

## TOR for short-term Consultant

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**Project:** Public Financial Management in the South Caucasus  
**PN:** 17.2023.4-002.00  
**Activity:** Assistance to the Ministry of Finance in further implementation of activities under “Strategy on Full-fledged Introduction of Programme Budgeting in Republic of Armenia” - PACKAGE 4: REVIEW OF BUDGET PROGRAMMES – SOCIAL SECTORS  
**Period:** 12.01.2018 – 28.12.2018

### 1. Background of the Project:

The Caucasus initiative of the Federal Ministry for Economic Cooperation and Development (BMZ) promotes the political and economic cooperation of the South Caucasus republics of Azerbaijan, Armenia and Georgia. The initiative increased not only the country-specific bilateral cooperation, but it also provides them in a regional context. It forms the conceptual clamp and the roof for the German development cooperation with and in the region. Priority areas of cooperation for the Caucasus Initiative are: (a) sustainable economic development, (b) democracy, municipal development and the rule of law, and (c) environment and natural resources.

The Regional Programme “Public Financial Management in the South Caucasus” is implemented by GIZ on behalf of German Development Cooperation in the period of April 1, 2017 till March 31, 2020. The previous programme has been implemented from May 2014 till March 2017. The module objective of the programme is “Subsystems of public finances in Georgia and Armenia approach European and international standards in the fields of result orientation, efficiency and accountability.” The planned activity will be realised in the scope of activities aimed at reaching following outcome - “The Draft Law on Annual Budget 2020 in Armenia, as a main legal document, in programme classification is discussed in the National Assembly of the Republic of Armenia”, measured by relevant output on “Capacities for implementation of results-oriented budgeting are strengthened”.

The services to be rendered by this ToR are deemed to contribute to the above mentioned objectives and the indicator.

### 2. Background Situation

The Government of the Republic of Armenia has made substantial progress in public finance management in recent years. Programme (-based) budgeting reforms were logical part of second generation fiscal reforms launched in 2000s. After adoption of its first long-term socio-economic development strategy (PRSP) the Government of Armenia was facing a challenge of proper reflection of its long-term development strategy in the annual budget. First steps toward that challenge were gradual introduction of the Medium-Term Expenditure Framework (MTEF), followed since 2004 by the introduction of program budgeting (PB) reforms being one of the international trends of managing public spending for achieving better results in producing public goods and/or providing public services.

Till end of 2008 the Government of Armenian was supported through the “Support to programme budgeting introduction in Armenia” Programme of Department for International Development (DfID) of the United Kingdom. During that period the Government made notable progress in initiating program budgeting reforms in Armenia, in particular: first (pilot) methodological guidelines for the introduction of program budgeting were developed and approved, which were piloted in social area ministries (Healthcare, Social Security, Education and Science, and Culture); mainly in above-mentioned ministries, budgets in PB format were developed in line with line-item budgets and presented as an annex in the quarterly distribution of the annual state budget; for some of the budget programmes non-financial quantitative indicators for “policy measures” were developed; and preliminary formats for program budgeting

performance reports were developed and approved. Nevertheless only the Ministry of Finance and a few line ministries (mainly social sector) have been able to introduce and adapt the above listed changes. The next step envisaged to widen PB reforms is to cover all line ministries, central agencies and territorial administrations.

Since 2009, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH has agreed to provide technical assistance to the Government of Armenia for further expansion of program budgeting reforms. The technical assistance provided by GIZ in the field of programme budgeting reforms has been covering the following three main directions: (i) provision of technical assistance to the Ministry of Finance of the Republic of Armenia in further methodology development; (ii) enhancement of the capacities of the Ministry of Finance necessary for supporting the state agencies in the transition to programme budgeting; (iii) support the Ministry of Finance of the Republic of Armenia in budgetary legislation reforms cooperating with the National Assembly of the Republic of Armenia.

Since May, 2012, the mentioned assistance in the field of programme budgeting has been envisaged to be provided within the “Public Financial Management in the South Caucasus” (herein after GIZ PFM Programme) regional programme, through involvement of a relevant qualified local consulting company which should continue support to the staff of MoF and other state agencies in transfer to the programme budgeting.

By the end of first phase of GIZ PFM Programme the activities of the First Phase of the PB reform agenda have been finalised by the adoption of Amendments to the Law on Budgetary System prescribing the key elements of the program budgeting system by legislation. Besides of legislation changes, the core emphasis in the support to MOF has been the development of the necessary methodological basis, as well as elaboration of conceptual framework for further implementation of PB reforms, such as coordination with and building the capacities and necessary organisational restructuring of all line ministries, possibilities of transition to a multi-year budgeting, budget programme and indicator system revision etc.

Different assessments done both by GIZ PFM Programme and by other development partners have revealed gaps in coordination and harmonisation of PB reforms with other simultaneous PFM sector reforms such as public sector accounting, treasury, internal and external control and audit reforms, etc.; those reforms should be complementing each other and assure full transition to PB by the given timeframe. Besides, in order to roll-out the PB reforms it is a crucial necessity to scale up capacity building activities especially in line ministries and other state entities. This is proven also by an increased demand and interest of the National Assembly and especially some of the sector committees towards budget drafts and execution reports discussion, with more focus on programmes and performance indicators.

