



## INDIVIDUAL CONSULTANT PROCUREMENT NOTICE

Date: October 21, 2016

**Country:** Republic of Moldova, remote support

**Description of the assignment:** International consultant for guiding the implementation of Randomized Control Trial on tax compliance in the Republic of Moldova

**Project name:** Mainstreaming Migration into National Development Strategies (MOMID)

**Period of assignment/services:** 20 working days, during the period November, 2016 – July, 2017

Proposals should be submitted **online by pressing the "Apply Online" button**, no later than [6 November, 2016](#).

Requests for **clarification only** must be sent by standard electronic communication to the following e-mail: [a.moraru@undp.org](mailto:a.moraru@undp.org). UNDP will respond by standard electronic mail and will send written copies of the response, including an explanation of the query without identifying the source of inquiry, to all applicants.

### 1. BACKGROUND

The phenomenon of informal economy is wide-spread in many parts of the world. In Moldova it often takes form of hidden wages, when employees are paid only part of the wage formally and the rest “in envelope”, avoiding taxes. As a result, the public budget, as well as pensions and health insurance funds receive less funding while many employees are running huge health care and social insurance risks.

According to the Ministry of Labour, Social Protection and Family, 57% of employed population have not had their salaries reported in full, and the value of informal salaries has increased by 6% annually<sup>1</sup>. One of the main determinants for undeclared wages among employees are: dissatisfaction with the low quality of public goods and services, such as quality of roads infrastructure, social protection system, public institutions, and health care system. One of the major factor affecting under-reported salaries is low transparency of public spending: only 11.4% of the population is highly informed about how the public money is spent, while 79.4% consider that they are poorly informed<sup>2</sup>.

To overcome this phenomenon, the National Tax Office has started to send out targeted letters to companies reminding them of their duty to pay taxes and wages in full. Our hypothesis is that these letters may achieve higher results if they use behavioral insights: “social recognition and reciprocity”, and “social norms”. In order to test this hypothesis, UNDP Moldova together with the National Tax Office intends to carry out a Randomized Control Trial (RCT) to assess the effectiveness of different types of letters on the formal salaries reported by businesses.

<sup>1</sup> <http://www.mmmpsf.gov.md/ro/content/tranzitia-moldovei-la-economia-formala>

<sup>2</sup> [http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms\\_457542.pdf](http://www.ilo.org/wcmsp5/groups/public/---europe/---ro-geneva/---sro-budapest/documents/publication/wcms_457542.pdf)

Thus, additionally to the standard letter, two more types of letters will be sent out by the National Tax Office to other two groups of businesses: one highlighting that most of the businesses in the sector pay much higher salaries, and consequently, higher taxes, and another one promising to award a recognition certificate in case reported salaries increase by certain percent. This experiment will help the UNDP team on the ground assess and measure the impact of this approach and will inform national tax policy at scale to formalize wages, protect workers' rights and improve tax collection.

Therefore, UNDP Moldova is looking for an international consultant who would guide the MiLab team in the implementation of the RCT, ensuring a correct and valid trial.

## **2. SCOPE OF WORK, RESPONSIBILITIES AND DESCRIPTION OF THE PROPOSED ANALYTICAL WORK**

UNDP Moldova is looking for a consultant with international experience for guiding the implementation of a RCT on tax compliance in the Republic of Moldova. This activity is part of an effort to apply rigorous methods, such as RCT, for policy evaluation in the Republic of Moldova. Besides, UNDP Moldova and its MiLab project are looking to build its capacity for policy evaluations using RCTs and sees this project as contributing to that goal.

In order to achieve these objectives, the Consultant will have the following responsibilities:

1. Guide and provide advice to the UNDP Moldova team on the overall design of the trial;
2. Advise on randomization, sample size, power calculation, and econometric model specification;
3. Review the intervention letters;
4. Provide ad-hoc guidance and support as needed;
5. Support and guide data analysis;
6. Validate the trial;

It is expected that the support will be offered remotely. Unforeseen travel will be discussed upon need.

**For detailed information, please refer to Annex 1 – Terms of Reference.**

## **3. REQUIREMENTS FOR EXPERIENCE AND QUALIFICATIONS**

### **I. Academic Qualifications:**

- Master degree (PhD desirable) in economics, econometrics, social sciences, finance, or related discipline.

### **II. Years of experience:**

- At least 5 years of relevant academic or professional experience in the field of economics / econometrics/ public policy / social sciences / or related;
- At least 3 research projects proving experience in conducting randomized control trials, as well as experience of working in the field. Links or copies of relevant published articles, reports, or other written proof of authoring or co-authoring such research must be provided;
- Research projects conducted in the field of tax policy will be an asset (copies or links to the articles or reports must be provided);
- Proven experience of econometric modelling and data analysis;

### **III. Competencies:**

- In-depth knowledge of advanced econometric methods for policy evaluation;
- Advanced experience in quantitative data analysis;
- Advanced user of Stata;

- Strong analytical skills;
- Proven commitment to the core values of the United Nations, in particular, respecting differences in culture, gender, religion, ethnicity, nationality, language, age, HIV status, disability, and sexual orientation, or other status.

UNDP Moldova is committed to workforce diversity. Women, persons with disabilities, Roma and other ethnic or religious minorities, persons living with HIV, as well as refugees and other non-citizens legally entitled to work in the Republic of Moldova, are particularly encouraged to apply.

