

**Mainstreaming the Competitive Innovation Fund (CIF) for Higher Education
Institutions (HEI) into full implementation under the Education
Improvement Project (EIP)**

Contents

MAINSTREAMING THE COMPETITIVE INNOVATION FUND (CIF) FOR HIGHER EDUCATION INSTITUTIONS (HEI) INTO FULL IMPLEMENTATION UNDER THE EDUCATION IMPROVEMENT PROJECT (EIP).....	1
1 INTRODUCTION	5
1.1 . THE AIM OF THE CIF.....	6
1.2 . PRINCIPLES FOR IMPLEMENTATION OF CIF FUNDED GRANT PROJECTS	6
2 MAIN CHARACTERISTICS OF PROJECTS	7
3 FUNDING WINDOWS	9
4 ELIGIBILITY AND SELECTION CRITERIA.....	11
4.1 . ELIGIBILITY CRITERIA	11
4.2 . SELECTION CRITERIA	13
5. ELIGIBLE AND NON-ELIGIBLE EXPENDITURES.....	15
5.1. ELIGIBLE EXPENDITURES FOR CIF RESOURCES (CIF GRANT FUNDS AND AT LEAST 10% OF INSTITUTIONAL CO-FINANCING).....	15
5.2. NON-ELIGIBLE EXPENDITURES FOR CIF RESOURCES (CIF GRANT FUNDS AND AT LEAST 10% OF INSTITUTIONAL CO-FINANCING)	16
5.3 EXPENDITURES FOR COUNTERPART CONTRIBUTIONS IN EXCESS OF THE MINIMUM 10% OF CO-FINANCING	17
6. ORGANIZATIONAL SETUP	17
6.1. FUNCTIONS AND COMPOSITION OF CIF’S ORGANIZATIONAL BODIES	18
6.1.1. <i>Steering Committee</i>	18
6.1.2 <i>Center for Education Projects PIU</i>	19
6.1.3 <i>Proposal Review Panel</i>	20
7 OPERATIONAL GUIDELINES AND PROCEDURES	20
7.1 PROJECT SELECTION.....	22
7.1.1. <i>Call for proposals</i>	22
7.1.2. <i>Submission of proposals</i>	22
7.1.3 <i>Eligibility and completeness evaluation</i>	23
7.1.4 <i>Proposal review and selection</i>	23
7.2 PROJECT IMPLEMENTATION	23
7.2.1. <i>Notification and signature of the Grant Agreement</i>	24
7.2.2. <i>Implementation</i>	24
7.2.4 <i>Monitoring and evaluation of the HEIs projects</i>	28
7.2.5 <i>Performance indicators</i>	29
7.2.6 <i>Monitoring and evaluation of the CIF Scheme</i>	30
7.3 PROCUREMENT METHODS.....	30
7.3.1. <i>Procurement of goods</i>	30
7.3.2. <i>Selection of consultants</i>	35

Operational Manual for Competitive Innovation Fund

7.4	FINANCIAL MANAGEMENT	39
7.5	CONFIDENTIALITY AND AVOIDANCE OF CONFLICT OF INTEREST.....	43

ANNEX 1. Proposal Evaluation Criteria

ANNEX 2: Proposal Submission Form

- Attachment 1– Project Budget
- Attachment 2 –Grant Implementation Plan
- Attachment 3: Logical framework matrix
- Attachment 4. Description of at least two year's experience for consortia member organization
- Attachment 5. Procurement Plan
- Attachment 6. Monitoring and Evaluation Plan
- Attachment 7. Cost estimation for budget lines
- Attachment 8. Co-financing from consortia member organization
- Attachment 9. Description of in-kind contribution from consortia member organization
- Attachment 10. Description of in-kind contribution from the grant holder organization
- Attachment 11 Mandate Agreement
- Attachment 12 Memorandum of Understanding

ANNEX 3. Terms of Reference for the Audit of the Grant Projects Implemented under the Competitive Innovation Fund (CIF) in the frames of the Education Improvement Project

ANNEX 4 Grant Agreement Form

- a) The financial report forms (Appendix 1E and 1F)
- b) The narrative report form (Appendix 1D)
- c) Final financial report form (Appendix 1H)
- d) Final narrative report form (Appendix 1I)

Abbreviations

CEP	Center for Education Projects
CIF	Competitive Innovation Fund
CQS	Selection based on Consultant's Qualifications
EIP	Education Improvement Project
EQRP2	Second Education Quality and Relevance Project
FM	Financial Management
FRs	Financial Reports
GA	Grant Agreement
HE	Higher Education
HEIs	Higher Education Institutions
ITQ	Invitation to Quote
M&E	Monitoring and Evaluation
MoES	Ministry of Education and Science
OM	Operational Manual
PIU	Project Implementation Unit
PM	Project Manager
PRP	Proposal Review Panel
RA	Republic of Armenia
SC	Steering Committee
WB	World Bank

1 INTRODUCTION

In tandem with the reforms taking place in Armenian higher education, the Government of the Republic of Armenia (RA) endeavors to modernize and enhance the higher education financial system through integrating effective principles and mechanisms for financing higher education establishments. One of the most important initiatives in reforming higher education financing scheme is the establishment of a Competitive Innovation Fund (CIF), which would act as a policy mechanism triggering innovations in higher education.

CIF envisions the provision of grants to higher education establishments on competitive basis with the aim to promote implementation of innovative and enhancement projects, thus improving the overall capacity of higher education institutions, such as teaching and learning environment, research capacities, etc.

The CIF was established within the frames of the World Bank financed Second Education Quality and Relevance project. In particular, the following activities were undertaken:

- The CIF Concept Paper was developed and approved by the Government of the Republic of Armenia on December 1, 2011, by the decree number 47 - Protocol Decree on Approving the Concept of CIF Establishment, which defines the CIF operationalization mechanism and the procedures for implementing grants.

The Manual (OM) for CIF was developed based on the above mentioned Concept Paper. It was approved by the Minister of Education and Science of the RA. This OM served as the guiding document for the pilot operationalization of the CIF and specified its main principles, objectives and functions.

- The organizational framework for CIF was set up, including CIF Secretariat, CIF Steering Committee and Proposal Review Panel.
- The pilot round of the grant scheme was launched.
- Total of 14 grant proposals were received in response to the Call for Proposals. According to the CIF SC decision, the ten grant projects were approved and awarded grants from CIF:

The OM was revised taking into account implementation experience and lessons learned at the pilot phase. At this stage it will serve full-scale operation of CIF under the Education Improvement Project (EIP) financed by the World Bank.

The main objective of the OM is to define the following:

- Objectives of the projects to be funded;

- Main principles for project implementation;
- Main principles and criteria for project proposal selection;
- Procedures for proposal submission, evaluation and approval;
- Procedures for the funding of the approved projects;
- Procedures for submission and approval of project reports;
- Monitoring procedures; and
- Procurement and financial management procedures.

1.1. The aim of the CIF

The CIF is aimed at the reforms in Armenian higher education through promoting innovations and development of research capacity.

The aim of providing grants on a competitive basis is to promote effectiveness of higher education institutions (henceforth HEI); stimulate development of the university management system, embedding research into teaching and learning process, and strengthening academia links with the labor market.

The aim of the CIF is to also build the institutional capacity of HEIs in strategic planning and financial management, support the projects and endeavors targeted at strengthening the links with the priority areas for economic development (information technology in particular), open up prospects for international collaboration and build up the capacity of universities to engage in fundraising activities.

At the same time, the CIF would provide the necessary resources and expertise for planning new endeavors and successfully implementing them.

1.2. Principles for implementation of CIF funded grant projects

According to *the Concept Paper for Competitive Innovation Fund Establishment in the Armenian Higher Education* approved by the RA Government, the following principles are applied during the implementation of the CIF grant projects:

- i. Integration of education, research and the labor market:
 - a. *through joint projects*: it is the CIF's priority to promote cooperation among universities, private sector and research institutes.
- ii. Sharing of innovations and learning as well as capacity building:
 - a. *through dissemination activities*: sharing of good practice on developing grant proposals (regular meetings, discussions) will be undertaken;

- b. *through trainings*: the management and respective academic staff of the universities will be equipped to develop and manage CIF grants;
- iii. Accountability and control (see the Concept Paper for more details):
 - a. *through reporting and presentation*: drawing on the grant proposal stages and format, regular technical and financial reviews will be presented;
 - b. *through monitoring and evaluation*: internal and external monitoring and evaluation will be conducted during the implementation of the CIF projects.
- iv. Financing
 - a. *through performance-based financing*: the project will be allocated financing in tranches drawing on the results of the completed phases outlined in the proposal;
 - b. *through co-financing*: the grant awarded institutions are to contribute in cash at least 10% of the total project funding. The grant proposal shall present the budget breakdown for the co-financing amount.

During evaluation of the proposals, the volume of the co-financing (the institution's participation) is viewed as an advantage of the proposed project.

