**Terms of Reference**

**Somalia Enhancing Public Resource Management Project (SERP)**

**Taxpayer Perception Survey**

## 1. Background

The World Bank is supporting Somalia to improve its institutions and service delivery with a view to renewing the social contract. Within the last decade, Somalia has embarked on a broad reform agenda in the areas of domestic revenue mobilization (DRM), public financial management , and public sector management. Several successes in this reform agenda have laid a solid foundation and set the stage for the next phase.

Somalia is a beneficiary of the World Bank financed Somalia Enhancing Public Resource Management Project (SERP). The Project Development Objective (PDO) is to support Somalia in strengthening accountability, transparency, and institutional capacity in public resource management across participating entities.

The project includes five components: (i) Public Financial Management (PFM); (ii) Domestic Revenue Mobilization (DRM); (iii) Public Sector Management (PSM); (iv) Integrated Governance Support; and (v) Project Management, Coordination, and Support in Delivery.

Component 2 of the project is to support the DRM priorities of the government to strengthen inland revenue systems and capacity. Specifically, the project will support:

i. Strengthening tax policy capacity and contribute to harmonizing tax policy in FGS and FMSs by: .a) deepening of tax policy reforms in FGS and PSS, by strengthening the already functioning tax policy units (TPUs) that have been established through the DRM & PFM Project; (b) research and analysis capacity building for evidence-based tax policy in JSS, GSS, SWSS, and HSS; (c) review of harmonized legal or regulatory frameworks for access to taxpayer and other data; (d) preparation of quarterly and annual revenue performance reports by FGS and FMSs, which are annually consolidated by the FGS and disclosed online; (e) review of FMSs tax laws; (f) FGS and FMSs dialogue and consensus-building on alignment and harmonization of tax policy; (g) implementation of the Medium-Term Revenue Strategy (MTRS) and Transition Plan (2022-2026) that the FGS, PSS, and JSS are preparing; and (h) recording of tax expenditures to prepare annual reports for submission to their respective legislatures along with annual budget documents.

ii. Modernization and automation: (i) development and implementation of a ‘fit for purpose’ ITAS in FGS, PSS, and JSS by building on the support provided by the DRM & PFM Project. The ITAS will be interfaced with the FMIS of the respective state; (ii) procurement of necessary ICT equipment and infrastructure; and (iii) development and implementation of ICT strategies and training to facilitate the adoption of the ITAS by both staff and taxpayers. In addition, existing business processes will be reviewed, and a needs assessment will be carried out to develop and implement more efficient and harmonized systems and processes in GSS, SWSS, and HSS.

iii. Capacity Building and Scholarships: (a) implementation of a high integrity harmonized taxpayer identification number (TIN) structure; (b) designing and carrying out registration campaigns; (c) implementation and harmonization of a taxpayer segmentation strategy in JSS, GSS, SWSS, and HSS; (d) review of the Large Taxpayer Office (LTO) reforms in the FGS and PSS; (e) implementation of the medium-term training plans, which have been developed by the FGS and PSS (these training plans will also feed into the development and implementation of training plans by JSS, GSS, SWSS, and

HSS; (f) expansion of the DRM Training Course piloted in PSS to the FGS and FMSs; (g) design of scholarships for targeted undergraduate and master's level education; (h) technical assistance for the Somalia Revenue Academy in Mogadishu to set up local units in the FMSs and harmonize countrywide training; and (i) development of a consensus-based DRM HRM strategy for the FGS and FMSs, along with an optimal organizational structure and staffing.

iv. Taxpayer Education and Facilitation: a) development and implementation of a taxpayer orientation and communication program, including expansion of the DRM Training Course to a broader audience; (b) proactive disclosure of revenue performance and forecasting reports; (c) holding of tax forums; (d) taxpayer perception surveys; and (e) development of FGS and FMSs consensus-based communication strategies for taxpayer engagement, including compliance-related knowledge and skills, and development of the related training curriculum as well as taxpayers' access to information about turning revenue into public services.

