

Terms of reference (ToR) for the procurement of services below the EU threshold



CONFIDENTIAL

Consultancy Services for Modelling and Simulations of Income Tax Reforms in Indonesia (Output 3)	Project number: G-012101-001 (I-012101-03) Tender number 10036819
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0. List of abbreviations

AG	Commissioning party
AN	Contractor
AVB	General Terms and Conditions of Contract for supplying services and work
BKF	Fiscal Policy Agency
CGE	Computable General Equilibrium
CIT	Corporate Income Tax
DJP	Directorate General of Taxes
DJSEF	Directorate General of Economy and Fiscal Strategy
DRM	Domestic Resources Mobilization
FK	Expert
FKT	Expert days
GAMS	General Algebraic Modelling System
KZFK	Short-term expert
ToRs	Terms of reference
MoF	Ministry of Finance
PIT	Personal Income Tax
RWI	Leibniz-Institut für Wirtschaftsforschung, Essen
SAM	Social Accounting Matrix
VAT	Value Added Tax

1. Context

From 2020 to 2023, Domestic Resource Mobilisation (DRM) Project supported the Fiscal Policy Agency (BKF) of the Ministry of Finance (MoF) Indonesia in developing both micro and macrosimulation of tax policy changes.

With support from RWI - Leibniz-Institut für Wirtschaftsforschung, University of Indonesia, and University of Gadjah Mada, a computable general equilibrium (CGE) model of the Indonesian economy, implemented in General Algebraic Modelling System (GAMS), was constructed to analyse the aggregate government revenue and price effects of tax reforms. Complementary microsimulation tools were built on household survey data to assess distributional impacts. Both models were connected in a “top-down” framework, where macro-level price and wage adjustments informed household-level distributional analysis. This modelling framework was used to analyse Value Added Tax (VAT) reforms, such as the elimination of exemptions or zero-rating. The CGE model was further developed through (i) updating the Social Accounting Matrix (SAM), and (ii) improving the distributional analysis.

As a follow-up of the existing microsimulation framework developed between 2020 to 2023, Performing Energy Transition through Fiscal Reform (PERFORM) Project will leverage the microsimulation framework for personal income taxation analysis. This framework, which covers both corporate income tax (CIT) and personal income tax (PIT), will complement the prior consumption-based microsimulation work to be in line with the Directorate General of Taxes of the Indonesian Finance Ministry (DJP) needs. The aim of this activity is to improve the existing microsimulation model in order to capture a larger part of the economic activity. Tax return data cover only part of the economic activities, hence incorporating census data, which will be on DJP's collaboration, will be able to paint a more comprehensive picture of the economy. Indonesia, as a typical for middle-income countries, the PIT plays a relatively minor role, while the VAT and CIT are more important. In contrast, the PIT accounts for about one third of the German tax revenue. A microsimulation model based on household data, such as administrative income tax data, will allow for the quantification of the revenue and distributional effects of potential income tax reforms. Given the importance to develop a microsimulation modelling of income tax for Indonesia, PERFORM Project needs to hire an international experienced research institute, think tank, or consulting firm in large scale microsimulation modelling and policy analysis

2. Tasks to be performed by the contractor

The tasks to be performed by the contractor aim to broaden the scope of policy analysis by developing a microsimulation model of income taxation based directly on administrative income tax data from Indonesia.

The tasks to be performed by the contractor have three main objectives:

1. Further development of the existing Indonesian income tax microsimulation model for both corporate income tax (CIT) and personal income tax (PIT).
 - a. Build an actual model of the Indonesian personal income tax based on the tax return data; incorporate additional (census) data.
 - b. Update tax rules, allowances, deductions, and credits to reflect the legislation accurately.
 - c. Build an actual model of the Indonesian corporate income tax.
 - d. Ensure flexibility to simulate counterfactual reforms (changes in rates, thresholds, deductions, etc.).

2. Policy analysis using the microsimulation model.
 - a. Development of tax reform scenarios
 - b. Implementation of reform scenarios into the model
 - c. Conduct ex-ante evaluations of potential income tax reforms, such as changes in progressivity, tax brackets, or exemptions.
 - d. Assess distributional impacts on different income groups.
 - e. Analyze revenue implications and possible effects on equity.