2 MAIN CHARACTERISTICS OF PROJECTS

The Competitive Innovation Fund would support **innovative** efforts to improve the relevance, efficiency and equity of Higher Education Institutions in Armenia and to increase access to new academic programs. That is why funded projects would cover any or a combination of the following areas:

- i. **Promoting modernization and relevance**: projects aimed at promoting relevance of higher education programs include proposals that stimulate engagement of employers in the educational processes (development of academic programs, organizing internships), promoting relevance of the academic programs to the labor market needs, establishing centers for labor market studies/research, which also includes establishment of student career centers, etc.
- ii. **Increasing efficiency**: projects would enhance institutional reorganization, improvement of the institutional management system, internal quality and the establishment of management information systems;
- iii. **Promoting equal access/accessibility**: projects would promote involvement of broader levels of the society in higher education and representatives from low

socio-economic status, introduction of distance and extracurricular/vocational programs, etc.

3 FUNDING WINDOWS

The projects under the CIF are implemented under different funding windows, each of which has its aims.

Notwithstanding the Funding Window under which the project is financed, all proposals shall meet the following main criteria:

1. All the presented projects must be implemented within 24 months. If during the implementation period due to some justifiable reasons the CIF grant recipient HEI needs additional time beyond the 24 month period to complete all the activities anticipated under the grant project, such extension could be provided by the decision of CIF Steering Committee. The remuneration for the grant project staff cannot be provided for the extended period.
2. Every application has to be submitted by the Project's main coordinator who will act as the grant recipient. The grant recipient can be only a HEI. In case of consortia projects, a grant recipient HEI should have a signed Memorandum of Understanding (MOU) alongside with other consortium partners. Additionally, other consortia members should have a signed Mandate Agreement (MA) ensuring basis for the project efficient and uninterrupted implementation from their side.
3. The mandatory contribution of CIF grant recipient is the at least 10 % of a project amount provided in cash. Other contributions may be provided either by the CIF grant recipient university or by the consortia member organizations (for consortium projects) on the voluntary basis. HEIs and consortia member organizations (for consortium projects) can voluntarily contribute anything above the mandatory cash contribution. Only cash contributions may be provided to the project budget.
4. Private companies, research institutions and foreign companies (non-university institutions) are eligible to be involved in the Project as consortium participants. The listed organizations should provide evidence on their interest in participation in the proposed CIF grant project in the context of their common organizational goals and objectives. Above mentioned consortium members will participate in the grant project either via in cash contribution or via providing goods / services / consultancy, etc. for the CIF grant project. It is mandatory for the private companies participating in the consortium projects to provide cash contributions. Cash contributions are

presented in the Project Budget as co-financing. The details of other contributions should be presented in the appropriate form (Attachment 9, 10). Additional contributions that may be provided in form of goods / services / consultancy, etc. should not be reflected in the project budget. They will be taken into account during the proposal evaluation period. Their implementation should be monitored and evaluated by the CIF grant recipient institution and consortium members according to the Memorandum of Understanding. Details of the use of the contributions in form of goods/services/consultancy/etc should be described in the narrative reports of the CIF grant project in the frames of the given CIF grant project activity for which the specific contribution was anticipated. In case when one of the consortium members could not provide the cash contribution anticipated in the frames of the project, the other members of the consortium project should be responsible for providing the cash contributions to ensure proper implementation of the project. Justifications for the impossibility to provide contributions and carry out the responsibilities committed by the consortium members, as well the purposefulness for further implementation of the project will be discussed by the CIF Steering Committee. In case there is only one consortium member except of the grant recipient HEI, the impossibility to provide contributions and carry out the responsibilities committed by it, the CIF Steering Committee could discuss cancellation of the consortium project.

5. The Project budget is presented in AMD. The budget should include all the possible taxes and other mandatory payments according to the RA legislation. The maximum individual grant amount should not exceed the amounts stated in the below points for funding windows. The size of the grant amounts will be calculated based on the official exchange rate set by the Central Bank of RA for the day defined as the deadline for the submission of the grant proposals under the particular call.

The funding windows are for:

- Consortia projects enhancing cooperation in joint projects uniting the public and private universities, private companies and other companies as well as research institutions that may be either local or foreign one. Each consortium has to include at least one university and a commercial enterprise and/or research organization. The maximum grant amount for consortia projects would be US\$ 600,000 per project.

- Public universities targeting specific development and innovation issues at individual public institutions and their satellites, taking into consideration strategic development priorities and innovative solutions in educational sphere. This type of projects will also address the problem of fragmentation between the universities in the capital and in the regions. The Project that will engage the regional (marz) branches (if there are ones) of the universities will be preferred. Taking into consideration that the branch has no legal entity status, the University regional branch cannot itself apply for receiving grant. The maximum grant amount for public university separate projects would be US\$ 300,000 per project.
- Private universities to respond to the specific issues of private universities, support in capacity enhancement and innovative projects implementation. Non-public universities are encouraged to present joint projects that will contribute to consolidation of universities and foster collaboration between universities. The maximum grant amount for private university separate projects would be US\$ 300,000 per project.

4 ELIGIBILITY AND SELECTION CRITERIA

In order to be eligible to present projects to be financed under the CIF, HEIs need to fulfill eligibility criteria, while each of the projects presented must also meet specific criteria to be selected. Eligibility and selection criteria for universities and other partners/organizations in projects are set forth in this section.

4.1. Eligibility Criteria

Eligibility criteria refer to the minimum conditions that institutions need to fulfill in order to qualify for proposing projects to be financed under the CIF. The eligibility criteria are listed below. A HEI to submit a CIF grant proposal should be:

- an institutionally accredited/conditionally institutionally accredited public university; or,
- an institutionally accredited/conditionally institutionally accredited private university.

Both, public and private universities, as well as all participating organizations and companies need to have a strategic plan (and/or business plan) at least for the period of implementation of the project presented for the CIF grant , which will ensure that

the targets proposed in grant proposal are in correspondence with the priorities underlined in the strategy.

Those universities which have participated in the CIF pilot or other stages and have unmodified audit reports for the already completed CIF grant projects **are eligible to submit grant proposals for subsequent CIF stages**. These universities will not pass through review of the financial management/internal control system. In case of issues raised in the Management Letter, the universities should provide clarifications on how the university has already addressed the points and what are the results. Those universities that have participated in the CIF pilot and/or other stages and got **modified audit reports, will not be eligible** to submit grant proposals for further CIF stages.

During the grant proposal preparation stage, all other universities which have not participated in former CIF stages and are intending to submit grant proposals as a main grant holder, should pass through a review of the financial management/internal control system and submit the results of the review together with the grant proposal package. The details and mechanisms of the universities' review of the financial management/internal control system are presented in the TORs attached to the CIF OM. The review should be conducted by the auditors acceptable to the Center for Education Project (CEP) acting in the capacity of EIP implementation unit (PIU). The list of auditors to be agreed with the World Bank. The auditors to be acceptable to the PIU should be included in the list of licensed auditors of RA and be acceptable to the WB. The auditors will categorize the issues/weaknesses identified during the review under three main headings, category A, category B and Category C. The issues will be classified as Category A if those are considered by the auditor to be critical issues/weaknesses in the financial management/internal control system while Category B issues would be those that are considered to be issues of significant deficiency of the internal control/FM system. Other, less significant deficiency issues would be classified under C. **In case the assessment results are Category A or B issues, the university will not be eligible to submit a proposal**. To be eligible to submit a proposal for the next call, the university should eliminate/correct deficiencies identified by the auditor, and apply for a grant. The correction of the deficiencies will be again verified by the auditor. Category C issues will not have any impact on the selection process, and **the universities with category C issues are eligible to submit proposals but they would be encouraged to address these issues as well**.

During the second stage of selection, the following additional eligibility criterion will be applied.

- **Only those universities that have not been CIF grant recipients during CIF pilot (under EQRP 2) or first stages (under EIP) could apply for the CIF funding.**

Thus the list of CIF beneficiary universities will be enlarged.

