

REQUEST FOR EXPRESSIONS OF INTEREST
For an Individual Consultant

Tanzania Country Office (COTZ)
African Development Bank
P. O. Box 6024 Dar es Salaam
International House 5th Floor, Garden Avenue

Title of the assignment: **Individual Consultant to conduct a study on “The Potential and Opportunities for Taxing the Informal Sector in Tanzania”.**

Brief Description of the assignment: **Assessment of the potential and options for increasing tax revenues through informal sector taxation in Tanzania**

Department making the request: **Tanzania Country Office**

Place of assignment: **Dar es Salaam, Tanzania (remote working is acceptable)**

Period of assignment: **3 months (May 15, 2023 – August 15, 2023)**

Expected start date of the assignment: **May 15, 2023**

Last date for expressing interest: **May 4, 2023**

Expression of interest to be submitted to: j.oduor@afdb.org and copy p.charle@afdb.org

Terms of reference for Individual Consultant to conduct a study on “The Potential and Opportunities for Taxing the Informal Sector in Tanzania”

I. Background

Tanzania’s tax to GDP ratio stands at about 11.1% (2020/2021), out of which income taxes are 3.9% of GDP, value added tax are 3.2%, excise at 1.8%, other taxes are 1.5%, and import duties are 0.8%. Tanzania’s 11.1% tax to GDP ratio is lower than the sub-Saharan Africa average of 16.3% of GDP, 19.8% of GDP for SADC, and 14.6% of GDP for EAC.

While Tanzania’s tax to GDP ratio is low, the country’s financing needs remain enormous but with limited financing options. Tanzania’s financing gap is projected at 1.2% of GDP in 2021/2022, but the option of debt financing is increasingly limited as total debt and debt service obligations rise. Total public debt increased from 38.0% of GDP in 2020 to 42.2% of GDP in 2022. Total public debt service on the other hand increased to 6.3% of GDP in 2022 from 5.0% of GDP in 2021.

Tax administration efficiency is touted as one of the main options to increase Tanzania’s tax to GDP ratio. Tax administration measures particularly aimed at bringing the informal sector into the tax bracket could have potentially impactful benefits. The study therefore assesses the potential for informal sector taxation to increase tax revenues.

II. The Call

The purpose of this consultancy is to support in undertaking the study on “The Potential and Opportunities for Taxing the Informal Sector in Tanzania”.

III. Duties and responsibilities of the consultant

Under the overall guidance of the Country Manager, Tanzania Country Office (COTZ) and the immediate supervision of the Task Manager for this assignment, the consultant’s tasks are to, inter alia:

- i. Assess the potential revenue lost by not taxing the informal sector (what is the potential additional revenue from informal sector taxation in Tanzania; Is it worth the effort?)
- ii. Review literature and document some of the best-case studies in informal sector taxation in Africa and globally

- iii. Recommend actionable policy options to bring the informal sector into the tax net (increase tax compliance). Specifically, the options will include the exploration of the potential, opportunities and challenges of adopting the following approaches;
 - a. Associational taxation (identifiable grouping taxation)
 - b. Presumptive taxes
 - c. Tax administration segmentation
 - d. Tax-for-service approach
 - e. Decentralize/delegate informal tax collection to local authorities
 - f. Auctioning tax collection rights to private entities
- iv. Disseminate the results at the internal Bank seminar and to stakeholders in Tanzania
- v. Produce one policy brief to be shared by the country's authorities
- vi. Perform any other duties as may be assigned by the Country Manager and the Task Manager

IV. Duration and Location

The consultant will be based at the Bank's Country Office in Dar es Salaam, Tanzania and will work full time for a period of **4 months from June 1, 2023 to September 30, 2023**. Possibility of remote working can be negotiated. There is no expectation of contract renewal but may be renewed based on the needs of the Country Office, performance of the consultant, and budget availability.

V. Competencies

- At least a master's degree in economics, preferably Macroeconomics related field
- At least 5 years of relevant professional and practical experience on tax research, preferably gained in a development/policy-oriented institution in Africa or low-income countries
- Client and results oriented individual, with strong analytical and communication (both orally and written) skills, sense of accuracy, attention to detail and ready to work in a multicultural setting.
- The working languages of the AfDB are French and English. For this task, fluency in English is required; knowledge of the other is desirable.

VI. Remuneration for the Assignment

The Consultant will be paid a lump sum for the assignment commensurate with the number of years of experience and deliverables and in line with the Bank's guidelines for remuneration of individual consultants. Where applicable, the Bank will cover travel expenses for official missions in line with the Bank Travel Policy for consultants.

V. ESTABLISHMENT OF THE SHORTLIST

The shortlist of three individual consultants will be established at the end of the request of expression of interest. The consultants in the shortlist will be evaluated on the following criteria based on the CVs submitted.

Criteria	Score
General Qualifications and suitability to the task	40
Experience in tax policy research	40
Experience with International Institutions	10
Language Capacity	5
Working knowledge of Tanzania	5

Expressions of interest must be received no later than **Thursday May 11, 2023 at 23.59 GMT**

Expression of interest to be submitted to: j.oduor@afdb.org and copy p.charle@afdb.org

a. Please attach an updated curriculum vitae

b. Please also submit a sample of your recent work (such as an article, paper etc. that you have written) that demonstrates your writing skills.