



Technical Assistance Report

Project Number: 51129-001
Transaction Technical Assistance (TRTA)
December 2017

Armenia: Social Sectors Reform Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 15 November 2017)

Currency unit	–	dram (AMD)
AMD1.00	=	\$0.0020467
\$1.00	=	AMD488.59

ABBREVIATIONS

ADB	–	Asian Development Bank
EMIS	–	education management and information system
MOH	–	Ministry of Health
PBL	–	policy-based lending
TRTA	–	transaction technical assistance

NOTE

In this report, “\$” refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 51129-001	
Project Name	Social Sectors Reform Program	Department /Division	CWRD/CWSS
Nature of Activity	Project Preparation	Executing Agency	Ministry of Finance (MOF)
Modality	Regular		
Country	ARM		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Education	Education sector development		0.40
Health	Health system development		0.40
	Total		0.80
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change	Effective gender mainstreaming (EGM)	✓
Knowledge solutions (KNS)	Institutional development		
	Knowledge sharing activities		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Nation-wide	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG1, SDG3, SDG4, SDG5		
6. Risk Categorization	Low		
7. Safeguard Categorization	Safeguard Policy Statement does not apply		
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.80	
Transaction technical assistance: Technical Assistance Special Fund		0.80	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.80	

I. THE ENSUING PROJECT

1. The Government of Armenia is committed to developing comprehensive policy reforms in the education and health sectors. These reforms will enable the government to improve the efficient utilization of resources and quality of services in these two social sectors. Support for these social sectors is consistent with the strategic focus of the country partnership strategy, 2014–2018 of the Asian Development Bank (ADB) for Armenia.¹

2. The government has asked ADB to provide support through the policy-based lending (PBL) modality, which will include two subprograms to tackle development challenges in the education and health sectors. Dialogue with the government on reform is substantially advanced with regard to education, but at an early stage for health. Thus, the first subprogram will focus mainly on education sector policy reform and include initial support for policy reform in the health sector, while the second subprogram will increase support for health sector reform. The ensuing project and the transaction technical assistance (TRTA) are currently included in ADB's country operations business plan, 2018–2020, for Armenia.

II. THE TECHNICAL ASSISTANCE

A. Justification

3. The TRTA is justified given the wide-ranging nature of the activities supported by the Armenia Social Sector Reform Program, the innovative nature of key aspects of the PBL, and the specialist nature of the skills required in areas such as the expansion of the education management and information system (EMIS), development of teacher standards, health facility master planning for integrated care, and review of medical curricula. The TRTA will provide technical inputs and assessments to help the government and ADB develop PBL that is aligned with ADB's country partnership strategy, 2014–2018 for Armenia, the Armenia Development Strategy for 2014–2025, and the Perspective Development Strategic Program 2014–2025.

B. Outputs and Activities

4. The TRTA has the following outputs:

- (i) **Assessment of the State Program of Education Development 2017–2025, and the provision of technical support for implementation planning.** The assessment will focus on formulating short-, medium-, and long-term reform priorities and rationalization plans, and a related set of progress indicators. Emphasis will be placed on priorities and activities that are necessary to improve the quality and labor-market relevance of students' educational outcomes and skills, pursue institutional reforms and better coordination, and improve sustainable financing and efficient resource allocation in the sector.
- (ii) **Support for the planned expansion of the education management and information system, to cover all levels of education.** The support will help improve the functions of the current EMIS and develop a set of comprehensive

¹ ADB. 2014. *Country Partnership Strategy: Armenia, 2014–2018*. Manila. The program is included in ADB's lending pipeline for Armenia: ADB. 2017. *Country Operations Business Plan: Armenia, 2018–2020*. Manila. A TRTA will support the government with reform program design work and implementation.

indicators to support evidence-based, timely policy formulation and implementation in the sector effectively.

- (iii) **Support for the development of national teacher standards, modern teacher training programs, and professional development programs for educational leaders.** This output will focus on the development of comprehensive national teacher training standards and programs that align pre-service and in-service teacher training in basic and secondary education, and professional development programs for school principals and leaders of educational institutions to improve governance, management, and capacity for resource planning at these levels. The support t will help develop pathways for career progression and related incentives in the sector, and link them with standards and training.
- (iv) **Assessment of public financial management systems in the social sectors.** This output will focus on budget design, execution, funds allocation, key financing functions such as purchasing, and opportunities to integrate financing for vertical programs. The assessment will include an analysis of the formal planning, budgeting, and execution system to describe how these funds flow through different administrative levels, and the implementation of these budgets. This description will document as much as possible the cost of an inefficient public financial management system in education and health.
- (v) **Assessment of the optimization of primary health care and hospitals through an integrated health care model.** This output will support the Ministry of Health in transitioning toward more efficient health service delivery through integrated care.² To assess this, it is necessary to review the current governance, management, and organizational structure; services; and rules, responsibilities, and accountability for decision-making. The roles and independence of primary health centers and hospitals should be clearly defined within the lines of accountability to the central structure, as well as the need to coexist and support the government's strategic direction.
- (vi) **Assessment of the medical education system and programs.** This assessment will examine the current medical education system, including continuous medical education, and its effectiveness in teaching practical clinical skills. It will look at the existing curricula and syllabi of medical programs, as well as courses and modules for continuous medical education, and will recommend improvements to the current system, focusing on quality improvement and teaching facilities.