3. Capacity building
 - a. Train DJP and MoF staff:
 - i. in maintaining and updating the model
 - ii. in developing and simulating tax reform scenarios.
 - b. Establish documentation and workflows that allow the DJP and MoF to independently update and extend the model in the future.

The contractor is responsible for providing the following services:

- Data combination and documentation of anonymized income tax microdata and survey data for modelling purposes.
- Building a prototype Indonesian Income Tax Microsimulation Model, including a transparent and user-friendly interface for scenario analysis. The model will be built in Stata.
- Performing policy simulations and writing a report analysing priority reform questions identified by the DJP, MoF.
- Conducting training workshops in Jakarta focusing on microsimulation techniques, scenario development, and model maintenance for DJP and MoF staff.

Certain milestones, as laid out in the table below, are to be achieved during the contract term:

Milestones/partial works	Deadline/place/person responsible	Criteria for acceptance
Inception Report	August – September 2026	<ul style="list-style-type: none"> - Overview of the income tax models and databases available at the Ministry of Finance - Literature review on approaches to income tax reform
Interim Report	September – November 2026	<ul style="list-style-type: none"> - Processed income tax microdata and survey data for modelling purposes - Updated Indonesian Income Tax Microsimulation Model, including a transparent and user-friendly interface for scenario analysis - Scenarios for the reform of personal income tax - Model prepared for scenario analysis of personal income tax reform

		<ul style="list-style-type: none"> - Scenarios for the reform of corporate income tax
Final Report	November 2026 – July 2027	<ul style="list-style-type: none"> - Model prepared for scenario analysis of corporate income tax reform - Simulation results for different income tax reforms - Trained staff in model maintenance and model adjustments - Trained employees in the development of tax reform scenarios - Trained employees in modeling tax reform scenarios - Report with model description and simulation results

Period of assignment: **from August 2026 until July 2027.**

3. Concept

In the tender, the tenderer is required to show *how* the objectives defined in Chapter 2 (Tasks to be performed) are to be achieved, if applicable under consideration of further method-related requirements (technical-methodological concept). In addition, the tenderer must describe the project management system for service provision.

Note: The numbers in parentheses correspond to the lines of the technical assessment grid.

Technical-methodological concept

Strategy (1.1):

to the objectives of the services put out to tender (see Chapter 1 Context) (1.1.1). Following this, the tenderer presents and justifies the explicit strategy with which it intends to provide the services for which it is responsible (see Chapter 2 Tasks to be performed) (1.1.2).

Cooperation (1.2):

The tenderer is required to present the actors relevant for the services for which it is responsible and describe the **cooperation (1.2)** with them.

Steering (1.3):

The tenderer is required to present and explain its approach to steering the measures with the project partners (1.3.1) and its contribution to the results-based monitoring system (1.3.2).

Processed (1.4):

The tenderer is required to describe the key **processes** for the services for which it is responsible and create an **operational plan** or schedule (1.4.1) that describes how the services according to Chapter 2 (Tasks to be performed by the contractor) are to be provided. In particular, the tenderer is required to describe the necessary work steps and, if applicable, take account of the milestones and **contributions** of other actors (partner contributions) in accordance with Chapter 2 (Tasks to be performed) (1.4.2).

Learning and innovation (1.5):

The tenderer is required to describe its contribution to knowledge management for the partner (1.5.1) and GIZ and to promote scaling-up effects (1.5.2) under **learning and innovation**.

Project management of the contractor (1.6)

The tenderer is required to explain its approach for coordination with the GIZ project. In particular, the project management requirements specified in Chapter 2 (Tasks to be performed by the contractor) must be explained in detail.

The tenderer is required to draw up a **personnel assignment plan** with explanatory notes that lists all the experts proposed in the tender; the plan includes information on assignment dates (duration and expert days) and locations of the individual members of the team complete with the allocation of work steps as set out in the schedule.

