

REQUEST FOR EXPRESSIONS OF INTEREST

(CONSULTING SERVICES – FIRMS SELECTION)

Republic of Moldova

Tax Administration Modernization Project

Project ID Number: P127734

Loan No./Credit No./ Grant No.: IDA Credit No. 5829-MD, IBRD Loan No. 8625-MD

Reference No.: TAMP/3/CQS-3

Title of Assignment: STS IT Capability Gap Assessment

The State Tax Service has received financing from the World Bank toward the cost of the Tax Administration Modernization Project and intends to apply part of the proceeds to conduct a gap assessment of the current state of STS IT capabilities.

The technical assistance consists of gap assessment of the current state of STS IT capabilities against best practices and/or standards in tax administration to inform a new STS IT strategy and implementation roadmap to complete the IT modernization.

Detailed information is provided in Terms of References (Appendix 1).

The State Tax Service now invites eligible consulting firms to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience mentioned in the attached Terms of Reference to perform the Services. The shortlisting criteria are:

No	Criteria	Points
1	Experience with developing, managing and implementation of integrated tax management solutions, including cybersecurity and tax administration processes: Registration and Authentication, Returns Processing, Payment Processing, Taxpayer Service, Non-Filer Enforcement, Arrears Collections and Gap-Filer Enforcement, Compliance Audit, Compliance Risk Analytics and Profiling, Objections and/or Appeals;	30
2	Strong knowledge of international best practices in tax administration including experience in consulting services related to legal requirements and EU norms;	20
3	The capacity and availability of relevant staff and resources to carry out the required work in the required period of time;	30
4	Proven practical experience in preparing strategic documents and implementation road maps (including evidence of successes);	20

The attention of interested Consultants is drawn to paragraph 1.9 of the World Bank's Guidelines: *Selection and Employment of Consultants (under IBRD Loans and IDA Credits & Grants) by World Bank Borrowers, dated January 2011, revised July 2014*, setting forth the World Bank's policy on conflict of interest.

Consultants may associate with other firms in the form of a joint venture or a sub consultancy to enhance their qualifications.

The Consultant is expected to provide its services during 4-month period from June 2022 through October 2022.

The Consultant will be selected in accordance with the Consultants' Qualifications selection method set out in the Consultant Guidelines.

Further information can be obtained at the address below during office hours 08:00 to 17:00 hours (Chisinau time).

Expressions of interest must be delivered in a written form to the address below (in person, or by mail, or by e-mail) by April 4, 2022.

State Tax Service

str. Constantin Tănase 9, et.2, MD-2005, Chisinau, Moldova

Andrei Duca, Head of the Informational Development Department

Tel: +373 22 82 34 11;

Email: tamp@sfs.md.

Republic of Moldova
Tax Administration Modernization Project (TAMP) (P127734)

TERMS OF REFERENCE
for STS IT Capability Gap Assessment
(contract reference – TAMP/3/CQS -3)

1. BACKGROUND

The Government of the Republic of Moldova has received financing from the International Bank for Reconstruction and Development and the International Development Association (the World Bank Group) towards the cost of Tax Administration Modernization Project (TAMP). The TAMP was developed to improve revenue collection, tax compliance and taxpayer services. Project became effective on January 25, 2017 and has been restructured twice since then in 2019 and 2020.

The State Tax Service (STS) of the Republic of Moldova is Project implementing institution, with the core responsibility of managing and implementing the Project, as well as supervising, monitoring and reporting the results.

TAMP's original scope included the purchase and installation of an integrated tax management system (ITMS). The STS, with TAMP support achieved notable progress with improvements to taxpayer service through the website redesign, taxpayer survey capability, and, the taxpayer service procedure manual development and training. In addition, some IT system sustainability issues were addressed. However, 2020 TAMP restructuring reprofiled funds intended for ITMS development to support Government's COVID-19 pandemic relief measures. This leaves large gaps remaining in STS IT capability. In particular, IT modernization to implement an ITMS, tax compliance research analytics capability through creation of a data warehouse (DWH), and technical and human resource capacity development with data analytics, self-service reporting, and data mining tools have not been achieved.

The STS (Client) plan to conduct a gap assessment of the current state of STS IT capabilities against best practices and/or standards in tax administration to inform a new STS IT strategy and implementation roadmap to complete the IT modernization. For this purpose, the STS is going to contract through a competitive selection a consulting company (Consultant) knowledgeable in tax administration best practices (including compliance research data analytics) and experienced in ITMS implementation.

2. OBJECTIVE(S) OF THE ASSIGNMENT

The objectives of the assignment are to:

- i) Conduct gap assessment of STS IT capability against best practices and/or standards in tax administration, and
- ii) Based on Assessment results prepare recommendations for i) gaps to be addressed, ii) ITMS implementation roadmap and plan, and iii) an STS IT Strategy and its roadmap.

3. SCOPE OF SERVICES, TASKS (COMPONENTS), EXPECTED DELIVERABLE

The Consultant shall perform the following tasks:

1. Conduct STS IT Capability Gap Assessment (Assessment)

The Consultant shall conduct the Assessment using best practice and standards¹ in tax administration.

