**Project: Public Financial Management in the South Caucasus**

**PN: 17.2023.4-005.00**

**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 5: TRAINING NEEDS ASSESSMENT AND DEVELOPMENT OF A COMPREHENSIVE TRAINING PROGRAMME**

**Period: 20.10.2018-15.05.2019**

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.

1. **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 f 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[[1]](#footnote-1) 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.

1. **The Objective of the assignment**

Based on the overall objectives and directions of the PB Strategy of the Government of Armenia, the main objective of the current assignment is to support the Ministry of Finance of Armenia in conduction of a comprehensive training needs assessment and elaboration of a training programme. This will contribute to further implementation the PB Strategy and its Detailed Action Plan aiming at full transition to programme budgeting as a main format of annual state budget to be approved, executed and reported.

1. **Main Tasks, Expected Deliverables and Deadlines**

The main tasks within the assignment will be support to the Ministry of Finance in following:

1. Conduction of training needs assessment (up to 60 expert/day):
2. Study the methodology of the PB
3. Identify all the levels/positions who directly and indirectly should be involved in budget preparation, execution and oversight, according to PB requirements
4. Review the relevant training programmes conducted in the past and currently provided
5. Conduct interviews, selectively review job descriptions for all relevant levels/positions
6. Study the experience of other countries
7. Identify the gaps
8. Develop a Road Map/Implementation plan

Training needs assessment should cover all stakeholder institutions of budget processes (including both chief managers of budget allocations and subordinate managers of budget allocations), i.e.:

* Ministry of Finance – budget department, treasury, PFM Methodology department, other sector departments, HR department
* Line ministries and other governmental entities – financial-budget departments, sector departments, HR departments, adjusted SNCOs, other subordinate managers of budget allocations
* National Assembly – Standing Committee on Financial-credit and Budgetary affairs, other Sanding committees (including Members of Parliaments and experts), Parliamentary Budget Office, parliament administration
* Audit Chamber – Chamber (board) members, auditors
1. Development a detailed action plan for a new comprehensive training programme, including the topics for trainings, training modules (full content and additional/supplementing materials), schedule, number of trainees, ways of implementation, necessary ToTs, wherever possible calculation of approximate budgets for implementation of the proposed training programmes (up to 80 expert/day)
2. Conduction of initial (pilot) round of trainings (including ToTs) – the number of trainings will be defined and agreed in the Road Map, based on results of needs assessment (up to 45 expert/day)

It is envisaged that the consulting team during the assignment should closely work with the relevant staff of the Ministry of Finance (staff members form Budget departments, PFM Methodology Department, HR Department (wherever necessary)), as well as with PB Consultants of GIZ PFM Programme.

The PFM Methodology Department should coordinate all activities in the framework of current assignment and should organise all relevant meetings within and outside of MOF (other Ministries and public entities, including Civil Service Council, National Assembly and Chamber of Control, as well as other development partners), necessary for the assessment team.

1. **Reporting and Timetable**

During the assignment period 5 reports should be provided – 1 inception, 3 interim and 1 final - on basis of the activities implemented and provided deliverables with following periodicity:

* 1st (Inception) Report – till 2nd of November 2018 – Inception report with detailed concept, action plan, deliverables (TNA draft structure) and deadlines for the current assignment
* 2nd (Interim) Report – till 10th of December 2018 – Second Administrative Report and relevant deliverables for that period (first draft Report on Findings of the Training Need Assessment and draft Road Map/implementation plan)
* 3rd (Interim) Report – till 22th of January 2019 – Third Administrative Report and relevant deliverables for that period (Final Draft of the Training Need Assessment Report and Road Map/implementation plan, as the first draft of the detailed action plan Action Plan, including training programme outline)
* 4th (Interim) Report – till 22th of March, 2019 – Forth Administrative Report and relevant deliverables for that period (Final Draft the detailed Action Plan for comprehensive training programme, including the topics for trainings, training curricula, schedule, number of trainees, ways of implementation, ToTs, wherever possible calculation of approximate budgets for implementation of the proposed training programmes, as well as time-table for initial trainings to be conducted under assignment)
* 5th (Final) Report – till 10th of May 2019 – Fifth (Final) Administrative Report and final deliverables elaborated during the whole period of assignment (Final TNA and Road map/implementation plan, Final Action plan for training programmes (including the topics for trainings, training curricula, schedule, number of trainees, ways of implementation, ToTs) as well as assessment results of trainings piloted trainings.

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).

All 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 October 20, 2018 till May 15, 2019.

1. **Qualification requirements**

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

The team may be comprised of key and non-key experts. Key experts are:

1. Team Leader/Key Expert 1
2. Field Experts –2 key experts

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

Experts should comply with following requirements to qualification:

***Team leader / Key Expert***

* At least Master Degree or its equivalent level in public finance, economics, expenditure management, public administration, HR management or related field.
* At least 7 years of experience in project management, leading and coordinating teamwork.
* 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.
* Proven experience in development and conduction of capacity development measures in the field of public finances, development of training programmes and modules.
* Fluency in Armenian and English are an essential requirement.

***Experts***

* At least Master Degree or its equivalent level in public finance, economics, expenditure management, public administration, HR management or related field.
* At least 5 years of equivalent working experience preferably experience in the field of public sector policies and reform analysis.
* At least 3 years of experience in evaluations/assessments/analysis of public policies and reforms, including PFM and public administration reforms, with focus on human capacity assessments.
* Well familiarity with current policies and ongoing developments in the field of PFM and public administration both in Armenia and other countries (international practice).
* Familiarity with modern approaches and techniques in capacity development measures.
* Proven experience in development and conduction of capacity development measures, including development of training programmes on such topics as budget formulation and/or execution is a must.
* Fluency in Armenian and English are an essential requirement.
1. 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/> [↑](#footnote-ref-1)