The tenderer is required to describe its backstopping concept. The following services are part of the standard backstopping package, which (like ancillary personnel costs) must be factored into the fee schedules of the staff listed in the tender in accordance with Section 3.1 of the GIZ AVB:

- Service-delivery control
- Managing adaptations to changing conditions
- Ensuring the flow of information between the tenderer and GIZ
- Assuming personnel responsibility for the contractor's experts
- Process-oriented steering for implementation of the commission
- Securing the administrative conclusion of the project

Further requirements (1.7)

The tenderer shall have the following qualifications:

- a. Institutional capacity: The bidder shall demonstrate institutional capacity to provide analytical and advisory services in economic modelling and public policy analysis through company profile, institutional references, publications, or previous project experience with 2 references projects.
- b. Technical capability: The bidder shall demonstrate experience in applying quantitative modelling approaches and processing administrative and survey data for policy simulations, including the use of statistical or econometric software for modelling and scenario analysis with 2 reference projects.
- c. Knowledge transfer approach: The bidder shall demonstrate its approach to knowledge transfer and institutional capacity development, including training, documentation, and

establishment of workflows that support long-term use and maintenance of the analytical outputs by the partner institution with 2 reference projects.

4. Personnel concept

The tenderer is required to provide personnel who are suited to filling the positions described, on the basis of their CVs (see Chapter 7), the range of tasks involved and the required qualifications.

The below specified qualifications represent the requirements to reach the maximum number of points in the technical assessment.

Team leader

Tasks of the team leader

- Overall responsibility for the advisory packages of the contractor (quality and deadlines)
- Coordinating and ensuring communication with GIZ, MoF and others involved in the project
- Personnel management, in particular identifying the need for short-term assignments within the available budget, as well as planning and steering assignments and supporting local and international short-term experts
- Regular reporting in accordance with deadlines
- If required, becoming a moderator/facilitator during the internal and external workshops/working meetings/Focus Group Discussions (FGDs)
- Supervising and managing activities in coordination with GIZ and MoF following GIZ rules and regulations
- Budget monitoring and regular reporting in accordance with deadlines

Qualifications of the team leader

- Education/training (2.1.1): university degree (Master's or Doctoral degree) in economics, public policy, finance, econometrics.
- Language (2.1.2): C1-level language proficiency in English
- General professional experience (2.1.3): 15 years of professional experience in the economic modelling, policy evaluation, forecasting, or applied economic research sector
- Specific professional experience (2.1.4): 10 years in macroeconomic modelling, simulation methods, and analysis of economic or fiscal policy reforms
- Leadership/management experience (2.1.5): 5 years of management/leadership experience as project team leader or manager in analytical, modelling, or research assignments
- Regional experience (2.1.6): 3 years of experience in projects in Southeast Asia (ASEAN), of which 2 years in projects in Indonesia (5/10 points)
- Development cooperation (DC) experience (2.1.7): 2 years of experience in DC projects
- Other (2.1.8): experience in quantitative modelling and simulation software for economic analysis (e.g. Stata, Matlab, R, Python, GAMS) of 2 reference projects

Key expert 1

Tasks of key expert 1

- Design and further development of the income tax microsimulation model
- Allocation and coordination of technical work packages
- Preparation and implementation of simulation scenarios
- Support analytical interpretation of simulation results
- Contribution to reporting and quality assurance of technical outputs

Qualifications of key expert 1

- Education/training (2.2.1): Doctoral degree in economics, public policy, finance, econometrics.
- Language (2.2.2): C1 -level language proficiency in English
- General professional experience (2.2.3): 8 years of professional experience in economic research, policy evaluation, and quantitative analysis
- Specific professional experience (2.2.4): 5 years of professional experience in microsimulation modelling, simulation methods, and quantitative policy analysis
- Leadership/management experience (2.2.5): not relevant
- Regional experience (2.2.6): 3 years of experience in projects in Asia (5/10 points), of which 2 years in projects in Indonesia (5/10 points)
- Development Cooperation (DC) experience (2.2.7): not relevant
- Other (2.2.8): proven experience in applying statistical and modelling software for economic analysis and simulation (e.g. Stata, Matlab, R, Python) of 2 reference projects

Key expert 2

Tasks of key expert 2

- Revision and implementation of the microsimulation model
- Cooperation with experts from the Ministry of Finance and project partners
- Design and implementation of simulation exercises
- Contribution to policy analysis and interpretation of modelling results