4.2. Selection Criteria

Selection criteria refer to a set of established conditions that are used to choose the best projects to be supported by the CIF. Each criterion has a relative weight, and the evaluation is conducted according to the procedures and selection criteria to be specified in the OM. The selection criteria are:

- **Alignment with priorities defined by the CIF Steering Committee for the particular period and institutional strategic plan.** Before designing specific projects, each institution would determine priority needs and areas of work. These lines of action are to be reflected in the strategic plan of the university. The project proposals should:
 - Be aligned to institutional goals, objectives and strategies;
 - Be aligned to goals, objectives and priorities, defined for the particular period by the CIF Steering Committee; and
- **The qualifications of the proposed grant project staff and compliance with the set objective.** (Institutions have to prove that they have the necessary capacity and resources to ensure the success of proposed projects.). The project proposal should present staff members with complementary qualifications, experience and competencies and explicate their links with the project successful implementation and achievement of the pre-defined objectives. In addition, a fair distribution of tasks and responsibilities among the staff members should be included in the application. It is not allowed to make changes in the grant project staff composition submitted in the grant project proposal, during the first six months from the approval of the grant project, except for the cases when there are objective and insurmountable circumstances happened after the approval of the project. The members of the grant Project staff should validate their availability during the Project implementation in the CVs submitted in the grant Project proposal budget. In case of disagreement the final decision is to be made by the CIF Steering Committee.
- **Content of the proposals.** Universities should present strategic analysis and justification for the project, as well as the project methodology. In addition, enclosed to the project proposal the universities should submit the project

implementation plan, monitoring and evaluation plan as well as procurement plan. Analysis of the issue should include presentation of the statistics regarding the topic, description of the existing trend, presentation of the other projects and initiatives addressing the same issue and showing the gaps still remaining after them. The methodology of the project should show the series of the realistic and cost-effective steps that would bring to the solution of the issue.

- **Expected impact/benefits.** The project results should be comparable to the expenses. A detailed dissemination plan should be presented to ensure a broader and deeper impact both during and after the implementation period. Dissemination plan should include the point on maintenance of the results achieved during the project, such as for example annual maintenance costs for laboratories, regular equipment with necessary spareparts, potential cooperation framework and anticipated contracts/memorandums, possibilities to obtain additional financing for the HEI established during the project as well mechanisms and directions for their usage. That is to say, to be selected, projects have to:
 - Justify the innovative nature and present specific benefits of the project;
 - Provide project's stability - the main characteristics that will ensure its long-term stability and continuation after the project's implementation period in the scope of the grant.
 - Present a dissemination plan of the project outputs.
- **Cost-effectiveness of expenses** – Universities should provide evidence on the coherence between the proposed budget and project activities. Other sub criteria to be taken into account under this criterion are size of co-financing and proper/justified cost estimation for the goods/services/training to be procured/implemented in the frames of the proposed project. For each of the goods/services/training the exact relation should be presented with the project goals and objectives including justification not only for the inclusion of the given goods/services/training in the budget but also the volume/quantities. While evaluating the cost-effectiveness of the project, cost estimations should be realistic, based on market studies. It should be explicitly mentioned whether the provided cost estimations include all the applicable taxes, other mandatory payments and related necessary expenses.
- **The qualification of the partner and compliance with the objective [only for consortia projects]** –The project proposal should present partners with

complementary qualifications, experience and competencies and explicate their links with the project successful implementation and achievement of the pre-defined objectives. In addition, a fair distribution of tasks and responsibilities among the project partners should be included in the application.

5. Eligible and non-Eligible Expenditures

Eligible expenditures refer to the types of expenditures that are covered by CIF resources (including at least 10% of institutional co-financing) and solely aim at achievement of the project goals.

Non-eligible expenditures refer to the types of expenditures that will not be covered by CIF grant resources, including at least 10% of institutional co-financing.

5.1. Eligible Expenditures for CIF resources (CIF grant funds and at least 10% of institutional co-financing)

Eligible expenditures are broadly categorized as goods, consulting services and other expenses specified below. Goods refer to the materials and equipment needed for teaching and learning such as furniture, equipment, laboratories, stationary, books, software. Consulting services relate to the honoraria for human resources such as staff and consultants. Other expenses related to services refer to the ones that are intended for hiring firms to provide support services such as training, study tours and the like. The list below includes but is not limited to expenditures eligible within the frames of the CIF:

- Furniture;
- Computer and other equipment, including laboratory equipment and materials; literature and stationery;
- Software and e-resources;
- Printing, purchase of media time and space in print media for publicity activities (up to 3% of total project cost);
- Consultancy services (local and international);
- Organization of seminars, workshops, trainings;
- Study tours, travel and accommodation costs (including potential participation fees for the proposed events; up to 5% of total project cost), relevant costs

should be calculated based on the RA Government Decree N 2335-N, dated 29.12.2005;

- Software development and improvement;
- CIF grant project staff salary (including taxes and social payments) for the following positions:
 - CIF Grant Project manager – maximum monthly rate 150000 AMD
 - CIF Grant Project coordinator - maximum monthly rate 120000 AMD
 - CIF Grant Project accountant - maximum monthly rate 120000 AMD
 - Procurement specialist for the CIF Grant Project - maximum monthly rate 120000 AMD
- Other costs (up to 0.5%) including banking charges, custom fees and other small technical costs related to the project implementation.

Other expenditure not included in the list above and not included in the below list of ineligible expenditures, should be duly justified by the applicant. Further, to be considered “eligible” the expenditure projections should be submitted to the CIF Steering Committee for approval.

The eligible expenses described above solely refer to universities involved in the CIF grant project either as a main grant holder or as a member of consortia. Other partners involved in a consortium may just incur related travel costs.

Any advance payments could be made by grantees to suppliers of goods, and/or to consultant/contractors only based on a valid bank guarantee provided. The grantees should ensure due diligence in the provision of such advance bank guarantees.

5.2. Non-eligible Expenditures for CIF resources (CIF grant funds and at least 10% of institutional co-financing)

CIF grant funds and the 10% co-financing cannot be spent on expenditures listed below as non-eligible:

- Purchase and renting/leasing of lands and buildings;
- Procurement of cars;
- Any physical works, including renovation of buildings;

- Utility costs (electricity, water, heating, communication costs, garbage removal, etc.);
- Membership fees, penalties, fines, property tax, etc.;
- Staff salaries except of the positions listed in the section 5.1. Rector of the university could not be included in the grant project staff, deputy rectors could be included only if no salary is anticipated for them;

5.3 Expenditures for counterpart contributions in excess of the minimum 10% of co-financing

The above eligibility/non-eligibility criteria cannot be applied in case of co-financing of more than the minimum required (10% of total project budget) provided by the Grant project implementer or consortia member organization, for the additional amount.

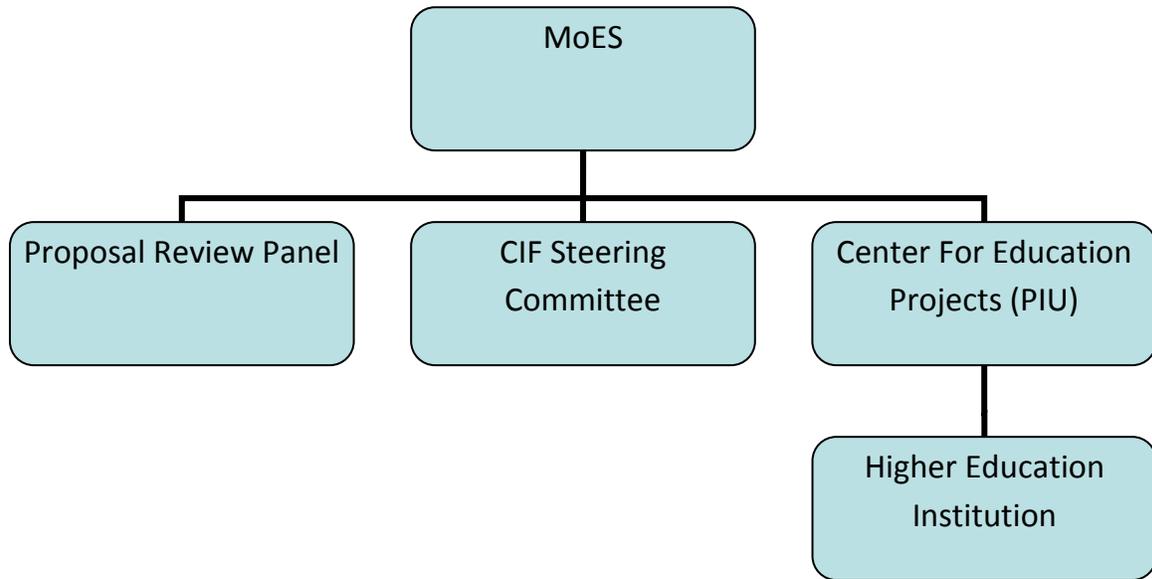
6. ORGANIZATIONAL SETUP

The CIF was established as a Grant Project coordinated by the Ministry of Education and Science (MoES). This organizational structure allows the CIF to be consistent with the national development plans, public policies, and their implementation.

CEP, existing under the MoES, undertakes coordination, administrative, procurement and financial management functions for the purposes of CIF. CEP is also a Project Implementation Unit for the entire EIP. The strategic planning and decision making for CIF as well as evaluation of results is performed by the Steering Committee (henceforth SC) and the evaluation of proposals is conducted by the project proposal evaluation panel (henceforth Project Review Panel). In case specific skills are required to review the procurement packages/assess the content of developed materials, etc. in the frames of CIF grant projects, individual experts will be hired by CEP to assist in these tasks and also in the specialized monitoring of the grant project.

