment related to this contract must be provided by the contractor.

5. REPORTS

5.1. Reporting requirements
The contractor will submit the following reports in Macedonian language in one original and 2 copies by post as well by e-mail and USB including the editable data base of surveyors in excel and SPSS.

- **Inception Report** of maximum 10 pages to be produced after two weeks from the start of implementation. In the report the contractor shall describe e.g. initial findings, progress in collecting data, any difficulties encountered. The contractor should proceed with his/her work unless the contracting authority sends comments on the inception report.

- **Draft final report** including the main text and annexes shall be submitted no later than 5 days before the end of the period of implementation of tasks.

- **Final report** with the same specifications as the draft final report, incorporating any comments received from CEA on the draft report. The deadline for sending the final report is 5 days after receipt of comments on the draft final report. The detailed analyses, data and cross-tabulations underpinning the recommendations will be presented in annexes to the main report.

5.2. Submission and approval of reports

The report referred to above must be submitted to the project manager identified in the contract. The project manager is responsible for approving the reports. CEA needs to be involved in the comments and the approval of the reports.

6. FINANCIAL PROPOSAL

The financial proposal shall specify a total lump sum amount quoted in MKD and amounts per deliverables. The contracting authority implementing the project is not VAT payer and the payment will be done without VAT tax, thus the financial proposal needs to be expressed without VAT tax as it will be paid out to the selected contractor after completion of the works.

For each deliverable, the financial proposal shall include a breakdown of the amount (including travel, per diems, and number of anticipated working days). The financial proposal shall be all inclusive and there will be no additional reimbursements allowed. Any output and activities described in the offer but not priced in the Financial Proposal, shall be assumed to be included in the prices of other activities or items, as well as in the final total price.

FORM 1

SERVICE PROVIDER'S TECHNICAL PROPOSAL

(This Form must be submitted only using the Service Provider's Official Letterhead/Stationer)

Date

To: Center or Economic Analyses

Subject: Offer for assignment design and carrying out public opinion survey on citizens' drivers of tax morale in North Macedonia

Dear Sir/Madam:

We, the undersigned, hereby offer to render the following services to CEA in conformity with the requirements defined in the ToR for design and carrying out public opinion survey on citizens' drivers of tax morale in Republic of North Macedonia and all of its attachments

<The Service Provider must describe and explain how and why they are the best entity that can deliver the requirements. The technical proposal must highlight the prior experience of the bidder in the area of polling. Bidders should include a list of prior relevant projects/polls and information on the scope, clients and date of implementation/duration>

The methodology proposed is given in the next pages together with the plan of work, experience table and proposed draft survey questions.

	Name(s) of legal entity or entities making this application
Company	*<the service provider should provide Current status, from the Central registry of RNM, not older than 6 months>*

Name	
Organization	
Address	
Telephone	
Fax	
e-mail	

[Name and Signature of the Service Provider's Authorized Person]

[Designation]

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Methodology and approach proposed

<The Service Provider must describe how it will address/deliver the demands of the ToR; providing a detailed description of the essential performance characteristics, reporting conditions and quality assurance mechanisms that will be put in place, while demonstrating that the proposed concept will be appropriate to the local conditions and context of the work.

<The methodology should include indications of any related technical specifications, timelines, risk identification and mitigation measures, and such other aspects necessary for the successful implementation of this contract. Included also will be the means by which the poll results can be disaggregated>.

<The approach to development of the survey shall be based on the principles of representativeness and seeking to balance depth and strength of data with costs and design and carrying out the poll>.

- *Proposed draft survey*

< the bidder should provide a proposed draft survey to be used according to their current understanding to further be detailed with the contracting authority. The proposed draft questionnaire may be attached separately in Macedonian language>

Proposed schedule of work

<The schedule of work should be prepared against the deliverables and include timeline for all activities>

Deliverable	Time line and Deadline
<deliverable 1>	
<deliverable 2>	
<deliverable …>	

Experience

Please fill in the table below as required minimum experience per ToR by the legal entity making this offer. The number of references to be provided must not exceed 7, and should include reference contacts details of clients that received the service that can provide proof for the conducted service. <Copy the table as needed>

Ref no (maximum 7)	Project/Service title					
Name of legal entity	**Coverage**	**Proportion carried out by legal entity (%)**	**No of staff provided**	**Name of client**	**Origin of funding**	**Dates (start/end)[i]**
…	…	…	…	…<ref contact>	…	…
Description of project/service					**Type and scope of services provided[ii]**	
…					…	

Qualifications of Key Personnel as per TOR requirements:

< the Service Provider must provide Names and qualifications of the experts that will perform the services under the ToR and their CVs reflecting their relevant experience >

[Name and Signature of the Service Provider's Authorized Person]

[Designation]

FORM 2

SERVICE PROVIDER'S FINANCIAL OFFER

Compliant with TOR

<mark>Date</mark>

To: Center or Economic Analyses

Subject: Offer for assignment design and carrying out public opinion survey on citizens' drivers of tax morale in North Macedonia

Dear Sir/Madam:

We, the undersigned offer to deliver the services in conformity with **invitation and ToR for** **"**Design and carrying out public opinion survey on citizens' drivers of tax morale**"**

Item No.	Description of services	Price in MKD, VAT excluded
1	Deliverable 1	
2	Deliverable 2	
3	Deliverable 3	
4	Deliverable 4	
	TOTAL	

[Name and Signature of the Service Provider's Authorized Person]

[Designation]

Annex: _Evaluation criteria_

A two-stage procedure is utilized in evaluating the proposals, with evaluation of the technical proposal being completed prior to price proposal being compared. The price proposals will be opened only for submissions that passed the minimum technical score of 70% of the obtainable score of 700 points in the evaluation of the technical proposals (expertise of the firm in similar projects, methodology and approach and qualifications of the staff with relevant experience) and the price has allocated 300 points.

Contract will be awarded to the company with the highest aggregate score based on technical and financial proposal.

Technical Evaluation Table

	Summary of Technical Proposal Evaluation Forms	Score Weight	Points Obtainable	A	B	C	D	E	F	G
1.	Expertise of Firm / Organization		30							
2.	Proposed Methodology, Approach and Implementation Plan		40							
3.	Management Structure and Key Personnel		30							
	Total		100							

Technical Proposal Evaluation **Form 1**		Maximum Points obtainable
Expertise of the Firm/Organization		
1.1	Demonstrated organizational competence and experience with polling and an outstanding track record of working on complex multidisciplinary projects (list of reference projects shall be included i.e. a list of at least 5 large (country-wide) and relevant surveys based on representative statistical sample of the population and by using face to face method over the past 5 years. Demonstrated organizational capacity to produce and analyse high quality and accurate data.	20
1.2	Proven experience. Experience in working with international institutions will be an asset.	10
		30

Technical Proposal Evaluation **Form 2**		Maximum Points obtainable
Proposed Methodology, Approach and Implementation Plan		
2.1	To what degree does the Proposer understand the task? Is the scope of task well defined and does it correspond to the TOR?	10

2.2	Have the important aspects of the task been addressed in sufficient detail and incorporated in the the proposed survey draft questionnaire?			20
2.3	Is the proposal based on understanding the work and the project and was this data input properly used in the preparation of the proposal?			5
2.4	Is the presentation clear and is the sequence of activities and the planning logical, realistic and promise efficient implementation to the project?			5
				40

3.1	**Team Leader**			**Maximum obtainable points**
	Qualifications of the Project Leader	**YES/NO for minimum requirements**		
	Educational background: Minimum University degree (political science, statistics or other relevant field)			4
	Proven experience as a project/team Leader working on minimum 5 relevant projects			6
	At least 5 years of professional experience particularly as relates to statistics and random sampling/ analysis			8
		Max points:		**18**
3.2	**Expert**			
Qualifications of the Experts		**YES/NO for minimum requirements**		
	Educational background: Minimum University degree (political science, statistics or other relevant field)			3
	At least 3 years of relevant experience in polling, statistics and data analysis			4
	Proven experience on at least 3 relevant assignments/projects			5

		Max points:		12
		TOTAL		**100**

Offeror's response to the solicitation document is evaluated and points are attributed based on how well they meet the defined desirable criteria.

A proposal shall be considered non-responsive and rejected, if it fails to substantially satisfy the requirements of the TOR, or it fails to achieve a minimum technical score (70% of 100 points or 70 points).

The financial proposal of the Proposals will be considered for submissions that passed the minimum technical score of 70% of the obtainable score of 100 points in the evaluation of the technical proposals.

The offer with the lowest price will receive the total 30 points. Other offers with higher prices will receive their respective scores according the following formula:

$$\frac{\text{Lowest Bid}}{\text{Proposed Bid}} \times 30$$

The proposal will be awarded with the highest aggregate score based on technical and financial proposal.

Important note: CEA reserves the right to withdraw the request for proposals without making a selection during the selection process, having ascertained that the proposals lack quality and or the financial proposals submitted to this bid are exceeding a set ceiling for this assignment.