

Terms of Reference

Tax Administration Modernisation Project (TAMP)

Consulting services for market assessment and development of specifications for a commercial off-the-shelf (COTS) software solution

Background

The Serbia Tax Administration (STA) is an entity of the Serbian Ministry of Finance responsible for assessing, auditing, and collecting public revenues; detecting tax offences; and performing other duties as governed by the Serbian Law on Tax Procedure and Tax Administration. To ensure efficient financing of the Serbian budget, the STA ought to direct most of its limited resources into maintaining current collection levels and safeguarding and strengthening its key functions.

The framework for reforms to the STA is comprised of the Tax Administration Transformation Programme, 2015-2020, enacted by the Government of Serbia in 2015. Thereafter, in December 2017, the Government of Serbia also adopted the Transformation Programme Action Plan, 2018-2023, which sets out the mission, vision, and reforms to be undertaken by the STA. In mid-2019, the STA organisationally separated its core functions from non-core ones. The non-core functions administer a limited number of tax types that generate significantly less revenue. Responsibilities of the newly-established Non-Core Activities Department include assessing, auditing, and collecting stamp duty and inheritance and gift tax; assessing and collecting taxes on use, holding, and carrying of items; assessing the market value of the real estate; and assessing violations of intellectual property rights, in particular software and databases.

The TAMP is conceived as an institutional reform project focusing on core STA functions and comprising four components: (1) Legal Environment; (2) STA organization and operations; (3) ICT System and Records Management Modernisation; and (4) Project Management and Change Management. The TAMP will finance technical assistance, training and capacity building, investments in ICT systems, and data management from a line of credit.

Component 2, STA Organisation and Operations, will improve various functional areas identified in the Serbia Tax Administration Diagnostic Assessment (TADAT) as performance outcome areas (POAs) requiring improvement to reach global best practice standards, namely taxpayer registration; risk management; voluntary compliance; audit; tax dispute resolution; and the overall operational effectiveness.

The Tax Operations sub-component will support the implementation of the institutional, legal, procedural, and other changes in the tax administration to achieve significant efficiency improvements. Pursuant to the opinion of the Minister of Finance of 31 October 2019, the STA has formally determined that business process re-engineering (BPR) will involve the acquisition of a tax administration commercial-off-the-shelf (COTS) solution as the core of the system, with due consideration taken of the current ICT infrastructure. This sub-component includes

assistance to help implement an effective tax compliance management system, deliver high-quality taxpayer services, bring down the compliance burden for taxpayers, and estimation of the VAT tax gap.

Component 3, ICT System and Records Management Modernisation, should improve and expand the services provided by the tax administration ICT system and address the STA's significant records management challenges, including dealing with the large backlog of taxpayer paper records.

Sub-component one will acquire a tax administration COTS solution that will be used to redesign field operations and develop the legal framework required to align any requirements for its use. Sub-component two will support further development of the STA data warehouse by strengthening the capacity of the STA staff to mine data effectively for risk assessment and other needs; include evaluation of needs for an upgrade of the STA's ICT infrastructure; and development of a taxpayer register enabling interface with other systems, e-registration for VAT and e-payments.

In 2019, KPMG performed a high-level fundamental compliance analysis with the objective of ascertaining the extent to which the current customized ICT solution met the needs of the STA for an up-to-date tax administration ICT system.

Objective and Scope of Work

The ongoing BPR project will result in the development of a new general business model for the STA that will serve as the basis for identifying an appropriate COTS solution to permit full-scale implementation of the selected general business model. With this in mind, the Consultant shall:

- i. Produce an inception report containing an activity plan and methodology;
- ii. Prepare a market assessment;
- iii. Prepare a 'to-be' assessment detailing options for implementation;
- iv. Develop a technical specification for the COTS solution which would be the basis of the RFB to be prepared by Employer;
- v. Provide technical support throughout the procurement process
- vi. Prepare Final Report.

Market assessment. The Consultant should assess the current market of COTS solutions for the tax administrations based on existing fundamental compliance analysis (to be provided after assignment starts), including but not limited to COTS system architecture, including needed hardware infrastructure, software applications, system licenses, and all other ICT components.

The Consultant should organize vendors' presentations of available COTS solutions to recognize how the new STA's general business model would fit into various COTS solutions. The aim of vendors' presentations is to narrow the number of possible COTS solutions to the optimal number.

It is envisaged that all vendors within presentation should clearly indicate and and clarify all the necessary prerequisites (network, hardware, software, infrastructure, integration, organization, human resource, project management).

‘To-be’ assessment with implementation options. The Consultant should develop ‘to-be’ requirements for the COTS solution that will permit full-scale implementation of the selected general business model. The ‘to-be’ requirements are envisaged to take the form of technical and functional specifications for a future COTS solution, which should comprise:

- a) General architecture of the future COTS solution, including cybersecurity and business continuity features, as well as requirements of ICT-related ISO standards and standards prescribed by Serbian law in this area and for data protection.
- b) Detailed requirements for a software application covering the entire ICT platform based on a COTS solution, placed in the required context of the new STA general business model that is supported by re-engineered business processes.
- c) Proposal for implementation of a future ICT system based on a COTS solution, including roadmap, implementation stages, timeframe, and milestones, as well as any risks that implementation may pose.
- d) Detailed hardware and network infrastructure requirements.