Qualifications of key expert 2

- Education/training (2.3.1): Master's degree in economics, public policy, finance, econometrics.
- Language (2.3.2): C1 -level language proficiency in English
- General professional experience (2.3.3): 5 years of professional experience in economic research, policy evaluation, and quantitative analysis
- Specific professional experience (2.3.4): 3 years of professional experience in economic modelling, simulation methods, and policy analysis
- Leadership/management experience (2.3.5): not relevant
- Regional experience (2.3.6): 2 years of experience in projects in Asia, of which 1 year in projects in Indonesia
- Development Cooperation (DC) experience (2.3.7): not relevant
- Other (2.3.8): proven experience in applying modelling and statistical software for economic analysis (e.g. Stata, Matlab, Python) of 2 reference projects

Key expert 3

Tasks of key expert 3

- Preparing and processing data together with project stakeholders
- Supporting estimation and implementation of the microsimulation model
- Supporting simulation exercises and analytical outputs
- Supporting documentation and capacity building activities

Qualifications of key expert 3

- Education/training (2.4.1): Master's degree in economics, public policy, finance, econometrics, statistics, data science.
- Language (2.4.2): B2 -level language proficiency in English
- General professional experience (2.4.3): 2 years of professional experience in economic research, quantitative analysis, or policy-related analytical work
- Specific professional experience (2.4.4): 2 years of professional experience in data analysis, economic modelling, simulation support, or policy-related analytical activities
- Leadership/management experience (2.4.5): not relevant
- Regional experience (2.4.6): 2 years of experience in projects in Asia (5/10 points), of which 1 year in projects in Indonesia (5/10 points)
- Development Cooperation (DC) experience (2.4.7): not relevant
- Other (2.4.8): proven experience in applying modelling and statistical software for economic analysis (e.g. Stata, Matlab, Python) of 2 reference projects

Soft skills of team members

In addition to their specialist qualifications, the following qualifications are required of team members:

- Team skills
- Initiative
- Communication skills
- Socio-cultural skills
- Efficient, partner- and client-focused working methods
- Interdisciplinary thinking

5. Costing requirements

Assignment of personnel and travel expenses

Per diem allowances are reimbursed as a lump sum up to the maximum amounts permissible under tax law for each country as set out in the country table in the circular from the German Federal Ministry of Finance on travel expense remuneration (downloadable from the [German Federal Ministry of Finance – tax treatment of travel expenses and allowances for international business travel as of 1 January 2026 \(GERMAN ONLY\)](#)).

Accommodation allowances are reimbursed as detailed in the specification of inputs below.

With special justification, additional Accommodation costs up to a reasonable amount can be reimbursed against evidence.

All business travel must be agreed in advance by the officer responsible for the project

Sustainability aspects for travel

GIZ has undertaken an obligation to reduce greenhouse gas emissions (CO₂ emissions) caused by travel. When preparing your tender, please incorporate options for reducing emissions, such as selecting the lowest-emission booking class (economy) and using means of transport, airlines and flight routes with a higher CO₂ efficiency. For short distances, travel by train (second class) or e-mobility should be the preferred option.

CO₂ emissions caused by air travel must be offset. GIZ specifies a budget for this, through which the carbon offsets can be settled against evidence.

There are many different providers in the market for emissions certificates, and they have different climate impact ambitions. The [Development and Climate Alliance \(German only\)](#) has published a [list of standards \(German only\)](#). GIZ recommends using the standards specified there.

Contracts for works:

The following basic calculations for the contract for works are a reference value based on the acceptance criteria for each partial work/milestone specified in Chapter 2 (Tasks to be performed by the contractor).

Since the contract to be concluded is a contract for works, we would ask you to offer your services at a lump sum price.

In addition, the assessment of the financial bid is also based on the underlying daily rate. Please also provide the underlying daily rate. A breakdown of days is not required.

Milestones/partial works	Estimated expert days for orientation	Deadline/place/person responsible
Inception Report	Team leader: 8 days Key expert 1: 8 days Key expert 2: 16 days Key expert 3: 24 days	September 2026
Interim Report	Team leader: 8 days Key expert 1: 8 days Key expert 2: 16 days Key expert 3: 24 days	November 2026
Final Report	Team leader: 4 days Key expert 1: 4 days Key expert 2: 8 days Key expert 3: 12 days	July 2027