#### 4. DOCUMENTS TO BE INCLUDED WHEN SUBMITTING THE PROPOSALS

Interested individual consultants must submit the following documents/information to demonstrate their qualifications:

1. Proposal:

- (i) Explaining why they are the most suitable for the work;
- (ii) Provide a brief methodology on how they will approach and conduct the work (if applicable);

2. Financial proposal;

3. Complete P11 form, Personal CV including past experience in similar projects, and at least 3 references.

4. Copies or links to relevant published articles and/or reports, if available.

#### 5. FINANCIAL PROPOSAL

The financial proposal shall specify a total lump sum amount, and payment terms around specific and measurable (qualitative and quantitative) deliverables (i.e. whether payments fall in installments or upon completion of the entire contract). Payments are based upon output, i.e. upon delivery of the services specified in the TOR. In order to assist the requesting unit in the comparison of financial proposals, the financial proposal will include a breakdown of this lump sum amount (including fees, taxes, travel costs, accommodation costs, communication, and number of anticipated working days).

#### Travel

All envisaged travel costs must be included in the financial proposal. This includes all travel to join duty station/repatriation travel. In general, UNDP should not accept travel costs exceeding those of an economy class ticket. Should the IC wish to travel on a higher class he/she should do so using their own resources.

In the case of unforeseeable travel, payment of travel costs including tickets, lodging and terminal expenses should be agreed upon, between the respective business unit and Individual Consultant, prior to travel and will be reimbursed.

#### 6. EVALUATION

Initially, individual consultants will be long-listed based on the following minimum qualification criteria:

- Master degree (PhD desirable) in economics, econometrics, social sciences, finance, or related discipline;
- At least 3 research projects proving experience in conducting randomized control trials, as well as experience of working in the field. Links or copies of relevant published articles, reports, or other written proof of authoring or co-authoring such research must be provided;

The long-listed individual consultants will be further short-listed based on the criteria outlined below.

Criteria	Scoring	Maximum Points Obtainable
<u>Short-listing</u>		

<ul style="list-style-type: none"> <li>Master degree (PhD desirable) in economics, econometrics, social sciences, finance, or related discipline.</li> </ul>	(Master degree – 30 pts, Ph.D. – 40 pts)	40
<ul style="list-style-type: none"> <li>At least 5 years of relevant academic or professional experience in the field of economics / econometrics/ public policy / social sciences / or related;</li> </ul>	(5 years – 30 pts, each additional year – 5 pts, up to maximum additional 20 pts)	50
<ul style="list-style-type: none"> <li>At least 3 research projects proving experience in conducting randomized control trials, as well as experience of working in the field. Links or copies of relevant published articles, reports, or other written proof of authoring or co-authoring such research must be provided;</li> </ul>	(no – 0 pts; every project – 10 pts, up to 60 maximum pts)	60
<ul style="list-style-type: none"> <li>Research projects conducted in the field of tax policy will be an asset (copies or links to the articles or reports must be provided);</li> </ul>	(no – 0 pts; every project in this field – 5 pts, up to 40 maximum pts)	40
<ul style="list-style-type: none"> <li>Fluency in English.</li> </ul>	(English – 10 pts.)	10
<b>Short-listing scoring</b>		<b>200</b>

Following the short-listing, **five candidates with the highest number of points will be invited for interview**, which will be evaluated as follows:

Criteria	Scoring	Maximum Points Obtainable
<ul style="list-style-type: none"> <li>Demonstrated knowledge of advanced econometric methods for policy evaluation;</li> </ul>	(no – 0 pts, limited – 10 pts, good – 25 pts, strong – 40 pts)	40
<ul style="list-style-type: none"> <li>Demonstrated hand-on experience in quantitative data analysis;</li> </ul>	(no – 0 pts, limited – 10 pts, good – 25 pts, strong – 40 pts)	40
<ul style="list-style-type: none"> <li>Demonstrated advanced knowledge and experience of using Stata;</li> </ul>	(no – 0 pts, limited – 10 pts, good – 25 pts, strong – 40 pts)	40
<ul style="list-style-type: none"> <li>Demonstrated strong analytical skills</li> </ul>	(no – 0 pts, limited – 10 pts, good – 20 pts, strong – 30 pts)	30
<ul style="list-style-type: none"> <li>Communication and interpersonal skills</li> </ul>	(yes – up to 20 pts, no – 0 pts)	20
<ul style="list-style-type: none"> <li>Creativity and resourcefulness</li> </ul>	(yes – up to 30 pts, no – 0 pts)	30
<b>Interview Scoring</b>		<b>300</b>

Only candidates obtaining a minimum of 210 points following the interview would be considered for the Financial Evaluation.

#### Cumulative analysis

The award of the contract shall be made to the individual consultant whose offer has been evaluated and determined as:

- a) responsive/compliant/acceptable, and
- b) having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation.

\* Technical Criteria (interview) weight – 60% (300 pts);

\* Financial Criteria weight – 40% (200 pts).

<b>Financial</b>	
Evaluation of submitted financial offers will be done based on the following formula: <b><math>S = F_{min} / F * 200</math></b> S – score received on financial evaluation; Fmin – the lowest financial offer out of all the submitted offers qualified over the technical evaluation (interview) round; F – financial offer under consideration.	<b>200</b>

#### Winning candidate

The winning candidate will be the candidate who has accumulated the highest aggregated score (technical scoring (interview) + financial scoring).

#### **ANNEXES:**

**ANNEX 1 – TERMS OF REFERENCES (TOR)**

**ANNEX 2 – INDIVIDUAL CONSULTANT GENERAL TERMS AND CONDITIONS**