



**USAID Business Enabling Project in Serbia
Contract No. 169-C-00-11-00001-00**

**Technical Assistance in Implementing Program Budgeting (PB)
Public Finance Expert**

I. SCOPE OF WORK

About the Project

USAID's Business Enabling Project ("USAID BEP"), implemented by Cardno Emerging Markets USA and partners, is a five year initiative launched in January 2011. The purpose of the Project is to help the Government of Serbia improve the competitiveness of the Serbian economy, its macroeconomic position and its private sector businesses. The Project provides technical assistance, training, and other support to improve the business enabling environment, macroeconomic stability, and further develop financial markets. The Project is demand driven: all activities are based on the priorities of the private sector and Government.

USAID BEP Component 2, Macroeconomic Policy and Public Sector Financial Management, helps to advance reforms in financial management and fiscal policymaking that are relevant for business growth and competitiveness. This includes technical assistance to develop better economic forecasts, build capacity in program and performance-based budgeting, improving public debt management, and strengthen public private dialogue and awareness about key policy issues and developments.

The overall aims of USAID BEP work in these areas are to:

- 1) Make better use of public funds
- 2) Strengthen fiscal responsibility, planning, and transparency
- 3) Reduce fiscal risks
- 4) Improve the quality and scope of fiscal analysis and policymaking
- 5) Reduce the impact of government financing on business and the economy at large
- 6) Strengthen compliance with requirements for EU accession

The Ministry of Finance (MoF) is the main public sector counterpart for BEP work under this component. The MoF Budget Department is BEP's main counterpart in efforts to implement program budgeting.

Background to SOW

Needs of the Budget Department



Budgeting practices in Serbia need to be significantly improved to bring about more efficient use of scarce public resources. Adoption of program budgeting (PB) by 2015, as set out in the Budget System Law, will be an important part of the improvements. This budgeting approach will increase transparency and efficiency because it presents government finances in a way that enables better measurement of the benefits and costs of how funds are used. It provides a framework for longer-term planning and prioritization. In practical terms, it involves significant changes to the way the budget is classified, compiled, evaluated, prioritized, and ultimately monitored. PB is an approach to budgeting that allows expenditures to be allocated according to intended use. In presenting expenditures this way, the government can better assess how money is spent and whether it is spent in line with high level strategic goals or performance requirements. Some of the benefits of the PB include the following:

- Provides a uniform framework for expenditure prioritization;
- Allows the government to identify not only inefficient spending, but to also under-performing areas that require more resources;
- Helps to improve the quality and outcome of government services by enabling “value-for-money” assessments
- Improves governmental fiscal coordination, which is essential for achieving nationwide social and economic goals
- Offers a budget that is more transparent and understandable to citizens

USAID BEP has supported the Budget Department (BD) of the Ministry of finance in developing PB framework and Methodological guidelines (preparation phase), and piloting the new PB model in six line ministries (Education, Science and Technological Development; Health; Justice and Public Administration; Foreign and Internal Trade and Telecommunications; Culture and Media; and Foreign Affairs) and six independent budget users (Environmental Protection Agency; Office of the Ombudsman; Social Security Fund; Refugee and Migration Commissioner; Office for Cooperation with Religious Communities; and Serbia European Integration Office - SEIO).

The BD is currently seeking assistance from BEP in: 1) rolling out PB framework to remaining budget users transitioning to program budgeting in 2015 budget (including at the Province of Vojvodina level); 2) provide technical support in establishment of related reporting and IT framework; and 3) strategic communication of the reform.

Thus, during the period February 2014 – December 2014 BEP will provide technical support to 15 ministries and 56 independent budget users in developing programs, program activities and projects, as well as setting objectives and performance indicators, in line with PB Methodological Guidelines.

This assignment will be part of the USAID BEP project’s Component 2 activities. The assignment includes work under Objective 1, *Improve GoS budgeting, fiscal policy analysis, and financial management efficiency.*

Objective



The central objective of this STTA is to assist selected budget users in establishing their program structures, objectives and performance indicators, based on the methodological instruction prepared by BEP and MOF.

The consultant will serve as a **Lead Technical Advisor to assigned 2 line ministries and 37 related budget users in implementing PB model**. In this effort the consultant will be supported by BEP - BD team working on PB introduction government wide.

The consultant will also be in charge of: 1) supporting advisory and supervision related to implementation of PB by additional budget users; 2) developing technical specifications for upgrade of the budget preparation and execution system; and 3) supporting efforts of BEP-BD team in strategic communications and in managing the reform process.

Tasks

Task 1) Review Strategic Documents of Two Assigned Line Ministries and 37 related budget users and Draft Programmatic Structure (10 days)

The consultant will review the following documents related to each assigned line ministry:

- Documents establishing legal mandate of the ministry and related budget users;
- Organizational Structure;
- Strategies in work domain of the ministry;
- Medium-term (strategic) plan;
- Priority Areas of Financing Input for 2013;

(The documents listed above will be provided to the consultant by the assigned PB assistant)

- Documents related to PB practice of similar institutions in the region and/or good international practice.

(This material will be gathered by the Consultant and shared with the rest of PB team)

and draft:

- **Proposed PB structure, suggested objectives and performance indicators for each assigned ministry and related budget user.**

Based on this, the consultant will facilitate workshops to help the line ministries establish their final PB structure, including medium-term objectives and indicators (under Task 2).



