**Project: Good Governance for Local Development in the South Caucasus**

**PN:** **19.2204.6-002.00**

**Mission:** **Assistance to the Ministry of Finance in further implementation of activities under “Strategy on Full-fledged Introduction of Programme Budgeting in Republic of Armenia”: Development of State Budget Monitoring and Evaluation System**

**Period: August 25 – February 23, 2021**

1. **Introduction**

The “Good Governance for Local Development in the South Caucasus” Programme (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 Programme 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.

The Programme 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.

The services to be rendered by this TOR are deemed to contribute to the above-mentioned goal of the Programme.

1. **Background**

The Government of the Republic of Armenia has made substantial progress in public finance management in recent years. Programme (-based) budgeting reforms were a 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 Programme 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.

Until 2009 the Government of Armenia 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 programme budgeting reforms in Armenia, in particular: first (pilot) methodological guidelines for the introduction of programme budgeting were developed and were piloted in social area ministries (Healthcare, Social Security, Education and Science, and Culture) as an annex to the main line-item budget formats. The next step envisaged rolling-out PB reforms to all line ministries, central agencies and territorial administrations.

In 2010, on behalf of German Development Cooperation, GIZ stepped in to the PB reforms with small-scale technical assistance measures to the Government of Armenia for further expansion of programme budgeting reforms. Since May 2012, the mentioned assistance in the field of programme budgeting has been expanded and provided within the “Public Financial Management in the South Caucasus”, commissioned by the German Federal Ministry of Economic Cooperation and Development (BMZ) and the European Commission, and it covered all main stakeholder institutions – the Ministry of Finance (MOF), the National Assembly and the Chamber of Control (now Audit Chamber (AC)).

In 2015 the Government approved the “Strategy for Full-fledged Introduction of Programme Budgeting” in Armenia, which was elaborated through GIZ support. Based on that in December 2017 the National Assembly approved changes to the Law on Budgetary System, stipulating Programme Budgeting as main format for Law on Annual State Budget; since 2019 the annual State Budget is presented in Programme format.

GIZ has been supporting MOF in development of main methodological manuals and legal acts on PB. Since 2019 GIZ has been also supporting in development and implementation of participatory mechanisms in budgeting processes on state budget level.

1. **Purpose of the assignment**

The purpose of the assignment is support to the MOF in implementation of PB reforms on state budget level, through further support in elaboration necessary methodological and legal frameworks. A comprehensive State Budget Monitoring and Evaluation (M&E) system should be developed and introduced, aimed at increasing transparency and accountability in budgeting. The new M&E system will also further foster public participation in decision making processes.

1. **Tasks**

Under this assignment, the following tasks are to be completed:

1. Development of a concept note on the model for the Programme Budget Monitoring and Evaluation system in Armenia:
* Review international experience in the field of budget programme monitoring and evaluation
* Review of current situation in Armenia
* Development of proposed model for Armenia: the goal, the main actors, the distribution of roles between them, the main processes implemented, their results, and their relevance to the financial management and control systems and other processes (budget planning, execution, reporting)
1. Development of methodological manual/guideline on State Budget Monitoring and Evaluation:
* Design of comprehensive/multi-level M&E structure,
* Development of Monitoring and Evaluation tools and instructions to be applied by different stakeholders of the budgeting processes (MOF, Line Ministries, Parliament, AC, Civil Society),
* Development of a package of proposed necessary changes in relevant legal acts, stipulating the introduction of M&E system.
1. Development of implementation plan of for introduction of new M&E system, including piloting scheme and timeframe:

The M&E System development will also contribute to the activities on further development/review of e-platforms for introduction of participatory mechanisms in budgeting on central level.

1. **Reporting, Deliverables and Timeframe of assignment**

The assignment is envisaged to be conducted in the period of August 25, 2020 – February 23, 2021.

Following deliverables are expected:

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| --- | --- | --- | --- | --- |
| **Task** | **Deliverable** | **Expert days\*** | **Deadline** | **Language of reporting** |
| 1 | Concept Note on State Budget Programme M&E | 50 | 27.10.2020 | Arm and Eng |
| 2 | M&E Methodology first draft | 20 | 30.11.2020 | Arm and Eng |
| M&E Methodology final draft | 20 | 25.01.2021 | Arm and Eng |
| 3 | M&E System Implementation Plan | 20 | 23.02.2021 | Arm and Eng |
|  | **TOTAL** | **110** |  |  |

All activities under this assignment will be coordinated jointly by MOF and GIZ. The potential contractor will report to GIZ. Each report and relevant deliverable will be discussed and agreed with MOF.

In total the potential contractor should submit 4 reports (administrative reports + relevant deliverables):

* Interim Report 1 – October 27, 2020
* Interim Report 2 – November 30, 2020
* Interim Report 3 – January 25, 2021
* Final Report 4 – February 23, 2021
1. **Submission of Technical and Financial proposal**

The present assignment is subject to an open tender for which only Armenia-based consultancy firms, consortium of consultancy firms or consortium of experts represented by a Private Entrepreneur are eligible.

Bidders shall submit a Technical and Financial Proposal in English.

The Technical Proposal shall entail the following elements:

1. Initial work plan for the overall assignment based on the timeframe indicated in the Terms of Reference;
2. Proposed methodology and conceptual approach for each of the assignment’s Tasks as presented in the Chapter 4 of the Terms of Reference;
3. Detailed information on qualification of the proposed team:

It is envisaged, that the assignment will be implemented through relevant team of experts of a local consulting company/consortium of experts. The team may be comprised of key (at least 2 key experts) and non-key experts. Key experts are Team Leader and field expert(~)s. Team will work in close cooperation with relevant staff members from the Ministry of Finance of RA and relevant consultants of GIZ GGLD Programme. Key experts should comply with following requirements to qualification:

* At least Master’s degree or its equivalent level in public finance, economics, expenditure management, public administration or related field.
* At least 5 years of experience in evaluations/assessments/analysis of public policies and reforms, including PFM and public administration reforms, experience of similar work in developing/transition countries is an asset.
* At least 5 years of proven experience in in-depth analysis of state budget, conduction of periodical monitoring and evaluation of state budget programmes, development of proposals for budget programme revisions.
* Proven experience in evaluation and social impact assessments of public policies and budget programmes.
* Proven experience in development and assessment of methodology in such fields as budgeting (including planning, implementation, reporting), strategic long- and mid-term planning, monitoring and evaluation.
* Proven experience in design of Monitoring and Evaluation Systems for implementation of different sectoral policies /strategies and programmes.
* Proven knowledge and understanding of budgetary system and overall public financial management issues, including result-oriented (programme) budgeting, transparency and budget oversight.
* Fluency in Armenian and English are an essential requirement.
1. Detailed CVs of the consultants that are to be engaged in the assignment;
2. Detailed description of roles and responsibilities within the team of consultants.

The assessment grid used for the assessment of the Technical Proposal is part of the tender documentation and elaborates on the expected requirements of the bidders.