As part of taxpayer education and facilitation, the FGS Ministry of Finance will hire a consulting firm (hereinafter referred to as the "Firm") to undertake a taxpayer perception survey. The firm will work closely with FGS and FMSs Tax Policy Units when determining the target population, sampling strategy and sample size of the survey giving the tax policy officers the chance to contribute to the questionaire design and the methodology of the study.

## 2. Objective of the Assignment

The objectives of the assignment are to:

- Identify factors influencing taxpayer's perception on compliance for taxes and customs, while evaluating different categories of taxpayers, including firms, clearance & forwarding agencies, and traders' satisfaction levels, perceptions, challenges, and understanding and experiences concerning taxation laws, tax process & procedures, communication, and platforms within the Federal Government of Somalia (FGS) and Federal Member States (FMSs).
    - Assess how perceptions of taxpayers differ across levels of government and across states.
    - Conduct an in-depth analysis on the degree of compliance, the ease of adherence, and levels of trust in tax authorities, quality of services, overall satisfaction with the taxation process, experience with tax administration core business processes (tax registeration, tax filing, and payment, refunds, compliant handing, audits, penalties), experience with enforcement and facilitation, tax morale (including trust), reform initiatives, and integrity & transparency.
    - Assess the extent of taxpayer demand for changes to tax policy and administration and pinpoint the nature of desired modifications.
    - Identify specific areas requiring improvement in tax administration processeses and gather actionable insights to enhance taxpayer services. Similarly, develop policy decisions aimed at enhancing an effective compliance strategies for both the FGS and FMSs.
    - Assess challenges to on-line filing declaration for the different tax instruments by large medium and large taxpayers.

## 3. Scope of Activities

1) Work with the FGS/FMS tax policy units (TPUs) and taxpayer service units to set the list of parameters and indicators that will be tracked through the baseline survey and end-of-project survey based on the objectives set in Section 2, SERP Project Objectives and Results Indicators.

2) Design and develop a comprehensive survey instrument covering large, medium and small businesses[1] across the FGS and FMSs.
   a) Clearly articulate the target population, sampling strategy, and desired sample size based on the roster of firms provided by the FGS and FMSs. An aggregate summary of this roster is included in Annex 1 for purposes of developing financial and technical proposals.
      i) Definition of small, medium, and large differ among FGS and FMS. Consequently, firm will need to prepare separate reports for each FMS and FGS as well as reconcile the differences in definition to prepare results at the national level for the FGS report.
   b) Agree on the list of key performance indicators (KPIs) that will be monitored through this survey and during the final year of SERP implementation.
   c) Design the list of questions in such a way that they respond to key objectives of the survey, KPIs, and collect required information in a manner that is comfortable for taxpayers to respond, taking into account different tax regimes applied to large, medium and small taxpayers across FGS and FMSs.
   d) Ensure that both the sampling methodology and questionnaires encompass small, medium, and large taxpayers.
   e) Identify appropriate data collection tools and proactively address logistical and technological challenges.
   f) When necessary, translate between English and Somali languages to ensure accessibility.
   g) Provide a detailed description of the methodology, processes, and tools employed for data collection, data quality checks, and subsequent analysis.
3) Prepare process, target groups, and templates for Focus Group Discussions (FGDs).
   a) Complement the survey by identifying relevant stakeholders such as taxpayers, clearance and forwarding agencies, business associations, and government tax officials for participation in focus group discussions.
4) Conduct a pilot survey and FGDs to test effectiveness of FGD questionnaire and processes based on 5% of the total sample.
   a) Identify and adequately train survey enumerators to ensure reliability and consistency in data collection.
   b) Conduct pre-filing briefing session for the survey participants, including taxpayers, bussiness associations, clearance & forwarding agencies, and other key stakeholders, to give an instruction of before filling the survey and ensure a thorough understading of the process to receive a quality feedback.
   c) Execute pilot surveys and FGDs, subsequently compiling a comprehensive report detailing findings, challenges encountered, and proposed adjustments to refine the survey and FGD instruments.
   d) Present results to FGS and FMS stakeholders and agree on final survey instrument.
5) Administer the survey.
   a) Identify and conduct training workshops for survey enumerators, equipping them with necessary ICT support and equipment.
   b) Prepare and maintain database for data collection and processing.
   c) Identify and train competent facilitators to lead focus group discussions.
   d) Monitor data quality during collection.
   e) Ensure anonymity, data privacy and establish relevant security protocols.
   f) Organize and coordinate focus group discussions, ensuring all logistical requirements are met.