Travel expenses	Quantity	Number per expert	Total	Comments
<p>Per-diem allowance in country of assignment</p> <p><i>If an on-site assignment takes place over the weekend, per diem allowances for weekends can be reimbursed between the fee days.</i></p>	20	2	40	<p>There will be 2 international round trips (Germany to Indonesia v.v.) for 2 Experts during the contract period. For 1 international round trip, the onsite assignment consists of 10 working days per expert.</p> <p><u>Note:</u></p> <ol style="list-style-type: none"> 1. Per diem allowances for weekends can be reimbursed between the fee days. 2. Per diem calculation will follow GIZ regulation for reimbursing travel expenses (Section 20 MTV).
<p>Overnight allowance in country of assignment</p> <p><i>If an on-site assignment takes place over the weekend, overnight allowances for weekends can be reimbursed between the fee days.</i></p>	20	2	40	<p>There will be 2 international round trips (Germany to Indonesia v.v.) for 2 Experts during the contract period. For 1 international round trip, the onsite assignment consists of 10 working days per expert.</p> <p><u>Note:</u></p> <ol style="list-style-type: none"> 1. Overnight allowances for weekends can be reimbursed between the fee days. 2. Overnight allowances of up to EUR 179 can be submitted for reimbursement against evidence (refer to GIZ regulation for reimbursing travel expenses (Section 20 MTV)).
Transport	Quantity	Number per expert	Total	Comments
<p>International flights</p> <p><i>Indonesia</i></p>	2	2	4	It covers 2 International round trips (Germany to Indonesia v.v.) for 2 Experts during the contract period
<p>CO₂ compensation for air travel (EUR 160 for round trip Germany to Indonesia v.v.)</p> <p>Link to working aid and table for determining the budget and Guidance for GIZ service providers on avoiding, reducing and offsetting GHG emissions on setting the budget.</p>	2	2	4	<p>It covers 2 international round trips (Germany to Indonesia v.v.) for 2 Experts during the contract period</p> <p>A fixed budget of EUR 320,00 (round trip flight) is earmarked for settling carbon offsets against evidence.</p>

Travel expenses (train, car) <ul style="list-style-type: none"> • Airport transfer (airport taxi) • Taxi within Jakarta 	2	2	4	It covers travel within the country of assignment, including transfer to/from airport for 2 international trips (Germany to Indonesia) for 2 Experts during the contract period.
Other travel expenses (visa costs to enter Indonesia)	2	2	4	It covers 2 international trips (Germany to Indonesia) for 2 Experts during the contract period.

Workshops, events and trainings

Workshops/working meetings/FGDs will be conducted following to request from MoF. The contractor shall provide support to plan, design and implement the workshops/working meetings/FGDs in coordination with GIZ and MoF. Otherwise specified in the price schedule, the planned workshops/working meetings/FGDs will be organised in Jakarta following request from MoF.

6. Inputs of GIZ or other actors

GIZ and/or other actors are expected to make the following available:

- Overall facilitation with MoF and other relevant institutions
- General activity steering with PERFORM project consultants
- Logistics for workshop will be covered either by GIZ or MoF

7. Requirements on the format of the tender

The structure of the tender must correspond to the structure of the ToR. In particular, the detailed structure of the concept (Chapter 3) should be organised in accordance with the positively weighted criteria in the assessment grid (not with zero). The tender must be legible (font size 11 or larger) and clearly formulated. It must be drawn up in English.

The complete tender must not exceed 10 pages (excluding CVs). If one of the maximum page lengths is exceeded, the content appearing after the cut-off point will not be included in the assessment. External content (e.g. links to websites) will also not be considered.

The CVs of the personnel proposed in accordance with Chapter 4 of the ToRs must be submitted using the format specified in the terms and conditions for application. The CVs shall not exceed 4 pages each. They must clearly show the position and job the proposed person held in the reference project and for how long. The CVs can also be submitted in English.

Please calculate your financial tender based exactly on the parameters specified in Chapter 5 Quantitative requirements. The contractor is not contractually entitled to use up the days, trips, workshops or budgets in full. The number of days, trips and workshops and the budgets will be contractually agreed as maximum limits. The specifications for pricing are defined in the price schedule.

As the contract to be concluded is a contract for works, please offer a fixed lump sum price that covers all relevant costs (fees, travel expenses etc.). The price bid will be evaluated on

the basis of the specified lump sum price. In addition, please also provide the underlying daily rate. A breakdown of days is not required.