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Projekat za bolje uslove poslovanja
Business Enabling Project

USAID Business Enabling Project in Serbia
Contract No. 169-C-00-11-00001-00
Scope of Work for
Technical Assistance to the Ministry of Finance for
Upgrade of Budget Preparation Software

Project Summary

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



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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). Currently, USAID BEP is providing technical assistance to all the remaining budget users that will implement PB model in budget cycle for 2015.

The greatest risk to the success of this reform is the lack of an appropriate budgeting information system (IS). In early 2013, the MoF rescinded its budgeting software maintenance contract with HP due to its highly unfavorable terms. The financial plans of budget users for 2014 have been submitted by budget users through the patch-work software solution. The MOF has decided to further upgrade this software - turning it into a fully functional interim solution – until the new integration system (for budget preparation, execution and debt management) is developed.

The BD is seeking assistance from BEP in upgrading the existing budget preparation software in line with requirements of program budget methodology.

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.*



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Objective

The central objective of this STTA is to assist the BD in designing and implementing new functionalities of the existing budget preparation software, which are required for collection, administration, and analyses of financial requests of budget users submitted in PB format. The functionalities to be implemented will enable the realization of the first phase of the budget cycle – collection and analyses of proposals for priority areas of financing (POF), which serve as a basis for development of national budget in the second phase of the budget cycle.

Tasks

The Consultant will plan and implement the work schedule in accordance with the requirements of BEP and BD. He/she will be expected to perform the following tasks during the period of assignment:

Task 1 Upgrade of the module for input and review of financial requests

- This module shall enable entering and overview of all entered financial requests according to PB model.
- The module has to provide support for restricted areas where access is granted only to authenticated users, who need to previously log-in to the system. User passwords must comply with minimal length in characters. Passwords must not be stored within the system in readable (plaintext) format.
- The module must through the control module control and issue-warning messages when violations of predefined limits occur. Users will at the stage of POF have the possibility, through special category, to propose additional funding that are over predefined limits.
- Budget users, as well as Central Office operators, must have the ability to print necessary reports relating to imputed financial requests.
- During the entry phase of financial requests, operators in the Central Office will have a read only overview and insight into the imputed requests, until the phase is completed and the financial requests is locked.
- The module must allow generation of Excel report that contains all data entered by the user in order to review the current state. In addition, the module must allow connection to Excel pivot tables through replicated database, which would provide the necessary analysis and specific reporting.
- The module must allow input of financial requests in program format for current as well as future three (3) years.
- The module must allow entering and update of key attributes of elements of budget program structure



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Task 2 Development of the module for administration of budget users, coding system, and PB elements

- This module must provide administration and user management (allocation of roles and user rights to the system) as well as administration of coding system / register.
- In this module, the Central Office must be able to create new users and assign them with appropriate user rights and roles for access to the system
- In this module, the Central Office will have the ability to input and update all necessary elements of codes used when imputing financial requests, as well as parameterized control of attributes used by users.
- Budget users must only have the possibility to create and / or update its new program activities and projects through automatically generated temporary code.

Before the start date of this assignment more detailed technical specifications related to tasks 1 and 2 will be developed by BEP and BD team.

Task 3 Installation, development of user manual, and training of users

- The final stage of the acceptance process will involve a higher level of testing before acceptance and a "GO-LIVE" is issued. Once the final "GO-LIVE" is issued, the consultant must ensure that the modules are successfully installed to the production environment.
- The consultant shall provide necessary training for the members of the Budget Department.
- The consultant should provide training plan, training implementation in Serbian language and all instructions for end users who will participate in the training.

Level of effort

Consultant will have up to 25 days of engagement for completion of the tasks.

Period of Performance

Period of performance of this SoW is from May 01, 2014 to July 31, 2014. Maximum number of days under this SoW cannot exceed 25 days.



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Deliverables

Specific work products to be developed by Consultant include:

1. Development of the final version of the module for input and review of financial requests
2. Development of the module for administration of budget users, coding system, and PB elements
3. Installation and migration of the developed modules to the production environment
4. User training with prepared training materials
5. Final report, summarizing results of the consultants' engagement;
6. Participation in outreach activities, if needed.

All materials must be prepared in Serbian unless expressly authorized otherwise in writing by the Cardno Emerging Markets representative. Final report must be delivered in English.

Drafts of all deliverables need to be supplied for comments to USAID Business Enabling Project (BEP) seven (7) days before of expiry of the deadlines set above. Consultant will make adjustments to the deliverable in line with BEPs' comments within a week after such comments have been provided.

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 April 24, 2014. Only short - listed candidates will be contacted.