[1] This may include individual entrepreneurs, the final approach is to be agreed with FGS MoF.

6) Analyze the survey data to address objectives outlined in section 2.
   a) Perform thorough data cleaning and preparation procedures to ensure data integrity and accuracy.
   b) Employ quantitative analysis techniques to identify statistical trends and patterns within the survey data.
   c) Utilize qualitative analysis methods to extract meaningful insights from open-ended responses and focus group discussions.
   d) Develop infographics on KPIs
   e) Ensure data anonymity and privacy.
7) Prepare a detailed Report with Methodology, Findings, and Recommendations:
   a) Compile a comprehensive report encompassing the survey methodology, detailed findings, KPIs, and actionable recommendations for improvements to tax administration processes, taxpayer service and compliance approaches used across FGS and FMSs.
8) Lead Presentation and Discussion at FGS and FMS Stakeholder Workshop:
   a) Facilitate the presentation and discussion of survey findings at a stakeholder workshop, ensuring key insights are effectively communicated and potential actions are collaboratively discussed among relevant stakeholders.

## 4. Duration

The assignment is for 8 months.

## 5. Deliverables

The Firm shall submit, at a minimum, the deliverables outlined below. Please note the "description" provides an approximate sense of what is required; however the firm will be responsible for ensuring all aspects of the section "Scope of Activities" are included and that the objectives from section 2 are met.

| # | Deliverable | Description | Timeline |
|---|---|---|---|
| **1** | Draft Inception Report & Work Plan | • Outline understanding of assignment, key activities, deliverables, and workplan. | Week 2 |
| **2** | Inception Report & Work Plan | • Comprehensive and detailed understanding of assignment, key activities, deliverables, and detailed workplan<br>• Identification of risks and mitigation | Week 4 |
| **3** | Draft survey instrument review and approval. | • Should cover sampling; questionnaire; enumerators, ICT, data analysis, | Week 6 |
| **4** | Draft FGD instrument for review and approval | • Objectives, discussion guide for facilitators; strategy and process for recruitment of participants; template reports for FGD outputs; methodology for compiling and analysis of qualitative data; | Week 8 |
| **5** | Pilot Survey and FGD Summary | • Report outlining the methodology and key findings of the survey/FGD, and recommendations to adjust/refine both the survey and FGD | Week 12 |
| **6** | Finalized survey and FGD instruments ready for implementation. | • Revised based on pilot survey | Week 18 |

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|---|---|---|---|
| **7** | Administer the survey and FGD | • Responses dataset | Week 18-22 |
| **8** | Taxpayer perceptions report | • Present detailed report with analysis, insights, and recommendations based on survey and FGD results.<br>• In depth coverage of methodology<br>• Recommendations | Week 24 |
| **9** | A presentation of the survey results | • PowerPoint outlining findings and recommendations.<br>• Audience is FGS and FMS stakeholders | Week 28 |
| **10** | Final Implementation Report | • A final report summarizing the overall implementation process, outcomes, lessons learned, and recommendations for future improvements.<br>• Focus is on operational aspects and not on findings | Week 32 |

## 6. Reporting

The Firm will report to the FGS Ministry of Finance through the Project Coordination Unit (PCU)

## 7. Resources Provided

The Consultant will be responsible for all arrangements related to office rental, logistics and accommodation, as well as all translation and interpretation services necessary for the implementation of this assignment. Translation and interpretation must be of high quality. The FGS and FMSs MoF may provide an office for the Firm's team, depending on the availability of office space.