Chart 1 depicts the CIF organizational structure.

Chart 1 - Organizational structure



6.1. Functions and composition of CIF's organizational bodies

6.1.1. Steering Committee

The SC is formed based on the decree of the Minister of Education and Science. The SC is responsible for strategic planning, decision-making for the projects to be selected for funding as well as ensures accomplishment of the CIF goals. The SC defines priorities for calls for proposals, approves the CIF's budget. The SC, based on the PRP's evaluation results, takes the final decision on proposals to be funded.

The SC convenes drawing on the needs to do so. The SC convention is considered to be valid if more than half of the members participate in the session. The decision is made drawing on the majority of voices of those present at a given session.

The following organizations are represented at the SC:

- Ministry of Education and Science (three representatives: Chair of the Steering Committee and two members);
- State Science Committee;
- CEP
- Representative from public universities;

- Representative from private universities;
- Two representatives from leading companies that already established cooperation with universities
- National Center for Professional Education Quality Assurance
- National Center for Education Technologies.

Representatives of universities should not participate in the voting of issues related to their universities.

6.1.2 Center for Education Projects PIU

The CEP ensures smooth operations of the SC and the Proposal Review Panel (PRP). In particular, it implements the following functions:

- Organizing the preparatory arrangements related to the call for proposals;
- Developing and submitting to the CIF Steering Committee the necessary documents for the subsequent call;
- Assisting in operation of PRP;
- Ensuring eligibility and completeness assessment of the CIF project proposals;
- Submitting the project proposals to the PRP for evaluation;
- Submitting the PRP evaluation report to the SC for approval;
- Signing grant agreements with HEIs and grant amendments upon necessity,
- Involving consultants for expert assistance to ensure proper supervision of the grant projects implementation process based on the directions of the grant projects and organizing their work,
- Receiving, reviewing and approving of grant project reports for each stage (both progress and financial) provided by HEIs;
- Fostering collaboration with potential partners of the CIF (e.g. private enterprises; international organizations; charity organizations; scientific-research organizations; think tanks);
- Organizing seminars and workshops if such necessity arises;
- Assisting in evaluation and analysis of the CIF impact by the selected independent consultant upon necessity
- Monitoring the grant project implementation together with the MoES and respective consultant involved as expert for the given project;

- Presenting to SC annual reports on the CIF activities.

6.1.3 Proposal Review Panel

The MoES, together with CEP, establishes the *PRP* to evaluate project proposals submitted by universities. The PRP is composed of thematic and functional experts with professional experience in their respective fields of expertise, which are selected drawing on the list of potential experts.

CEP, drawing on the priorities outlined in the call for proposals approved by the SC, (a) prepares the Terms of Reference for the panel of experts; (b) selects the experts for the PRP in accordance with the selection procedure for individual consultants, i.e. comparison of CVs of qualified candidates and the eligibility requirements as per para. 1.11 of the Consultant Guidelines; and (c) submits the list of experts to be included in the PRP for the SC approval. For each call of proposals will be formed an individual PRP in accordance with the above mentioned requirements. Each grant project proposal is evaluated by at least three experts, including one thematic and two functional experts. The groups of experts for the evaluation of grant proposals together with the list of experts is to be approved by the SC.

The main functions of the PRP include evaluating and scoring of the project proposals using the Proposal Evaluation Form to be submitted for the WB approval later and submitting conclusions on the evaluation results to the SC. Drawing on the conclusions of the PRP the SC is to make the final decision on the selection of the projects to be funded.

The possible regulations of potential issues (the necessity of additional information, the need for clarification and justification of the projects proposals and/or its parts, financial aspects, etc.) during the evaluation of project proposals will be discussed and agreed with CEP and SC taking into account the need to meet the requirement of submitting recommendation to SC within two weeks.

7 OPERATIONAL GUIDELINES AND PROCEDURES

This section lays out CIF's operational guidelines and procedures corresponding to the different stages of the project cycle. It will detail the project evaluation and selection process, project implementation guidelines, as well as procurement methods and financial management of CIF. The flowchart corresponding to the complete proposal selection process, including the timing for each step, is shown in Chart 2.

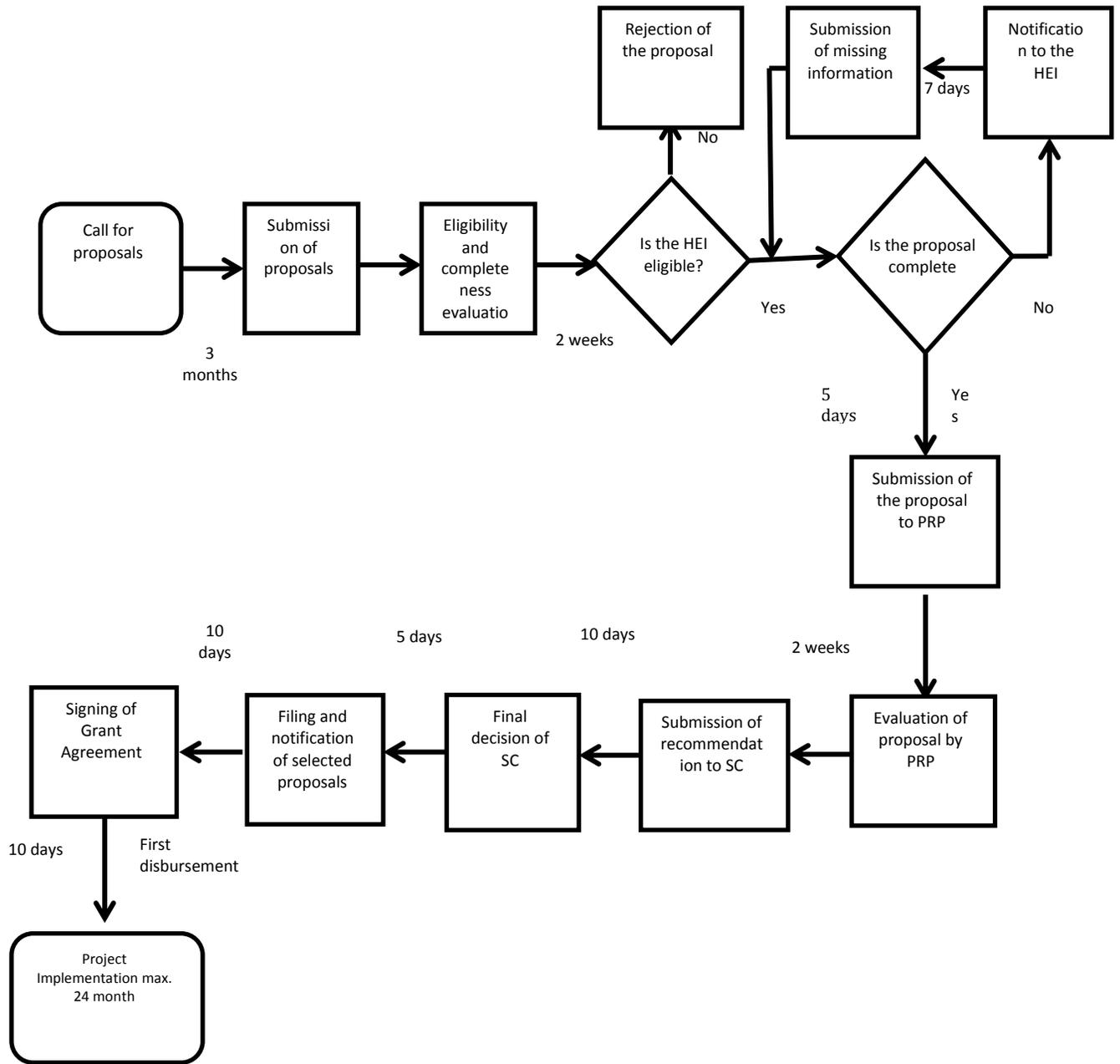


Chart 2 Proposal Selection Process

7.1 Project Selection

7.1.1. Call for proposals

The calls for proposals would be issued once for two years or in another frequency based on the decision of CIF SC and availability of additional donor funding for CIF.

In general, each institution/university may have one project running at a time as a main grant holder (institution which submits the grant proposal from its name). The main grant holder in consortia can be only institution/university. However, the institutions may submit at most 3 applications in order to ensure participation of different representatives (structural units) of the university in the proposal development and project implementation. In case the institution is a main grant holder for one project, it still can be involved in other CIF grant projects implementation process as a partner organization. The total number of grant projects an institution can be involved in as a main grant holder or as a partner organization is three.

The CIF is implemented by means of open and public calls for proposals, which outline the main goals of the call, the timelines/deadlines for the project proposal submission, eligibility criteria and other necessary conditions. Calls for proposals are carried out both by means of mass media as well as announcements among the eligible institutions. As a supplement, dissemination seminars may be carried out to explain the objectives of the competition and provide guidance on proposal development.