In the framework of further cooperation between Ministry of Finance of the Republic of Armenia and GIZ PFM Programme, and based on the above-mentioned findings, it was agreed to analyse the current state of the PB reforms, reveal the gaps and develop a new detailed strategic action plan for further implementation of reforms. Thus, in the period of October 2014 - April 2015, a thorough analysis of status-quo of PB reforms was done by a team of experts from SIPU International consulting company, and based on it a draft of the PB Strategy and its detailed implementation plan was elaborated and submitted to the Ministry of Finance for its further review and finalisation. On August 13, 2015 the Final PB Strategy and Implementation plan<sup>1</sup> were approved by the Government of Armenia.

The approved strategy envisages activities aiming at finalisation of the main stage of reforms with full-fledge implementation of programme budgeting on the level of State Budget, which means that the State Budget for 2019 will be developed, approved, executed and reported in mainly in PB format. The Strategy envisages also simultaneous conduction of activities in all other relevant PFM reform areas with constant steering, coordination and harmonisation of relevant activities among all stakeholders of the reforms.

According to the agreement between the Ministry of Finance of the Republic of Armenia and GIZ PFM Programme, the PB strategy and its detailed action plan serve as a basis for further cooperation and support to the PB Reforms provided by GIZ on behalf of German Federal Government.

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<sup>1</sup> See RA Government Protocol Decree N 38 on “The Strategy for Full-fledge Introduction of Programme Budgeting in the Republic of Armenia”, adopted on August 13, 2015, <https://www.e-gov.am/protocols/item/537/>



Tasks	Deliverable	2018																							
		J		F		M		A		M		J		J		O		S		O		N		D	
		I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II	I	II
Guidance and support to relevant department/divisions in the MOF Budget Block and to line ministries in revision and adjustment of all budget programmes to the new PB methodological requirements	a) MTEF draft is developed in PB format								X																
	b) 2019 Budget Draft is developed in PB format																X								
Guidance and support in development of KPIs for the relevant ministries/agencies (upon request)	KPIs are developed and included into budget																								
Guidance and support in revision and adjustment of sector strategies in accordance to PB methodology requirements	Sector Strategies are revised																								X

## 5. Reporting and Timetable

During the assignment period 4 reports should be provided – 1 inception, 2 interim and 1 final - on basis of the activities implemented and provided deliverables with following periodicity:

- 1<sup>st</sup> (Inception) Report – till 22<sup>nd</sup> of January, 2018 – Inception report with jointly (MOF-Consultants team-GIZ) agreed action-plan, time-table and deliverables.
- 2<sup>nd</sup> (Interim) Report – till 20<sup>th</sup> of April, 2018 – Second Administrative Report and relevant deliverables for that period
- 3<sup>rd</sup> (Interim) Report – till 20<sup>th</sup> of August, 2018 – Third Administrative Report and relevant deliverables for that period
- 4<sup>th</sup> (Final) Report – till 24<sup>th</sup> of December, 2018 – Fourth Administrative Report and final deliverables elaborated during the whole period of assignment.

All reports (administrative reports and relevant deliverables) should be submitted in English and Armenian languages. All reports should be submitted electronically and in hard-copy versions (1 Armenian version for MoF and 1 English version for GIZ).

Prior to payments, the reports and the deliverables should be presented to and discussed with the Ministry of Finance and GIZ PFM Programme. GIZ should receive final approval from the Ministry of Finance on submitted reports and deliverables as confirmation of services agreed.

Only after that the payments will be processed.

It is envisaged that the activities should be implemented from January 12, 2018 till December 28, 2018.

## 6. Qualification requirements

It is envisaged, that the assignment will be implemented through relevant team of experts of a local consulting company.

The team may have following composition:

1. Team Leader / Key Expert
2. Field/Sector Experts – at least 2 key field experts

Team will work in close cooperation with relevant staff members from the Ministry of Finance of RA and relevant experts of GIZ PFM Programme.

Experts should comply with following requirements to qualification:

### ***Key Expert 1 / Team leader***

- At least Master Degree or its equivalent level in public finance, economics or related field.
- At least 10 years of experience in public sector policies and reforms.
- At least 8 years of experience in programme or project design and management, leading and coordinating teamwork.
- At least 7 years of proven experience in monitoring, evaluations (ex-ante, interim, ex-post etc.) and impact assessments of budget programmes, public policies and/or projects, experience of similar work in other (including CIS) countries is an asset.
- Proven knowledge of programme budgeting and PFM reforms, including policy-based budgeting, and multi-year planning.
- Experience in institutional capacity development.
- Fluency in Armenian and English are an essential requirement.

### ***Key Expert 2***

- At least Master Degree or its equivalent level in public finance, economics or related field.
- At least 10 years of experience in public policy/reforms analysis, including budget reforms.
- At least 7 years of experience in conducting different assessments on different aspects of public policies and budget programmes, including strategies, policies and projects in social sectors – education, social security, healthcare, etc.
- At least 5 years of experience research, training and mentoring (including public servants).
- Proven knowledge and understanding of budgetary system and public financial management issues, including result-oriented budgeting, transparency and budget oversight.
- Fluency in Armenian and English are an essential requirement.

### ***Key Expert 3***

- At least Master Degree or its equivalent level in public finance, economics or related field.
- At least 7 years of equivalent working experience in monitoring and evaluation of public programmes.
- Experience in design of monitoring and evaluation frameworks (including performance indicators).
- Experience in research, training, mentoring and institutional capacity development.
- Good knowledge and understanding of budgetary system and public financial management issues, including result-oriented budgeting, transparency and budget oversight.
- Fluency in Armenian and English are an essential requirement.