Technical specification for the COTS solution. After the ‘to-be’ requirements have been adopted, the Consultant shall develop a technical specification for the COTS solution and shall assist the Project Implementation Unit (PIU) and the Central Fiduciary Unit (CFU) in drafting of additional technical/functional/implementation timeline requirements in RFB document.

Technical support for the development of contract documentation and throughout the procurement process. The Consultant shall support the PIU in developing additional documentation and any appendices and provide response to queries of the Evaluation Committee with regard to specific items included in the bids.

The Consultant shall provide advice, where requested by the Employer, for providing clarifications of functional and technical requirements as may be required by prospective bidders. The Consultant shall assist STA staff in responding to any functional and technical queries that may arise during clarification stage as provided in the RFB document.

Methodology and Work Plan

The Consultant shall submit a detailed methodology for delivering the service and a detailed description of the team structure so as to prove capacity and expertise for delivering the required services within the specified timeframe. The CVs of key and non-key experts are expected to include a detailed division of their respective roles and responsibilities on the team.

The Consultant shall submit a detailed Work Plan, including a staffing schedule and plan for its implementation, as well as a mitigation plan that permits activities to be implemented in the event of a renewed Covid-19 outbreak and a possible closure of Serbia’s borders. In the event the Covid-19 mitigation plan is put into effect, the Consultant shall provide mitigation measures in its technical proposal to ensure that the assignment is implemented on time.

During the period of performance, the Consultant shall be required to liaise with STA senior and middle management and organise workshops and meetings, as well as exchange documents, whilst adhering to data protection requirements.

The Consultant shall propose, and the STA Transformation Committee approve the methodology and work plan, as well as the data exchange methodology and tools. In case of the STA Transformation Committee has any objections to the proposed methodology and work plan, the Consultant shall be required to amend these in response and re-submit them for approval to the STA Transformation Committee.

In developing the technical specifications the Consultant shall be required to consistently follow the functionalities envisaged in the selected general business model and supported by the most effective and best tools generally accepted by tax administrations worldwide.

Deliverables

The Consultant shall produce the following deliverables:

| No. | Deliverable | Week | No. of copies (in each language) | Language |
|------------|--|-------------|---|-------------------|
| 1 | Inception report (activity plan and methodology) | Week 2 | 17 | English / Serbian |
| 2 | Draft market assessment | Week 5 | 17 | English / Serbian |
| 3 | Market assessment | Week 6 | 17 | English / Serbian |
| 4 | Draft 'to-be' assessment with implementation options | Week 13 | 17 | English / Serbian |
| 5 | 'To-be' assessment with implementation options | Week 14 | 17 | English / Serbian |
| 6 | Draft COTS technical specifications | Week 20 | 17 | English / Serbian |
| 7 | COTS technical specifications | Week 21 | 17 | English / Serbian |
| 8 | Draft Final Report | Week 39 | 17 | English / Serbian |
| 9 | Final Report | Week 40 | 17 | English / Serbian |

The Consultant shall submit the Deliverables listed above to the TAMP Project Manager, who will submit it to the STA Transformation Committee for review and adoption.

The draft Final Report shall be submitted following the completion of all activities and approval of all preceding key documents and shall contain a summary of all activities undertaken during the performance of the assignment, an assessment of the results, and an analysis of the risks encountered in the performance of the assignment and their mitigation.

Once the draft Final Report has been approved, the Consultant shall submit the Final Report, which shall be accompanied by all key documents previously approved by the STA Transformation Committee.

Reporting

The Consultant shall report and be accountable to the TAMP Project Manager. The TAMP Project Manager shall allow the Consultant access to the data and information and the key stakeholders required for the performance of the assignment.

For the duration of the assignment, the Consultant shall produce:

Regular Monthly reports. These are status reports describing all actions taken during the reporting period and highlighting the results and progress. Additionally, these reports will indicate actions to be taken in the following reporting period, including timesheets for each team member and a general summary. The reports will also describe risks identified by the Consultant and approaches to their mitigation. (The Consultant shall devise a reporting template in consultation with the TAMP Project Manager.) Each monthly report shall be due by the fifth day of the following month and must be approved by the TAMP Project Manager.

Period of Performance

The period of performance of the assignment envisaged by these Terms of Reference shall be 10 months from contract signing date.

Language

The working languages of the Consultant shall be English and Serbian. Where necessary, the Consultant shall engage interpreters/translators who shall be members of its team. All documentation shall be submitted in both the English and the Serbian language. The Consultant shall be responsible for translations from the English into the Serbian language.