Universities should have three months for preparation of the proposals counting from the call for proposals in the mass media and other informational platforms.

7.1.2. Submission of proposals

The CIF OM contains a standard Proposal Submission Form prepared for development of the proposals which will cover all kinds of information relevant to the project (general and specific objectives, expected benefits, project activities, time-table, result indicators, monitoring and evaluation arrangements, resources needed for project implementation, etc.).

During three-month project preparation period, between the call for proposals and submission of proposals, CEP will provide necessary technical support to the HEIs through trainings and consultations.

Proposals can be submitted using regular mail and electronic mail or in person to CEP. There would be deadlines established for submission, and proposals received after the deadline will be rejected.

7.1.3 *Eligibility and completeness evaluation*

After the proposal submission, CEP would initially evaluate the proposals against eligibility criteria. The project proposals submitted by universities which don't meet the eligibility criteria will be rejected. CEP will verify the completeness of proposals as well. A proposal is considered complete when it was developed following the Proposal Submission Form requirements and has a complete list of documents outlined in the call of proposals. The evaluation of eligibility and completeness should be carried out during 2 weeks at most. If a proposal is incomplete, CEP will notify the university, which will have, at most, one week from the notification to provide the missing documents and/or revise the application. The project proposals, which do not meet the established requirements after the redevelopment/submission of missing documents will be rejected.

7.1.4 *Proposal review and selection*

During 5 days after the completion of the eligibility and completeness evaluation, those proposals that have been considered as eligible and complete will be submitted to the PRP for evaluation. The complete package of the project proposals submitted by the universities will be evaluated by the PRP within a period of two weeks.

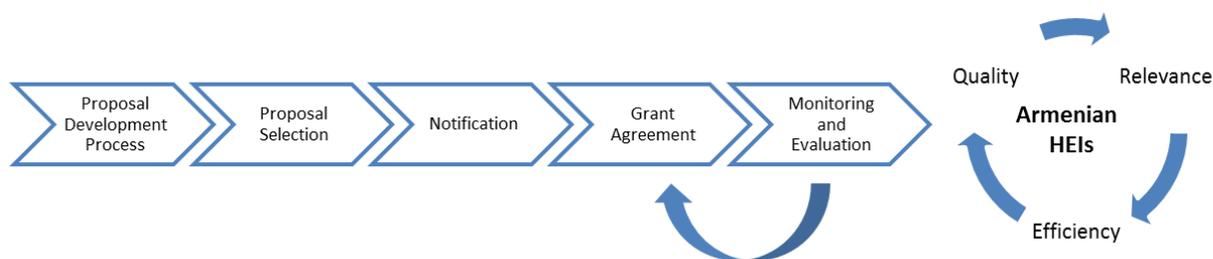
The PRP submits its conclusions on the proposal evaluation results to the SC. Drawing on the conclusions made by the PRP, the SC makes the final decision on the projects to be funded by the CIF. Any complains during the proposal submission, evaluation as well as project implementation period should be regulated according the Grievances Redress Mechanism described in the Operational Manual for the Education Improvement Project approved by the World Bank and by the Minister of Education and Science of RA (Minister Decree N 70-A/Q, dated February 9, 2015)¹. Reference to the Grievances Redress Mechanism will be included in the call for proposals to be advertised under CIF. Moreover, the Grievances Redress Mechanism will be presented during the workshops/trainings anticipated both in the grant proposals preparation stage and during the grant projects' implementation.

7.2 Project Implementation

This section describes the implementation guidelines, monitoring and evaluation procedures, performance indicators, as well as monitoring and evaluation of the CIF. The following chart (Chart 3) summarizes the project implementation process:

Chart 3: Project Implementation Process

¹ The Operational Manual for the Education Improvement Project can be accessed at http://www.cfep.am/new_project_OM_arm.



7.2.1. Notification and signature of the Grant Agreement

After the final decisions on the project proposal is made, an award letter will be sent to the institution within 5 days. The beneficiary HEI will be invited to the CEP PIU to sign a Grant Agreement within 10 days after the notification. The sample Grant Agreement is attached to CIF OM (Annex 4). Rejection letters will be sent to those universities which have submitted grant proposals but don't get CIF funding according to the SC decision.

7.2.2. Implementation

After the GA is signed, each HEI will implement the project according to the implementation schedule and following the guidelines of this OM. If during CIF Grant Project implementation the HEI sees the necessity to involve other companies / organizations for effective implementation of the project, the HEI informs CEP in written form. In agreement with the CIF Steering Committee an amendment to the grant agreement will be signed between CEP and HEI. In that case contribution of newly involved organization is considered as additional co-financing if it is done in cash. If during CIF grant project implementation the HEI sees the necessity to conduct changes in budget/timetable/project description/CIF grant project staff members for effective implementation of the project or due to objective reasons, the HEI informs CEP in written form. An amendment to the grant agreement will be signed between CEP and HEI reflecting proposed changes in case they are properly justified by the HEI and endorsed by the CEP. These changes should not affect achievement of the outcomes for the proposed CIF project. In case of savings during the implementation of the grant project the issue of their usage according to the respective proposals by the HEIs should be discussed and approved by the CIF SC.

Funded institutions are required to manage budgets and expenditures according to this OM. In order to do this, each HEI would assign a Project Manager (PM) responsible for project implementation. He/she would supervise the implementation of activities in accordance with the conditions and timeframe stipulated in the GA and the OM.

The PM's duties are:

- Prepare the CIF grant project description, monitoring and evaluation plan, implementation plan as well as the logical framework for the grant project according to the Annex 2 and respective attachments to the Annex 2.

- Organize timely and proper implementation of activities according to the conditions outlined in the current OM and GA;
- Supervise and monitor the project implementation on an on-going basis;
- Support the monitoring process conducted by CEP and MoES;
- Support project audit implementation by providing the necessary information and documents.
- Strongly cooperate with the stakeholders of CIF grant project ensuring effective dialogue among different parties
- Organize the activities aimed to ensure the publicity of CIF grant project
- Organize the activities aimed to ensure the dissemination of the results of CIF grant project

In addition, each HEI would assign a Project Coordinator, Project Accountant and Project Procurement specialist for successful implementation of the CIF grant project.

Project Coordinator's duties are:

- Assist in preparation of the CIF grant project description, monitoring and evaluation plan, implementation plan as well as the logical framework for the grant project
- Assist the CIF grant project procurement specialist in estimation of market prices for the goods/services and trainings anticipated in the frames of the CIF grant project proposal for the calculation of CIF grant project budget.
- Prepare necessary narrative reports and submit them to CEP according to the Grant Agreement;
- Submit the necessary information and documentation on the project implementation per MoES, CIF SC and CEP request.
- Preserve all the original documentations related to the project;
- Assist in organization of the activities aimed to ensure the publicity of CIF grant project.
- Assist in organization of the activities aimed to ensure the dissemination of the results of CIF grant project.
- Strongly cooperate with CIF grant accountant and procurement specialist.
- Analyze the process of the CIF grant project's implementation and to submit proposals to the CIF grant project manager on increasing the efficiency of the implementation process.
- Revise the monitoring and evaluation plan during the project implementation upon necessity and submit the revised versions to CEP.

The Grant Project procurement specialist's duties are:

- Prepare a procurement plan to be submitted with the CIF grant project proposal according to the Attachment 5 of the Annex 2.
- Conduct market study for the cost estimation for CIF grant project budget lines according to the Attachment 7 of the Annex 2.
- Prepare bidding documents including Terms of References for services and technical specifications of goods; agree them with the Grant Project manager and coordinator;
- Submit the bidding document including Terms of References for services and technical specifications of goods for the CEP or WB approval in accordance with the Section 7.3 of the OM
- Organize procurement in accordance with the Section 7.3 of the OM;
- Organize the bid evaluation and submit the results to the Grant Project manager;
- Prepare contracts for procurement of services and goods; agree them with the Grant Project manager and coordinator;
- Submit the results of the procurement for the CEP or WB approval in accordance with the Section 7.3 of the OM
- Follow the procurement procedures and schedule;
- Keep registry of relevant participants' and procured goods, particularly:
 - the names of bidders
 - the name of winner
 - the titles of goods or services to be supplied/provided.
- Ensure publication of the information on the signed contracts at the CEP and HEI's website according to the form provided by CEP.
- Submit the information on the signed contracts to CEP.
- Revise the procurement plan during the project implementation upon necessity and submit the revised versions to CEP.

