Project: “Good Governance for Local Development in South Caucasus” project

PN: 19.2204.6-002.00

Mission: Analysis and re-engineering of up to 16 administrative services delivered by municipalities

1. **Introduction**

The project “Good Governance for Local Development in South Caucasus” (GGLD) aims at strengthening the capacities of public institutions in the South Caucasus to the effect that they are better able to provide citizen-oriented services. The project advises partner institutions at national, regional (sub-national) and local levels in Armenia, Azerbaijan and Georgia on designing and implementing national reform processes, improving framework conditions and developing standards and guidelines. It supports the capacity development of key actors for citizen-oriented service delivery, primarily at local level. To promote citizen participation in local development processes, the project advises on the introduction of participation and complaint mechanisms and supports respective awareness raising for citizens. The project also supports the elaboration and implementation of strategies and instruments for regional development and local economic development. As a part of the German Caucasus Initiative, the project promotes professional exchange of knowledge and experiences between the countries of the South Caucasus.

The project is commissioned by the German Federal Ministry of Economic Cooperation and Development (BMZ). In Armenia it is co-funded by the Swiss Development Cooperation (SDC) and carried out in close cooperation with the Ministry of Territorial Administration and Infrastructure (MTAI) as the main political partner.

One result area of the project is the strengthening of municipalities with regards to the delivery of administrative services, both online and through the one-stop-shops (Citizen Offices) established in the municipalities.

**Context of the assignment**

The existing territorial and administrative division as well as limited decentralisation in Armenia are considerable impediments to development of local governance, effective service provision, and efficient use of scarce financial resources. Back in 2015 with 915 municipalities, which varied greatly in size of population and capacities, the municipal landscape of Armenia was highly fragmented. Many municipalities were too small to fulfil their functions effectively, that is to raise sufficient revenues, to maintain public infrastructure, to ensure provision of basic public services that meet the needs of the population, and to support sustainable social and economic development.

To address these challenges, the Government of the Republic of Armenia (GoA) has launched a large-scale structural change process. The overall goal of the Territorial and Administrative Reform of Armenia (TARA) is to create conducive framework conditions for local self-government and to build viable structures at local level that would enable local governments to become functional and responsive units. The plan is to create territorial entities of manageable size and thus reduce their number from over 900 to approximately 150-200[[1]](#footnote-1). The reform entails a renewed policy approach to municipal planning and governance, management and resource allocation within the governance system. The reform is also seen as part of participatory, effective and accountable governance and the first important step towards decentralisation. At present, the number of municipalities in Armenia is 502, from which 52 are newly enlarged municipalities merging former 465 municipalities. The government intends to complete the reform by end-2021.

The improvement of service delivery at local level is one of the main objectives of the reform. TARA creates expanded opportunities and potential for improvement of services delivered locally, both in terms of quantity and quality. But the realisation of this potential requires a strategic approach, first of all to understand current practices, identify gaps and challenges and devise respective change measures.

On the one hand, it is important that the government creates the necessary national framework conditions and standards and on the other hand, the municipalities must improve their performance by improving and streamlining the service delivery.

In 2019, SIGMA published a [Baseline Measurement Report](http://sigmaweb.org/publications/Baseline-Measurement-Armenia-2019.pdf), a comprehensive review and assessment of the horizontal areas of public administration in Armenia[[2]](#footnote-2), according to which although there are promising examples of digitally available services, overall service delivery for citizens and businesses has yet to be improved. The assessment recommendations for the improvement of service delivery include expanding on the service transformation agenda to improve the quality and accessibility of administrative services, simplification of administrative procedures, introducing a policy on user engagement into service delivery improvement on a regular basis.

In this regard and to support the government with that endeavour, the project is planning to focus its technical support on re-engineering of administrative services delivered at local level contributing to the improvement of efficiency, access to and the quality of the services delivered by local authorities to citizens.

This assignment is implemented in the framework of Public Administration Reforms of Armenia.

To diagnose and analyse the existing situation, the project is now seeking services of a consulting firm, consortium of consulting firms or consortium of local experts (hereafter Contractor) with profound and extensive knowledge and experience in business process analysis and re-engineering.