The scope of the Assessment shall cover the identification of gaps in the following subject areas:

- Gaps in infrastructure sustainability.
- Gaps in applications sustainability.
- Identification of application and data integration issues;
- Identification of data integrity issues existing within STS databases that would need to be addressed in a data cleansing and conversion phase;
- Level of consistency of core tax processes of registration and authentication, declaration assessment, payment, accounting, collections, audit, taxpayer service, non-filer enforcement, and appeals with best practices and their alignment to relevant EU directives and standards (to be arranged as detailed below).
- Sufficiency of detailed data captured by core tax administration forms and electronic transactions to support compliance and enforcement research and analytics and recommendations of what additional data should be captured;
- Gaps in legal or regulatory framework preventing implementation of best practices that need to be resolved;
- Additional case and workflow management applications or application functionality needed to enable best practice implementation for audit, collections, non-filer, appeals, and taxpayer service workflows (to be arranged as detailed below);
- Gaps in availability of compliance research data to business analysts in an environment that supports data analytics (a DWH or research database) supported by modern reporting, analytic, and mining tools;
- Availability of STS developed IT infrastructure and HR capacity (in the compliance research business unit and the IT service provider) to support compliance risk profiling data acquisition and analytics;
- Sufficiency of the maturity level of data exchange with other ministries to ensure STS has all the necessary data for compliance research and recommendation of needed changes if such is not sufficient;
- Adequacy and consistency of tax transaction audit trails and their accessibility to support security and investigations staff.

The STS IT Capability Gap Assessment shall use as inputs documents referred in Section 5 “Client’s Inputs” below.

Assessment of i) consistency of core tax processes of registration and authentication, declaration assessment, payment, accounting, collections, audit, taxpayer service, non-filer enforcement, and appeals with best practices and their alignment to relevant EU directives and standards, and ii) gaps in availability and functionality of workflow management applications shall be based on workshops with STS staff where the Consultant’s experts review relevant functionality against best practices in jurisdictions that have implemented an ITMS comparing the art of the possible with the STS current state.

The Assessment shall include any clearly established benchmarks or other points of reference for the Assessment.

¹ Were relevant, EU Standards and/or OECD Guidelines/Recommendations shall be considered as primary options

The Assessment shall provide a shortcut to a full business process reengineering so that the STS can adopt these best practices through the gap assessment process and then proceed with procuring either a commercial solution that meets the new business requirements, or solution development through other implementation approaches.

2. Prepare ITMS Development Plan Recommendations

The Consultant's recommendations shall include the following:

- Detailed description of the sustainability, capability, and functionality gaps to be addressed and their prioritizing regarding potential for improvement to tax revenue or taxpayer service.
- Highlight of any change management issues and potential administrative process efficiency gains that would release significant STS staff for redeployment to priority compliance or taxpayer service functions.
- Recommendations regarding workable and applicable approach for ITMS implementation in the existing circumstances over two years at reasonable risk either through enhancement and extension of current applications (with relevant project plan for this approach) or through replacing all existing applications by a new commercial off the shelf solution (COTS). This recommendation is to be supported by an ITMS implementation plan and tender strategy presenting the roadmap forward. Scope of ITMS implementation includes data cleansing and conversion, the ITMS core system, and a DWH and data analytics capacity development.
- An overall STS IT Strategy and Roadmap reflecting the ITMS strategy and broader business needs of the STS over the next five years.

Expected Deliverables

- Inception Report, and
- STS IT Capability Gap Assessment and Strategy Report including the findings of the Assessment and recommendations for i) gaps to be addressed, ii) ITMS implementation plan, and iii) STS IT Strategy with roadmap.

The results of the Assessment and recommendations will provide the base for development of technical specifications for future ITMS solution as will be decided by the Government.

4. REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

During the Assignment, the Consultant shall prepare and submit the following deliverables:

	Deliverables/ Content	Deadline (in weeks from the start of the assignment)
1	Inception Report Shall cover i) methodology for fulfilment of the assignment; ii) work plan, iii) draft structure of Assessment Report; iv) proposed clarifications to the resources to be provided by the Consultant and Client.	2

2	<p>STS IT Capability Gap Assessment and Strategy Report</p> <p>Shall cover i) detailed description of findings of the Assessment, and ii) recommendations regarding:</p> <ul style="list-style-type: none"> - gaps to be addressed, - ITMS implementation plan, and - proposal for high-level STS IT Strategy and its roadmap, as detailed in item 3.2 of the ToR. 	<p>No later than within 14 weeks</p>
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All deliverables shall be in a form and substance acceptable to the Client. All final deliverables shall be submitted electronically (in doc/docx formats) and in hard copy both in Romanian and English (in 2 copies) to the Project Manager/Coordinator, appointed by the Client.

The Client shall consider documents and reports submitted by the Consultant not later than within 10 days from the day of the submission of a given report and either to provide its approval to the report or comments to be addressed by the Consultant. In case of any feedback, including rejection (with respective justification) from the Client after the specified period the report shall be deemed accepted.

Acceptance of each deliverable shall be confirmed by the Acceptance Act signed between the STS and the Consultant. The signed Acceptance Act will be served as the base for payments for service provided.