The FGS and FMSs MoF will provide access to the Ministry's building and subordinate organizations, as well as administrative support, meeting rooms, and a conference room, as well as available training materials, reports, legislative and methodological documents, and other necessary assistance with the implementation of this assignment. The FGS MoF will also provide a large meeting room for the workshops to be organized with key stakeholders, and access to internet, and network resources, where necessary.

## 8. Qualifications and Key Experts

The Firm or consortium of firms is expected to meet the following minimum criteria:

- At least 5 years of proven experience in conducting large-scale perception surveys and data analysis, with a minimum of 2 completed comparable projects in Somalia or in an environment similar to that of Somalia.
- Three (3)years specific experience in conducting surveys related to governance, including domestic revenue mobilization, public financial management, anti-corruption, policy, or political public opinion polls, with at least 1 completed project specifically related to DRM.
- Demonstrated ability to train and deploy experienced teams and enumerators for conducting surveys and Focus Group Discussions (FGDs) in Somalia.

- Expertise in tax policy and administration, with a comprehensive understanding of tax systems and regulatory frameworks in FGS and FMS.
- Strong methodological background in survey design and statistical analysis, with proficiency in relevant statistical software such as CS Pro and SPSS.
- Proven experience in graphic design for developing data visualizations tailored for reports and presentations, enhancing the accessibility and impact of survey findings.

Considering the broad scope of the assignment, the Firm is expected to form an expert team consisting of a Team leader and a group of local and international consultants with relevant experience, or a consortium with other organizations / agencies and / or consulting firms. The experts must be highly qualified, have experience in providing consulting services, be able to work in a team, be competent in areas related to the assignment.

The necessary experience and capacity should be reflected in the CV's of the proposed team members. The Consultant cannot offer more than one person for a key expert position, and a team member cannot work on more than one position.

The members of the Consultant team should indicate their respective experience as indicated in the scope of work. In particular, experience in the relevant field and qualifications; experience in completing similar assignments with at least two relevant assignment references.

Below is the list of key experts and their qualifications:

1) Project Manager
   a) Master's degree in economics, public policy, economics, public finance / tax or a related field,
   b) Minimum of 8 years of experience in project management project management, coordination, and communication/report drafting to ensure the timely execution of the survey and delivery of results.
2) Lead Researcher:
   a) Master's Degree. or equivalent degree in economics, public finance, statistics, or related field
   b) Minimum 7 years of experience in survey design, implementation, and analysis
   c) Minimum 3 years of experience with data visualization
3) Tax Policy and Administration Analyst
   a) Master's degree in economics, tax law, or public finance
   b) 5 years of experience in tax policy analysis and familiarity with the regulatory framework governing taxation in FGS and FMS or similar context
4) Statistical Analyst:
   a) A Master degree in Statistics, Economics, or a related field
   b) 5 years of experience in statistical analysis software, techniques for analyzing survey data, and data visualization

**Annex1: Aggregate Summary of the taxpayer segmentation**

| # | Taxpayers segment | Definition (Annual Turnover- USD) | Baseline (registered taxpayers) |
|---|---|---|---|
| 1 | Large | All bussinesses with turnover in excess of USD 200.000 | FGS= 123, JSS= 196, HSS=15, SWS= 388, GSS= 430 |
| 2 | Meduim | All businesses with turnover between USD 50.001—200.000 | FGS= 450, JSS= 168, HSS= 300, SWS= 981, GSS= 1262 |
| 3 | Small | All businesses with turnover inferior of USD 50.000 | FGS= 2905, JSS= 1769 , HSS= 1500, SWS= 3298 , GSS= 3028 |