Place of Performance

The Consultant shall deliver the services in Belgrade, Serbia.

Qualifications

Criteria

Consultant (company) qualifications

This Contract is open to legal firms that meet the following criteria:

- a) At least eight (8) years of general experience in implementation, analysis, integration of commercial off-the-shelf (COTS), market assessment and development of specifications for a commercial off-the-shelf (COTS) software solution.
- b) Having successfully completed at least two (2) contracts as the lead contractor and/or consortium member each in the amount of at least USD 300,000 in the past five (5) years, where the assignment of the Consultant was or included assessment of future software systems, development of technical specifications for COTS solutions for tax

administrations in the field of audit, collection, accounting, and registers, as well as the technical support in bid evaluation.

To substantiate the above qualifications, the Consultant must prepare a table containing the following information: project title or relevant assignment; description of the work performed; year of project implementation; country/region; client's contact (first and last name, e-mail address, telephone number); and contract value (contract as proof of performance).

Key team members must possess the following qualifications:

Team Leader

The Consultant must have a designated Team Leader / Project Manager, who shall be fully responsible for the development and performance of all activities envisaged under these Terms of Reference in terms of the timeliness and quality of the services delivered, in compliance with best-operating practices and highest public-sector standards. The Team Leader shall be the primary point of contact for coordinating the team's actions and ensuring quality.

The Team Leader must:

- i. Hold a university degree in Business/Economics, Public Administration, Public Policy, Information Technology, or other relevant areas;
- ii. Have a minimum of 15 years of general professional experience with ICT;
- iii. Have a minimum of 5 years of demonstrated experience in managing ICT projects and staff;
- iv. Have experience with tax administration or public financial management;
- v. Have experience with implementing COTS solutions;
- vi. Have broad professional experience on projects in public administration;
- vii. Be proficient in the use of Microsoft Office software (Word, Excel, PowerPoint);
- viii. Have excellent English language speaking and writing skills, as well as presentation skills;
- ix. Have excellent communication and team management skills.

Ideally, the Team leader should also:

- x. Hold a master's or doctoral degree;
- xi. Hold a project management certificate (ISO21500, Prince, PMP, or other relevant certificates);
- xii. Have Serbian language writing and speaking skills.

Senior Software Solution Expert

The Consultant must have a designated Senior Software Solution Expert with long-standing experience in software assessment; business process mapping to a variety of COTS solutions; development of implementation options; and development of technical (functional and non-functional) specifications. The Senior Software Solution Expert shall be fully responsible for the business assessment in compliance with best-operating practices and the highest tax administration standards.

The Senior Software Solution Expert must:

- i. Hold a university degree in Information Technology, Electrical Engineering, or other relevant engineering field;
- ii. Have a minimum of 15 years of general professional experience with ICT;
- iii. Have a minimum of 10 years of experience in ‘as-is’/‘to-be’ assessment of information systems / software and mapping of business needs against software options / characteristics / functionality;
- iv. Have demonstrated experience in implementing at least two (2) ICT projects and assignments similar to that required under these Terms of Reference;
- v. Have demonstrated experience in implementing COTS solutions;
- vi. Have demonstrated experience in implementing at least three (3) public-sector projects;
- vii. Have excellent English language speaking and writing skills, as well as presentation skills.

Ideally, the Senior Software Expert should also:

- viii. Hold a master’s or doctoral degree;;
- ix. Have excellent Serbian language writing and speaking skills.

Senior Security Expert

The Consultant must have a designated Senior Security Expert, who shall be fully accountable for ensuring software security, in compliance with best-operating practices and highest tax administration standards.

The Senior Security Expert must:

- i. Hold a university degree in Information Technology, Electrical Engineering, or other relevant engineering field;
- ii. Have a minimum of 15 years of general professional experience with ICT;
- iii. Have a minimum of 10 years of experience with systems architectures, development of comprehensive transaction systems, and implementation of identity and access management systems and security solutions;
- iv. Have experience in implementing identity and access management systems and security solutions on at least two (2) projects;
- v. Have demonstrated experience in implementing at least three (3) public-sector projects;
- vi. Have excellent English language speaking and writing skills, as well as presentation skills.

Ideally, the Senior Security Expert should also have:

- vii. Experience with business process assessment and re-engineering in public financial management;
- viii. Excellent Serbian language writing and speaking skills.

Consultant will be selected using the Consultant Qualification Selection (CQS) method. Expressions of interest will be evaluated by applying the following criteria with allocated points:

General experience – 10 points

Specific experience related to the assignment – 40 points

Qualifications of key experts – 50

Key experts will be evaluated based on the following criteria and points:

- (a) General Qualifications – 20
- (b) Adequacy for the assignment – 60
- (c) Experience in the region - 20

Terms of Payment

The Contract will be a Standard World Bank Lump Sum Contract. Payments for services will be based on the deliverables/reports approved by the Project Manager. The amount of the Contract will include remuneration and reimbursable costs related to the assignment.