5. CLIENT'S INPUT

The Client will provide the Consultant with the following services, documents, and facilities to ensure Consultant`s ability to perform its obligations under the assignment:

- access to Client`s premises and relevant systems as might be needed for the assessment;
- all documentation, including, inter alia the following source documents:
 - STS ITMS technical specification of “as is” business processes completed by STS in 2019;
 - FEASIBILITY STUDY for Tax Management Information System (TMIS) Tax Administration Modernization Project (TAMP) Ver. 3.2. of March 2018 (proposal to achieve ITMS through extension of existing applications);
 - Review of the ITMS Feasibility Study by international consultant Gheorghe Hriscu, September 2018;
 - Moore Stephens consultancy ITMS tender specification draft documents of 2017 (Business Process Catalogue, Functional Requirements Catalogue, Non-Functional Requirements Register, ICT Architecture Documentation, Transition Report).
- ensure engagement of relevant staff of the Center for Information Technology in Finance’s (CTIF) as IT service provider to the STS, to cooperate with the Consultant;
- support the Consultant in arranging/holding needed meetings with relevant Government stakeholders;
- coordinates the Assessment and Strategy development related activities and consultation on Assessment outputs with relevant Government stakeholders, including e-Governance Agency and IT and Cybersecurity Service under the Deputy Prime Minister of Digitization etc.

6. WORKING ARRANGEMENTS AND DURATION OF THE ASSIGNMENT

The Consultant is expected to provide its services during 4-month period from June 2022 through October 2022.

Subject to Client's need, availability of financing, and satisfactory performance of the Consultant, the assignment could be extended or expanded upon the mutual written agreement between the STS and the Consultant.

The Consultant shall work under supervision and guidance of the Project Manager/Coordinator, appointed by the Client, and accountable to him/her.

The Consultant shall closely work with the STS managers and business analysts and CTIF IT maintenance and development analysts and managers.

The STS will engage other Government stakeholders, as e-Governance Agency and IT and Cybersecurity Service under the Deputy Prime Minister of Digitization in review of the recommended IT strategy and implementation roadmap and any whole-of-government IT architecture and interoperability decisions.

The Consultant shall perform the assignment both remotely and visiting the STS and other stakeholders' offices in Chisinau, the Republic of Moldova. Face-to-face meetings will be organized taking into consideration the COVID-related epidemiologic situation in the country.

The Consultant shall be responsible for all logistics and accommodations that will be required to carry out the assignment, as well as for interpretation and translation services.

The Consultant shall work in Romanian and English languages using, if necessary, qualified interpreters for interacting with the Client's counterparts. Documents should be prepared in English and Romanian.

7. Qualification Requirements

The Consultant should be a firm knowledgeable in tax administration best practices (including compliance research data analytics) and experienced in ITMS implementation. The Consultant, as a firm, shall meet the following qualifications and experience requirements:

At least 5 years of relevant professional consulting experience, including experience in tax administration,

- Experience in carrying out similar gap assessments on tax administration;
- Experience with developing or managing integrated tax management solutions;
- Strong knowledge of international best practices in tax administration including experience in consulting services related to legal requirements and EU norms;
- Relevant experience with specific areas of tax administration processes and activities related to: Internal Control and Integrity Function, Tax Return and Payment Processing, Tax Audit (Risk Analysis in Inspection, Inspections Based on Applications for Refund of VAT) and Taxpayer Services.
- Relevant experience with modern solutions that cover all forms of taxation and all business processes of a modern tax administration:

- Registration and Authentication
 - Returns Processing
 - Payment Processing
 - Taxpayer Service
 - Non-Filer Enforcement
 - Arrears Collections and Gap-Filer Enforcement
 - Compliance Audit
 - Compliance Risk Analytics and Profiling
 - Objections and/or Appeals.
- Relevant experience and technical competence in evaluation of the sustainability of infrastructure and application software;
 - Proved practical experience in preparing strategic documents and implementation road maps;
 - The capacity and availability of relevant staff and resources to carry out the required work for the required period of time;
 - Sufficient fluency in English is required for the core staff to conduct the assessments.

The consulting company should provide clear overview of conducted relevant services, specifically regarding consultancy and similar gap assessments in tax administration. Overview must include: detail data on entity's for which services are prepared, description of service, value of the contract for performed services, information on the project realization dates, as well as entity's contact person;

Recommendations to Consultant's key staff and their qualification:

Key staff qualifications:

Seven (7) consultants (e.g., project manager, compliance expert, enforcement expert, registration, declaration processing, and taxpayer service expert, tax law expert, tax IT application expert, IT architect, IT infrastructure expert).

Mandatory:

- University degree in business administration, economy, IT, or related fields;
- Minimum of 7 years of relevant professional experience, including experience in some of areas mentioned in minimum qualifications above;
- Proven ability to write and communicate in a clear and concise manner;
- IT skills including word-processing and presentation software.

Preferred:

- Experience in conducting of professional services in the field related to public finances and tax administration.
- Knowledge of local tax administration policies and procedures would be an advantage;
- Experience of working on tax administration issues in the region would be an advantage.