Task 2) Deliver Training, Facilitate Workshops and Guide Line Ministries and Related Budget Users in Defining Programmatic Structures (15 days)

Provide on-site training and guidance to the civil servants involved in budget planning and preparation at the budget user level. The PB working groups (WG) will be formed within each institution. Where needed, the WG will break down into sub-groups in charge of specific programs. By request, the consultant will provide individual advisory sessions to the sub-groups.

At the first workshop, the WG will be introduced to PB concepts, purpose, and requirements of PB Methodology. The consultant will be using the training materials developed by BEP team.

During the following workshops, the consultant will:

- Facilitate brainstorming and WG discussion of potential programmatic structures – based on the legal mandate, organizational structure, and key functions performed by the budget user.
- Present examples from similar institutions in the region and/or relevant international experiences, as a reference.
- Review different proposals submitted by the WG members, and working on improvements of proposed structures, objectives, and indicators - in line with good practice of transparent budgeting and efficient performance management.

The consultant is in charge of: 1) coordinating with the WG members and PB team regarding the sessions; and 2) preparing the working material, in consultations with BEP Assignment Manager and supported by PB assistant.

The advisory will be extended beyond the workshops – the consultant will communicate with WG members via email as needed, and provide written comments to submitted proposals. The consultant will provide individual advisory sessions to the sub-groups.

In addition, the consultant might be asked to:

- 1) Facilitate 1 or 2-day off-site workshop with each line ministry;
- 2) Deliver a PB training module tailored for the management of the ministry - in consultations with BEP Assignment Manager

Expected outcome of the workshops and advisory is established programmatic structure of line ministries and related budget users serving as the basis of POF submissions for 2015.

Task 3) Supporting Advisory and Supervision Related to Implementation of PB by Additional 6 Ministries (15 days)



The consultant will review the following documents related to each of 6 line ministries:

- Documents establishing legal mandate of the ministry;
- Organizational Structure;
- Strategies in work domain of the ministry;
- Medium-term (strategic) plan;
- Priority Areas of Financing Input for 2013;
- Documents related to PB practice of similar institutions in the region and/or good international practice.
- **PB structure, suggested objectives and performance indicators drafted by the Lead Advisor**

Participate in on-site training and workshops with the civil servants involved in budget planning and preparation at the budget user level. The PB working groups (WG) will be formed within each institution, and sessions of the WG will be **facilitated by the Lead Advisor to the ministry**. The consultant is **expected to provide support to the Lead Advisor in guiding the WG members in establishing the program structure, objectives, and indicators**.

The support to the Lead Advisor includes:

- 1) provision of the feedback to the program structure drafted by the Lead Advisor;
- 2) delivery of parts of the training, as agreed with the Lead Advisor;
- 3) contribution to WG brainstorming, and discussion of the potential programmatic structures;
- 4) in cases where the Lead Advisor is external to BEP, the consultant will be in charge of: 1) supervising the work of the Lead Advisor, and 2) reporting to BEP Assignment Manager on the progress and any issues related to PB implementation by the 6 line ministries.

Task 4) Support to selected budget users in improvement of established PB elements (30 days)

Under this task the consultant will be working with selected budget users on improvement of defined goals and indicators. He will provide guidance to the civil servants involved in budget planning and preparation at the budget user level (PB WG members formed within each institution).

The improved PB elements will be utilized for financial plans of the budget users submitted to the in September.

Task 5) Review Strategic Documents of 24 Provincial Budget Users and Draft Programmatic Structure; Deliver Training, Facilitate Workshops and Guide Budget Users in Defining Programmatic Structures; Supporting Advisory and Supervision Related to Implementation of PB by Additional 12 Budget Users (50 days) (50 days)



Under this task all the efforts outlined under Tasks 1, 2, and 3) will be replicated at the Provincial Level (instead of line ministries the consultant will be working with provincial secretariats and independent budget users).

Task 6) Support to the MOF in developing technical specifications for upgrade of budget preparation and budget execution system in line with the PB requirements (20 days)

Under this task the consultant will also provide support to the Treasury in modifying reporting procedures in line with PB framework.

Task 7) Deliver training to all other parliamentary committees on program budgeting (10 days)

Under this task the consultant is expected to develop training materials and deliver training to 20 Parliamentary Committees on program and performance budgeting. This should enable the MPs to understand the new budgeting model and properly use it in budgetary decision-making. In this effort the consultant will be supported by BEP - BD team working on PB introduction.

Task 8) Deliver training to budget on monitoring and reporting on budget execution in line with PB requirements (20 days)

Task 9) Supporting efforts of BEP-BD team in strategic communications and in managing the reform process. (15 days)

Under this task the consultant will provide support to efforts related to: 1) integration of program budgeting process with national strategic planning process; 2) alignment of PB framework at municipal level with national PB framework; and 3) strategic communication of reform.

Level of effort

Maximum number of days under this LOE cannot exceed 185 days.

Period of Performance

Period of performance of this SoW is Feb 1, 2014 to Dec 31, 2014.

Deliverables

In addition to the advisory inputs, specific work product to be developed by Consultant includes:



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- 1) Draft program structure / targets/ indicators for each assigned budget user;
- 2) Additional material for the workshops as agreed with BEP Assignment Manager;
- 3) Technical specifications for upgrade of budget preparation and execution software;
- 4) Other deliverables (guidelines, presentatins,etc) as agreed with BEP Assignment Manager;
- 5) A final STTA report on the work performed and results achieved prepared in English.

Applications including CV clearly showing adequate technical background and relevant work experience, along with references should be sent by e - mail to:info@bep.rs, by March 04, 2014. Only short - listed candidates will be contacted