



The project is funded by the European Union



The project is implemented by Center for Economic Analyses



Title of assignment:	Observations and analysis of the intervention effects - testing of behavioral insight through a tax system and pilot testing
Project:	NEAR-TS/2019/413-704, <i>Tax responsibility project, – Towards civic responsibility and responsible tax funded by the European Union and implemented by CEA.</i>
Contracting authority	Center for Economic Analyses Skopje / Центар за економски анализи Скопје
Expected Starting Date:	1/11/2021
Expected End of the Assignment:	31/11/2021

TERMS OF REFERENCE

1. BACKGROUND INFORMATION

1.1. Country background

In most countries, raising said 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. This policy note provides 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 the counteracting authority (CEA) has piloted testing through behavioral interventions in several local communities in North Macedonia thus now collects the raw data on the effects of the value of collected local taxes. In order to determine the results it needs an analysis of the effects overall and based on specific determined characteristics of the taxpayers and the effects on the tax morale.

1.2. Current situation in the sector

The tax to GDP in North Macedonia 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 (indirect taxation and self-employment activities) 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 or the median 9.9%.

2. OBJECTIVE & EXPECTED RESULTS

2.1. Objective and purpose

The overall objective of the assignment is analysis of the effects of different behavioral interventions through a local tax system through pilot testing. The analysis will be required to adequately determine the main tax morale drivers of the tax payers in North Macedonia per specific municipality. The reports of the applied tool and methodology that is previously developed, will help the municipalities to use the findings as a source to contribute to advancement of civic responsibility in N. Macedonia.

The assignment should result in 4 separate analytical reports for the selected municipalities (municipalities will be stated to the bidder when assignment is attained), that will help the municipalities to define the input parameters for areas of interventions and incentives to motivate citizens to improve their tax responsibility and enhance tax compliance. The developed tools are expected to be further used as input to design informed tax messages and communication between the tax authorities and the citizens.

3. KEY DELIVERABLES

The following deliverables should be submitted to the Project:

- 4 separate analytical reports on the behaviors of the tax payers treated overall per given/available sociodemographic characteristics for each of the municipalities, treated through the tax system and pilot testing per given/available sociodemographic characteristics.
- Each report should include statistical analysis, comparison of before/after effects overall and based on determined socio-demographic characteristics and the overall projected effects of the local revenues.

The data provided and the results are exclusively and solely the ownership of the project and thus any confidential and personal data or sensitive information will be held confidential and used exclusively for the purposes of the activity. The data provided to the selected bidder will be codified and anonymized.

4. NEEDED QUALIFICATIONS AND COMPETENCY

4.1 General Requirements

- Excellent command of English, both written and oral;
- Fully computer literate and advanced knowledge of excel analytical tools;
- Strong analytical and statistical skills and report writing skills
- Independence and analytical skills;
- Sensitivity and respect of ethnicity, religion, gender and culture.

4.2 Specific requirements

- Education in the relevant field (at least bachelor studies in economics, or other social sciences), higher education level is an advantage
- At least 5 years of professional work and expertise in related policy issues the field of economics.
- Technical expertise (experience in social science research, design, implementation and statistical analyses), relevant longer professional experience is an advantage
- Strong analytical skills and report writing skills

- Proven knowledge and experience in assessing the needs for local policies
- Experience in the nongovernmental sector.

5. DURATION

The total engagement should be finalized by the **31.11.2021**, with draft reports submitted by 20/11/2021.

6. LOGISTIC SUPPORT

The Project Director and Project Assistants will coordinate the work. The project will provide the data sets per analyzed unit prior and after intervention.

7. PAYMENT

The engaged expert/s will be paid after conducting the tasks, and after the assignment is fully accepted and approved.

8. BUDGET FRAMEWORK

The expert/s can bid for the assignment with anticipated duration in days and daily fee. The assignment is divisible, the bidder can bid for per unit of analysis (maximum for all 4 and minimum 2) expressed explicitly in the bid.

9. APPLICATION

Interested candidates should submit a CV along with the financial bid in the format given in addition to this letter, to following contact: ceorgmk@gmail.com or to CEA's office address Bul. Jane Sandanski No. 63/3, Skopje via post or in person.

10. CLOSING DATE FOR APPLICATIONS

October 25th, 2021, latest by 16:00h

11. SELECTION

Only short listed applicants will be contacted for negotiation and the Contractor keeps the right to select more than one researcher for the assignments.