The results of the assignment would allow to understand and identify the existing gaps, issues and challenges in service provision and propose new service models through citizen-centric service design and re-engineering.

1. **Purpose**

The assignment is aimed at analysis and re-engineering/optimization of the selected administrative services with a final goal of improving the service efficiency, quality and access at local level, through streamlining and simplifying processes, decreasing the time spent on services and the number of documents submitted for receiving the service, reduction of the costs spent on service delivery.

The below tasks are envisaged to be implemented:

1. **Analysis of up to 16 administrative services delivered by the municipalities.**

The list is presented in Annex 1 and may be subject to change (including replacement, removal) with respect to a decision by GIZ and should be approved by GIZ prior to the start of the implementation.

1. **Citizen-centric design and re-engineering of services and development of new “to be” service models and service standards for each service re-designed.**
2. **Tasks and deliverables**

The following tasks will be required to fulfil:

**Task 1:** Analysis of up to 16 administrative services delivered by the municipalities

The task should include but not be limited to:

1. analysis of general legal and policy framework in the provision of administrative services (roles, responsibilities, functions and structures of public and/or private actors involved in the service provision and the corresponding rights of the service recipients,

* analysis of special normative legal requirements with respect to each of 16 administrative services (e.g. government decrees setting standards, decisions of councils of etc.)

1. mapping of “as is” processes, including input and output data and documents, identifying shortcomings, constraints in efficiency, bottlenecks in policy framework and in each step of service delivery.

In 2018 the “Good Governance Programme South Caucasus”, implemented by GIZ supported the analysis of more than 60 administrative services delivered by the municipalities and the development of Information Cards on service delivery which describe “as is” processes of the services (containing information on the list of documents in support of entitlement to the service, the fee or duty rate, payment procedure and the legal basis for provision of the service, procedures of service delivery, the procedure to dispute the rejection of service provision, the blank form of the application, etc.). This analysis should support the task implementation.

**Task 2:** Citizen-centric design and re-engineering of services and development of new “to be” service models and standards

1. Based on the mapping exercise development of new “to be” service models, proposing necessary amendments in the legal acts for the application of the re-designed processes,
2. Development of service standards for each service re-designed in the scope of the assignment,
3. Testing/piloting new service models and standards in at least 3 Citizen Offices (the list will be provided by the Project).
4. Recommendations on adjustment of human and institutional capacities, organizational structures, division of roles and responsibilities in the municipalities to align municipal administrations with the new service model requirements.

The re-engineering approach should allow for putting end-users’ needs at the centre of the policy formulation, involving them in planning and design processes, allowing them to work on the design of the services thus bridging the requirements gap between citizens - service users and service providers, considering multiple alternatives and perspectives to the problems and allowing for experimenting (prototyping and testing).

The proposed methodology should be presented to, discussed and approved by the Deputy PM’s office, MTAI and GIZ.

The methodology should be harmonised with the one developed for state services analysis and re-engineering.

All the steps of the reengineering process should be validated with municipal administrations/ service providers and other relevant stakeholders.

The re-designed processes will be used as a basis for further digitalisation.

New service standards should be developed for each service that undergoes reengineering to ensure accountability and support monitoring of the service quality. Those targets would allow to hold the municipalities accountable for the quality of the services they provide, as well as measure their performance.

1. **Deliverables**

The following deliverables (in Armenian) are expected to be provided during the assignment:

**Task 1:**

1. Draft assessment/analysis report,
2. Final assessment/analysis report.

**Task 2:**

1. Draft new service models and standards, including recommendations,
2. Final service models and standards, including recommendations.
3. **Schedule and Level of Efforts**

The assignment is planned to commence **in September 2020 and finish by the end of November 2020**. The exact commencement date and schedule of activities/work plan will be agreed at a later stage.

The assignment requires the services of **a local consulting firm, consortium of local firms, or consortium of local experts represented by a Private Entrepreneur**, with the level of efforts of **up to** **96 expert days**.

