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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 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, 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). USAID BEP has provided technical assistance to all the remaining budget users to 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 with USAID BEP support upgraded this software for preparation of 2015 program budget and decided to further upgrade this software to support priority areas of financing for 2016 budget and PB monitoring and evaluation - 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 further upgrading the existing budget preparation software in line with requirements of PB priority areas of financing and PB monitoring and evaluation.

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 the BD in designing and implementing new functionalities of the existing budget preparation software, which are required for gathering, administration and analyses proposals of priority areas of financing of budget users submitted in PB format and PB monitoring and evaluation. 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 proposals of priority areas of financing

- This module shall enable entering and overview of all entered proposals of priority areas of financing 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.
- The module must through the control module control and issue-warning messages when violations of predefined limits occur. Users will have the possibility, through special category, to propose additional funding and the new initiatives and that are over predefined limits.
- Budget users, as well as Central Office operators, must have the ability to print necessary reports relating to imputed proposals of priority areas of financing.
- During the entry phase of proposals of priority areas of financing, operators in the Central Office will have a read only overview and insight into the imputed proposals, until the phase is completed and the proposals of priority areas of financing are 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 proposals of priority areas of financing 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
- In this module, the Central Office will have the ability to input and update all necessary elements of codes used when imputing proposals of priority areas of financing, to create and update temporary alphanumeric codes for the new initiatives as well as parameterized control of attributes used by users.



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Task 2 Development of the module for PB monitoring and evaluation

- This module shall enable entering and overview of achieved values of key performance indicators (with explanation in case of deviation between planned and achieved values) as well as explanation of level of achieved objectives and performed activities of program activities/project in structure of submitted financial requests.
- The module must allow generation of report that contains all data entered by the user (planned and achieved values). Report should contain both financial (plan from MIG, execution from FMIS) and performance planned and achieved values. In addition, the module must allow connection to Excel pivot tables through replicated database, which would provide the necessary analysis and specific reporting. Draft of report will be part of detailed technical specification.

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 user manual, training plan, training implementation in Serbian language and all instructions for users who will participate in the training.

Level of effort

Consultant will have **up to 40 days** of engagement for completion of the tasks.

Period of Performance

Period of performance of this SoW is from **February 27, 2015 to Jun 15, 2015**. Maximum number of days under this SoW cannot exceed 40 days.

Deliverables

Specific work products to be developed by Consultant include:



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1. Development of the final version of the module for input and review of proposals of priority areas of financing;
2. Development of the module for PB monitoring and evaluation;
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 February 27, 2015. Only short - listed candidates will be contacted.