The Grant Project accountant's duties are:

- Assist the CIF grant project procurement specialist in estimation of market prices for the goods/services and trainings anticipated in the frames of the CIF grant project proposal for the calculation of CIF grant project budget.
- Prepare the CIF grant project budget according to the Attachment 1 of the Annex 2.
- Register the goods purchased under the CIF grant project in accordance with the order established by RA legislation, stating the following data:
 - good's title and the amount/number;
 - the name and address of supplier;

- the date of payment;
- the number of invoice;
- the date of acquisition, type and amount of procured goods;
- documents ensuring the good's quality or guarantee service;
- Register the provided services in accordance with the order established by RA legislation;
- Organize accounting in accordance with the Section 7.4 of the OM;
- Conduct accounting of the Grant Project facilities in accordance with the order established by RA legislation;
- Conduct necessary bank and cash operations;
- Ensure the operation of computerized accounting system for the CIF grant project;
- Prepare financial reports and submit to the Grant Project manager in accordance with the forms and schedule stipulated by the Grant contract.
- Support project audit implementation by providing the necessary information and documents.

All CIF grant project staff members should correspond to the following minimum qualifications:

- Education in relevant field for respective positions;
- Minimum 3 years of work experience in appropriate field;
- Knowledge of the Armenian education system and reforms' implementation during the previous years;
- Knowledge of legislation related to the respective field, for example for the procurement specialist – knowledge of procurement and financing procedures and mechanisms, for the financing specialist - knowledge of financing procedures;
- Experience in working with the World Bank financed projects is an asset;
- Experience of work with international organizations will be an asset;
- Fluency in Armenian, good knowledge of English;
- Good computer skills (MS Office, the Internet, etc.).

CIF grant project staff members, as well the representatives of the highest administration of the HEIs cannot be selected as consultants.

7.2.3 Grant Project reporting

The CIF grant holder HEIs should submit the Project narrative and financial reports to CEP after the completion of each stage within 10 working days.

The reports are to be endorsed by the legal representative of the university. The reports are to be accompanied by request for the subsequent tranche in form of payment invoice. The amount of the payment invoice should be calculated by decreasing the unused funding provided for the previous stage. Along with the financial request the universities should also submit the proof (payment order/bank statement) for respective co-financing for the current stage envisioned by the project proposal by transferring the co-financing amount to the CoF-OA within 10 days from the beginning of the stage.

For the financial report preparation the universities will use the CIF Financial Report template, which includes financial income sources and expenditures according to the respective types of project expenditures.

The Financial Reports are submitted for each stage of the project and are to be accompanied by copies of payment supporting documents, for example bank statements, payment orders, invoices, contracts, acceptance acts, etc.

Financial reports are submitted along with the narrative reports. Narrative reports are to evolve around the activities within the given stage of project implementation and achieved outcomes as well as the following information: the issues that have arisen within the given stage of project implementation and prospects for their solution (if any). Meanwhile, if a given stage extends more than three months the university is to submit a quarterly narrative report, within 10 days upon the completion of each quarter in the same form as the stage narrative reports. (Appendix 1D).

Besides the progress and financial reports that are submitted after the completion of each stage, the HEIs should prepare and submit to CEP the final financial and narrative reports (Appendix 1H, Appendix 1I) within 20 working days after the CIF Grant Project completion. The final reports are to be approved by the CIF SC.

7.2.4 Monitoring and evaluation of the HEIs projects

To effectively monitor and evaluate the implementation of the CIF grant project CIF grant holder universities should conduct monitoring and evaluation of the project in accordance with the monitoring and evaluation framework which consists of three parts: narrative component, describing main objectives, plans and existing monitoring and evaluation capacities, resource requirements and activities to be carried out.

The monitoring and evaluation framework should address the following questions:

- what is to be monitored and evaluated

- who is responsible for monitoring and evaluation of activities
- when monitoring and evaluation are planned (HEI should develop monitoring and evaluation plan for the CIF grant project based on specified activities identified by project components according to the Attachment 6 of the Annex 2).
- how monitoring and evaluation are carried out (methods)

The monitoring of the CIF grant project will be conducted in on-going basis. The evaluation of the CIF grant project should be conducted in three stages:

- baseline evaluation (to be presented in the CIF grant proposal as the description of initial situation and justification of the CIF grant project);
- mid-term evaluation;
- final evaluation.

External monitoring of the CIF grant projects will be conducted by CEP and MoES according to the monitoring and evaluation plan submitted by the HEI. Monitoring missions would normally review progress of projects periodically, and provide the guidance for changes in the execution of the project, when necessary. The principal role of the monitoring mission is to ascertain that the project is executed and operated as set forth in the proposal, but revisions may be required as a result of unforeseen circumstances.

Project monitoring is conducted by CEP and involvement of the MoES representatives. If needed, monitoring missions may also include local and international experts.

In case of major deviations and faults in the project implementation the CEP may submit the issue of the withdrawal of the project to the SC consideration.

7.2.5 Performance indicators

A number of indicators would be established in order to keep track of the performance of the institutions and the impact of the projects. Indicators are to be chosen on the basis of a careful analysis of the CIF's objectives. While defining performance indicators the reliability and validity of the availability data should also be considered.

The performance indicators developed for each individual project should reflect the project quality, relevance, and efficiency.

The performance indicators should be reflected in the logical framework and the monitoring and evaluation plan of the CIF grant project.

7.2.6 *Monitoring and evaluation of the CIF Scheme*

Monitoring and evaluation of the CIF scheme as an overall mechanism including the CIF grant submission and evaluation processes, implementation of separate grant projects by HEIs as well as implementation of respective duties by other actors of the CIF scheme such as PRP, SC and CEP is organized by CEP with inclusion of independent reviewers and upon necessity also international experts. CEP requires from the individual beneficiaries not only reports of results, but also recommendations for improving the functioning and impact of the CIF.

7.3 **Procurement Methods**

This section of the OM outlines procurement methods and procedures for purchasing goods and services. Every CIF beneficiary should follow these procurement methods over the development of its projects.

The procurement method selected depends on a number of factors including the type of good or service being procured, the value of the good or service being procured, the potential interest of foreign bidders and the cost of the procurement process itself. CIF grant-holder university should carry out the procurement procedures in the frames of the CIF grant project according to the procurement plan submitted with the grant proposal (Attachment 5 of the Annex 2). In case the necessity of any changes in the procurement plan arises during the implementation of the project the CIF grant holder university should revise the procurement plan and submit to CEP with respective justifications for the proposed changes.

Procurement of goods/services under the miscellaneous article of the CIF project budget can be conducted without application of the procurement/selection procedures listed below. The procedures described below will not apply to the procurement of tickets and accommodation services during the field trips.

7.3.1. *Procurement of goods*

Procurement of goods (including equipment and non-consulting services) is carried out in accordance with the World Bank Guidelines: "Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011) and Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011), and the provisions stipulated in the Legal Agreement. The World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and

IDA Credit and Grants dated October 15, 2006 and revised on January 2011, will also apply.

Direct Contracting

Goods may be procured through Direct Contracting without competition, considering the following circumstances:

- i. Purchase of additional quantities of goods supplied earlier, in case that a former contract was awarded in accordance with procedures of the abovementioned Guidelines, and the prices are reasonable;
- ii. Purchase of additional equipment and/or spare parts to be compatible with existing equipment and spare parts;
- iii. The required equipment is proprietary and obtainable only from one source;
- iv. The Contractor responsible for a process design requires the purchase of critical items from a particular supplier as a condition of a performance guarantee; and
- v. In exceptional cases, such as in response to natural disasters.

For the procurement of goods through **Direct Contracting**, the following activities should be completed prior to contract signing:

- i. Prepare goods cost estimate;
- ii. Prepare justification for Direct Contracting;
- iii. Submit the cost estimate and justifications for approval of the WB in case of the cost estimate equal to or above 60,000 USD equivalent and of PIU in case of the cost estimate less than 60,000 USD equivalent ;
- iv. Agree conditions of the contract with the supplier; and
- v. Make sure that the prices being charged under the direct contract are at least the same as the supplier charges to its other customers.
- vi. Publish the contract award in CEP and HEI's website.

All packages below 60,000 USD under direct contracting are subject to the PIU's prior review.

All packages equal to or above 60,000 USD under direct contracting are subject to the Bank's prior review.

Shopping

The goods **having a** cost estimate of less than 100,000 USD may be procured through **Shopping**. Shopping consists of comparing price quotations obtained from several suppliers, with a minimum of three. Requests for quotations shall indicate the description, technical specifications and quantity of the goods, as well as desired delivery time and place. Quotations should be submitted in a written form by the deadline set in the Invitation to Quote. The terms of the accepted offer shall be incorporated in the contract.

Steps to be followed for Shopping:

- i. Establish a procurement decision committee with a minimum of three or maximum of five members;
- ii. Prepare the list of required items of goods and their technical specifications;
- iii. Prepare list of suppliers broad enough to generate good competition and to yield at least three quotations, as required. Such a list may be prepared based on past experience, as well as direct market research;
- iv. Prepare ITQ using the Invitation to Quote and sending them to the suppliers;
- v. Receive quotations by the deadline and evaluate them²;
- vi. Evaluation Committee reviews quotations received and prepares an evaluation report based on the Procurement of Goods Under Shopping - Evaluation Form;
- vii. Sign the contract with the lowest evaluated substantially responsive firm;
- viii. Keep the process confidential until the contract is awarded.
- ix. Publish contract award in CEP and HEI's website.