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| **Tasks** | **Expert days (up to)** | **Tentative timing of tasks** | **Deliverables** |
| Task 1 | 32 | September-October 2020 | Assessments/analysis reports |
| Task 2 | 64 | September - November 2020 | Service models and standards, including recommendations |
| **Total** | **96** |  |  |

* Field trips to municipalities are foreseen, however the municipalities are not yet identified. GIZ is compensating transport for field trips as follows: 70 AMD/km; and accommodation for overnight stay based on invoice. Logistical expenses (travel and accommodation costs) will be defined in the early stage of the assignment and supplemented in the consultancy contract.
* With each payment stipulated in the Contract the Contractor should provide reports indicating precisely the actual working days spent, activities and deliverables. Payments will be made based on the submitted reports. Those reports are to be provided in English.

1. **Reporting**

* The Contractor is obliged to perform the assignment based on these ToRs while ensuring close contact with GIZ throughout the implementation of the assignment.
* The Contractor shall provide all the results directly and in the first turn to GIZ for discussion and further action.
* The Contractor will directly report to the project on the progress and completion of the tasks.

1. **Requirement for the consultancy profile**

* At least 5 years of experience in service design and re-engineering,
* At least 2 successful projects of similar nature (relevant papers should be attached).
* Experience in digitalization of public services.

Suggested experts should possess:

* Expert level competencies in the area of business process analysis and re-engineering,
* Expert level competencies in legal framework analysis,
* Strong analytical, project management and writing skills;
* Good command of written and spoken English is an advantage.

**The Technical Proposal must entail:**

* Description of the company’s profile and experience;
* Information on at least 2 successful projects of similar nature (relevant papers should be attached);
* Detailed description of the method of implementation and conceptual approach for each task of the assignment, clear description of the roles of the proposed individual experts and specialists;
* Description of proposed work schedule;
* CVs of involved experts.

Annex 1

List of Services

1. List of Services Issuance of permits to sell liquid fuel, compressed natural or liquefied petroleum gases in the administrative territory of the community;
2. Issuance of permits to sell technical fluids at stores and kiosks at retail outlets selling liquid fuel, compressed natural or liquefied petroleum gases or automotive technical service and repair service facilities located in the administrative territory of the community;
3. Issuance of permits to retail items made from precious metals at specific locations in the administrative territory of the community;
4. Issuance of permits to sell sprits and alcoholic beverages or tobacco products or substitutes of tobacco products (excluding tobacco product substitutes for medical purposes) or imitation tobacco products in the administrative territory of the community;
5. Issuance of permits to organise outdoor retailing in the administrative territory of the community;
6. Issuance of permits to work after 12.00 am for retail, public catering, entertainment, prize-winning game and lottery operating facilities, casinos and public baths (saunas);
7. Issuance of permits to organise public catering and sell food in the administrative territory of the community;
8. Issuance of permits to keep domestic pets in urban settlements;
9. Issuance of permits to place outdoor advertising in the administrative territory of the community, excluding advertisements placed on rights of way and buffer zones of interstate and republican automobile roads (excluding the city of Yerevan);
10. Issuance of permits to use the symbols of administrative and territorial units (coats of arm, name, etc.) as registered trademarks under the law in the processes of product manufacturing, performance of works, provision of services as well in brand names;
11. Issuance of permits to provide passenger taxi services (excluding minibuses – fixed-route taxis) in the administrative territory of the community;
12. Issuance of permits to deliver and/or provide civil funeral ceremony services in the administrative territory of the community;
13. Issuance of permits to organise and operate private cemeteries in the administrative territory of the community;
14. Issuance of permits to operate technical and special fireworks in the administrative territory of the community;
15. Issuance of permits to operate service facilities subject to restriction in the administrative territory of the community;
16. Issuance of permits to participate in fairs (vernissage) in the administrative territory of the community.

1. This number is provisional. Taking into account the actual average number of municipalities per cluster in the present enlarged 52 municipalities, the final number of municipalities might be considerably less. [↑](#footnote-ref-1)
2. <http://www.sigmaweb.org/publications/Baseline-Measurement-Armenia-2019.pdf> [↑](#footnote-ref-2)