5. The major activities are summarized in Table 1.

Table 1: Summary of Major Activities

Major Activities	Estimated Completion Date
Assessment of the State Program of Education Development 2017–2025, and the provision of technical support for implementation planning	October 2018

² Integrated care refers to integration across primary, secondary, and tertiary health services to provide more continuous care to patients (S. Shaw, R. Rosen, and B. Rumbold. 2011. *What is Integrated Care?* London: The Nuffield Trust. <https://www.nuffieldtrust.org.uk/research/what-is-integrated-care>).

Major Activities	Estimated Completion Date
Support for the planned expansion of the EMIS to cover all levels of education	October 2018
Support for the development of national teacher standards, modern teacher training programs, and professional development programs for educational leaders	October 2020
Assessment of public financial management systems in the social sectors	June 2018
Assessment of the optimization of primary health care and hospitals through an integrated model of health care	June 2019
Assessment of the medical education system and programs	June 2019
EMIS = education management and information system. Source: Asian Development Bank staff estimates.	

C. Cost and Financing

6. The technical assistance is estimated to cost \$800,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-Others). The government will provide counterpart support through counterpart staff, provision of office space, communication facilities for consultants, and other in-kind contributions. The key expenditure items are listed in Appendix 1. The government was informed that approval of the TRTA does not commit ADB to finance any ensuing PBL.

D. Implementation Arrangements

7. ADB will administer the TRTA. The Ministry of Education and Science and Ministry of Health will be the executing agencies. The Social Sector Division of the Central and West Asia Department will coordinate the preparation of the PBL with the Ministry of Education and Science and Ministry of Health. The TRTA will be implemented from January 2018 to July 2019 and will be coordinated with other development partners. Disbursements will be made in accordance with ADB's Technical Assistance Disbursement Handbook (May 2010, as amended from time to time). Implementation arrangements are in Table 2.

Table 2: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	January 2018–July 2019		
Executing agency	MOES and MOH		
Implementing agencies	The Social Sector Division of the Central and West Asia Department will coordinate the preparation of the PBL with the reform support unit of the Government of Armenia.		
Consultants	To be selected and engaged by ADB		
	Individual consultant selection	32 person-months (international) 39 personal-months (national)	\$592,360.00
Procurement	None		
Advance contracting and retroactive financing	None		
Disbursement	Technical assistance resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon technical assistance completion	None		

ADB = Asian Development Bank, MOES = Ministry of Education and Science, MOH = Ministry of Health.
Source: Asian Development Bank.

8. **Consulting services.** A team of 13 experts is required to meet the program's outputs and activities. The experts will be engaged as individual consultants for the preparation of the subprograms, and will include nine international experts (for a total of 32 person-months) and four national experts (for a total of 39 person-months). The consultants will be considered for engagement on time-based contracts. Consultants will be engaged in accordance with ADB's Procurement Policy (2017, as amended from time to time) and the associated project administration instructions and technical assistance staff instructions.

Table 3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Education sector policy and planning expert	4
Education management and information system expert	4
Teacher education expert	4
Education governance and management expert	4
Public financial management expert in social sectors	3
Integrated health care expert	3
Health facilities masterplan expert	4
Medical education expert	3
Health care quality expert	3
National	
Social sector economist	10
Social development expert	1
Education reform implementation expert	18
Health sector reform implementation expert	10
Total	71

Source: Asian Development Bank.

III. THE PRESIDENT'S DECISION

9. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$800,000 on a grant basis to the Government of Armenia for Social Sectors Reform Program, and hereby reports this action to the board.

COST ESTIMATES AND FINANCING PLAN

(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (32 person-months)	463.7
ii. National consultants (39 person-months)	128.7
b. International and local travel	70.0
2. Workshops, training, seminars, and conferences ^b	7.0
3. Surveys	3.0
4. Contingencies	127.6
Total	800.0

Note: The transaction technical assistance is estimated to cost \$0.800 million funded from the Technical Assistance Special Fund (TASF-Others).

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-Others).

^b Includes rent of venue, cost of materials, refreshments, hiring of resource persons, honoraria and other travel-related costs, and other workshop-related expenses.

Source: Asian Development Bank.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=51129-001-TARreport>

1. Terms of Reference for Consultants