Shopping packages are subject to Bank's post review. All shopping packages are subject to CEP's prior review.

National Competitive Bidding

The goods estimated to cost equal to or more than US\$100,000 and less than US\$1,000,000 will be procured through the National Competitive Bidding (NCB) with the

² The evaluation can be completed if there are minimum three responsive quotations. In case the number of responsive quotations is less than three the evaluation cannot be completed and new shopping should be conducted enlarging the list of suppliers to be provided with the quotation to ensure the minimum quantity of responsive quotations.

additional provisions as provided in Section III, Point B of the Loan Agreement and in Section III, Point B of the Financing Agreement:

National Competitive Bidding of the Recipient may be used for procurement of goods and works for the Project, provided that the following provisions are complied with:

- (i) entities in which the Republic of Armenia owns a majority shareholding shall not be invited to participate in tenders for the Government unless they are and can be shown to be legally and financially autonomous and operate under commercial law;
- (ii) pre-qualification shall be conducted for large works projects;
- (iii) pre- and post-qualification criteria shall only pertain to past contract performance, financial, managerial and technical capabilities of bidders;
- (iv) joint venture partners shall be jointly and severally liable for their obligations;
- (v) estimated contract prices shall not be advertised;
- (vi) no bids shall be rejected at bid opening;
- (vii) no bids shall be rejected solely because they exceed the estimated price. Bids can be cancelled and new bids invited, only if the conditions of clause 2.61 of the Procurement Guidelines are met;
- (viii) all bid evaluation criteria shall be quantifiable in monetary terms or expressed as a pass/fail criteria;
- (ix) advance CEP approval is required for any modifications in the contract scope/conditions during implementation; and
- (x) contract award will be published in CEP and HEI's website.

Steps to be followed for procurement of goods through NCB:

- i. Establishing a procurement decision committee with a appropriate working groups' members;
- ii. Preparing the list of required items of goods and their technical specifications;
- iii. Preparing the Standard Bidding Documents;
- iv. Sending the Bidding Documents to CEP for No-objection;
- v. Publishing the Invitation for Bids;
- vi. Bids opening and sending of Minutes of Bids Opening to CEP;
- vii. Preparation of an evaluation report and contract award based on the Procurement of Goods - Evaluation Form and sending to CEP for No-objection;

- viii. Sending notification of contract award and obtaining the performance security, as appropriate.
- ix. Signing the contract with the lowest evaluated substantially responsive firm;
- x. Sending copy of contract to the CEP if contract is subject to prior review.
- xi. Keeping the process confidential until the contract is awarded.
- xii. Publishing the contract award.
- xiii. Ensuring that inspections and tests (as appropriate) are conducted before issuing letter of acceptance.
- xiv. Keeping all documents on file.

All NCB packages are subject to CEP's prior review. They are subject to Bank's post review.

International Competitive Bidding

The goods being estimated to cost equal to or more than US\$1,000,000 will be procured through the International Competitive Bidding (ICB) with the additional provisions as provided Section III, Point B of the Loan Agreement and in Section III, Point B of the Financing Agreement. The goods estimated to cost equal to or more than US\$100,000 and less than US\$1,000,000 will be procured through ICB in case there are no local suppliers for the goods in the country or the international participation in the bidding process will increase the competition.

Steps to be followed for procurement of goods through ICB:

- xv. Establishing a procurement decision committee with a appropriate working groups' members;
- xvi. Preparing the list of required items of goods and their technical specifications;
- xvii. Preparing the Standard Bidding Documents;
- xviii. Sending the Bidding Documents to WB for No-Objection;
- xix. Publishing the Invitation for Bids;
- xx. Bids opening and sending of Minutes of Bids Opening to WB;
- xxi. Preparation of an evaluation report and contract award based on the Procurement of Goods - Evaluation Form and sending to WB for No-Objection;

- xxii. Sending notification of contract award and obtaining the performance security, as appropriate.
- xxiii. Signing the contract with the lowest evaluated substantially responsive firm;
- xxiv. Sending copy of contract to the Bank if contract is subject to prior review.
- xxv. Keeping the process confidential until the contract is awarded.
- xxvi. Publishing the contract award.
- xxvii. Ensuring that inspections and tests (as appropriate) are conducted before issuing letter of acceptance.
- xxviii. Keeping all documents on file.

ICB packages are subject to Bank's prior review. It is expected that CEP review first any package for completeness and accuracy before sending it to the Bank. In case a package to be procured under NCB (equal to or more than US\$100,000 and less than US\$1,000,000) is tendered under ICB because goods to be procured are not available locally, such ICB package is subject to CEP's prior review and Bank's post review.

7.3.2. Selection of consultants

Selection of Individual Consultants and/or Consulting Firms providing services would be carried out in accordance with the World Bank Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers (January 2011), and the provisions stipulated in the Legal Agreement. The World Bank Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credit and Grants dated October 15, 2006 and revised on January 2011, will also apply.

A. Selection of firms

A short list is prepared based on the outcome of the evaluation of expressions of interest submitted by firms in response to the Request for Expressions of Interest or advertisement. The short list would comprise 6 firms. Selection of the firm is done among the short listed candidates.

Selection based on Consultant Qualification

Steps to be followed for the selection of firms under the selection based on Consultant Qualification (CQS) method with cost estimate of less than US\$300,000:

- i. Establish a selection committee of at least three members but not more than five members;
- ii. Prepare Terms of Reference (TOR) and the budget estimate in terms of person/days (weeks, months, whatever is applicable), assignment duration, etc.;
- iii. Define sought qualifications and evaluation criteria;
- iv. Request for expressions of interest and qualification information on the consultants' experience and competence relevant to the assignment, preferably through advertisement in a national newspaper and/or in an appropriate website and through dissemination of information about the assignment to professional associations, etc.;
- v. Elaborate a ranking of the short listed firms based on the qualification information on the consultants' experience and competence relevant to the assignment³;
- vi. Evaluation Committee reviews the expressions of interest received and prepares an Evaluation Report according to the template provided by the CEP;
- vii. Send the Request for Proposal only to the selected highest-ranked firm to submit technical and financial proposals according to the template provided by the CEP;
- viii. Drawing on the technical and financial proposals negotiate terms and conditions of the Grant Agreement and in case of necessity propose amendments;
- ix. Sign the contract if the firm meets all the conditions offered;
- x. Keep the process confidential until contract is awarded; and
- xi. Publish the contract award in CEP and HEI's website.

If the negotiations fail to result in an acceptable contract, the negotiations with the firm are terminated and the next ranked firm is invited for negotiations.

Contracts more than US\$500,000 are subject to the Bank's prior review. It is expected that CEP review first any package for completeness and accuracy before sending it to the Bank. Contracts less than US\$500,000 are subject to CEP's prior review.

Quality and Cost-Based Selection, Least-Cost Selection and Fixed Budget Selection Methods

Steps to be followed for the selection of firms under Quality and Cost-Based Selection (QCBS), Least-Cost Selection (LCS) and Fixed Budget Selection (FBS) methods with cost estimate of US\$300,000 or more:

³ The evaluation can be completed if there are minimum three qualified firms. In case the number of qualified firms is less than three, the proposed shortlist will be evaluated and submitted to the CEP for Bank's approval.

- i. Establish a selection committee of at least three members but not more than five members;
- ii. Prepare Terms of Reference (TOR) and the budget estimate in terms of person/days (weeks, months, whatever is applicable), assignment duration, etc.;
- iii. Establish evaluation criteria;
- iv. Request for expressions of interest and qualification information on the consultants' experience and competence relevant to the assignment, through advertisement in the UNDB and a national newspaper and/or in an appropriate website and through dissemination of information about the assignment to professional associations, etc.
- v. Elaborate a ranking of the short listed firms based on the qualification information on the consultants' experience and competence relevant to the assignment;
- vi. Prepare an Evaluation Report of expressions of interest according to the template provided by the CEP and the short list;
- vii. Prepare the draft Request for Proposals (RFP)
- viii. Send the RFP to the short-listed firms.
- ix. Receive the proposals.
- x. Open the technical proposals and evaluate them while keeping the financial proposals safe and secure.
- xi. Prepare the technical evaluation report.
- xii. Public opening of financial proposals
- xiii. Prepare the combined technical and financial evaluation (final) report.
- xiv. Negotiate the contract with the firm with the highest combined technical and financial scores (QCBS); the firm with the highest technical score and within the budget (FBS); or the firm which passed the minimum technical score requirement and offering the least cost (LCS).
- xv. Keep the process confidential until contract is awarded; and
- xvi. If the negotiations fail to result in an acceptable contract, the negotiations with the firm are terminated and the next ranked firm is invited for negotiations.
- xvii. Sign the contract.
- xviii. Publish contract award in the CEP and HEI's website.

Selection of any consulting firm for an assignment with a cost estimate of above US\$500,000 is subject to the Bank's prior review. It is expected that CEP review first any package for completeness and accuracy before sending it to the Bank. Anything less than US\$500,000 is subject to PIU's prior review.

B. Selection of individual consultants (IC)

Individual consultants are selected on the basis of their qualifications for the assignment. An Individual Consultant would be selected through comparison of at least three candidates whose qualifications meet the minimum criteria.

Steps to be followed for the selection of Individual Consultants:

- i. Establish a selection committee of at least three members but not more than five members;
- ii. Prepare TOR and the budget estimate in terms of person/days (weeks, months, whatever is applicable), assignment duration, etc.;
- iii. Establish evaluation criteria;
- iv. Based on the expression of interests (and additional information/clarification) received, prepare a list of a minimum of three candidates and provide them the TOR;
- v. Evaluate the CVs and interview the candidates when needed⁴;
- vi. Prepare an evaluation report according to the template provided by the CEP; and
- vii. Negotiate the contract with the highest-ranked consultant.
- viii. Sign the contract.
- ix. Publish contract award in CEP and HEI's website.

Selection of an individual consultant for an assignment with cost estimate of more than \$200,000 is subject to the Bank's prior review. All others are subject to CEP's prior review. Any assignment less than \$200,000 is subject to CFEP's prior review.

Single Source Selection (SSS)

⁴ The evaluation can be conducted if there are minimum three qualified candidates. In case the number of qualified candidates is less than three the evaluation cannot be completed and new selection should be conducted ensuring a broader spread of announcement among potential candidates.

For selection of consultants with cost estimate of less than 5000 USD equivalent, the Consultant meeting the qualification requirements may be selected through the Single-Source Selection method. Justification for single-source selection shall be prepared presenting the candidate's qualification.

Selection of a consultant under single source selection for a contract below USD 2,000 is subject to CEP's approval. Contracts under single source selection above USD 2,000 and less than USD 5,000 are subject to Bank's prior review.

7.4 Financial Management

7.4.1 General considerations

Financial Management (FM) arrangements comprises of planning and budgeting, accounting, financial reporting and disbursement, funds flow, internal controls and auditing.

It is expected that the awarded universities will manage resources in a proper way, and carry out their projects with due-diligence and efficiency and in accordance with the respective RA legal obligations.

It is expected that the awarded universities will carry out their project in accordance with the Financing and Loan Agreements of the Education Improvement Project (EIP) (particularly the requirement specified in para. C.4 (b) and (c) of Section I of Schedule 2) as follows:

The CEP, CIF SC and MoES, shall obtain rights adequate to protect its interests and those of the WB, including the right to: (i) suspend or terminate the right of the CIF grant holder university to use the proceeds of the grant: or (ii) obtain a refund of all or any part of the amount of the grant then withdraw, upon the CIF grant holder university's failure to perform any of its obligations under the CIF grant Agreement.

The CEP, CIF SC and MoES shall require each CIF grant holder university to:

- (i) Carry out its grant project, as applicable, with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the WB, including in accordance with the provision of the Anti-corruption Guidelines applicable to recipients of financing proceeds other than CEP, CIF SC and MoES;
- (ii) Provide, promptly as needed, the resources required for the purpose;

- (iii) Procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of the CIF grant Agreement;
- (iv) Maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to CEP, CIF SC and MoES, the progress of the grant project, as applicable, and the achievement of its objectives;
- (v) Maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the WB, both in a manner adequate to reflect the operations, resources and expenditures related to the grant project; and (B) at the World Bank's, CEP's, CIF SC's and MoES's request, have such financial statements audited by independent auditors acceptable to the WB, in accordance with consistently applied auditing standards acceptable to the WB, promptly furnish the statement as so audited to the Recipient and the Association;
- (vi) Enable to the CEP, CIF SC and MoES and the World Bank to inspect the grant project, its operation and any relevant records and documents; and
- (vii) Prepare and furnish to the CEP, CIF SC and MoES and the World Bank all such information as to the CEP, CIF SC and MoES or the World Bank shall reasonably request relating to the foregoing.

Accounting and bookkeeping records and documentations related to the CIF project are to be stored in the beneficiary institution and are to be presented to the CEP upon request. The accounts should be easily accessible for the auditors of EIP and the auditors of the CIF grant projects appointed by CEP.

HEIs should create a master file at the beginning of the grant project period. This master file should include at least the following documentation:

- Application and supporting documentation as specified in the manual;
- Any official documentation exchanged during the grant application and implementation periods;
- Award notification;
- Copies of all narrative and financial reports;
- All original invoices and other payment supporting documents;

The master file must be made available for review by respective staffs of CEP, MoE, as well as to the external auditors and World Bank designated staff.

7.4.2 Flow of funds and disbursement arrangements

CIF grant holder universities should maintain two separate operating accounts (OAs): one for the funding under the auspices of the CIF (CIFOA) and the other for the co-financing by the universities (CoF-OA). The above two accounts should be used for the CIF grant project's purposes only. The grant amount would be split into two accounts according to the CIF grant budget. All payments under the CIF grant projects would be conducted from these two operating accounts strongly according to the budget.

The grant amount would be split into stages anticipated for implementation of CIF grant project. The first stage would be equivalent to the grant amount anticipated for the first stage according to the budget. The grant amount anticipated for the first stage according to the budget should not exceed 20% of the total grant amount. The grant amount for the other stages would be defined in the Grant Agreement depending on the project needs according to the budget. However, the maximum amount anticipated for the one stage other than the first should not exceed 40% of the total Grant Amount. In the frames of the CIF grant project implemented by the university payments to contractors can be conducted either by the university or directly by CEP if appropriate requirement is agreed prior to contract signing for the specified goods/services. Direct payment to contractors in the frames of the CIF grant project by PIU can be conducted in the following cases: (i) if the amount for the single payment in the frames of the given contract exceeds 40% of the CIF grant amount or (ii) total anticipated payments for the current stage exceeds 40% of the CIF grant amount. In case the funding for the current stage has been already provided by CEP to a CIF grant-holder university the direct payment amount by CEP should correspond to the amount remaining after the university paid the amount available at CIFOA. In case the funding for the current stage is not provided yet by PIU to CIF grant-holder university the amount to be transferred to university will be decreased in the proportion of the proposed direct payment for the given contract according to the project implementation plan and budget. In both cases the amount paid by PIU will be considered as additional funding for the current stage and will be reflected in the financial reports.

The first installment of the project co-financing amount by HEI is made within 10 working days after signing the GA. CEP, upon the receipt of the proof for co-financing transferred to the CoF-OM from the beneficiary, within 10 working days transfers the first amount to the CIFOA of the beneficiary. For the next stages CEP will transfer the subsequent amounts to HEI within 10 working days after the acceptance of the stage financial and program reports. The co-financing provided for each phase should be no less than the proportionate share of the grant amount. To maintain the overall proportion the same proportion should be applied for the each line of the budget during its preparation.

Subsequent funds utilized by HEIs are reimbursed in at least four stages based on the endorsement of the financial and program reports of the previous stage.

The maximum duration of each stage should not exceed six months.

All the payments made by HEI from the grant proceeds should be made via bank transfers, in line with the approved budget. On exceptional cases the HEI may make payments for goods, services and other expenses from its petty cash box if the amount does not exceed 20000 AMD in line with the approved budget. Any payment for goods services and other expenses exceeding 20000 AMD should be made via bank transfer only in line with the approved budget.

A CIF grant-holder university can conduct reallocation of funds in the frames of a single given article of the budget not exceeding the total amount approved for that article without amendment to the budget. If the size of reallocation exceeds 15% of the amount approved for the given article, then the CIF grant holder university should inform about the requested change to CEP in written form providing justification for the proposed changes and conducting it after the signing of an amendment. All changes concerning the reallocation of funds among different articles of the budget should be properly justified and submitted to CEP in written form and are subject to prior agreement with CEP.

The payment for each stage is made on the basis of payment requests submitted to CEP followed by the financial and program reports for the previous stage accompanied by the copies of payment and expenditures supporting documents, the accuracy and eligibility of which CIF component staff should verify, and in case of inaccurate documents or ineligible expenses the report should not be accepted. Based on the results of the review CIF component staff submits a summary of review of the report indicating whether it is acceptable or not. The FM division of CEP double checks the financial report. The approval of the reports is conducted by the CEP Director. Appropriate notes are made by FM division of CEP in the summary of review of the report submitted by the CIF component staff.

The CIF grant projects are subject to audit each covering specific period of operation of the CIF grant projects. Audits are conducted by the auditors selected by CEP. Selection of auditors should be done from the list of auditors acceptable to the World Bank. The selection method for auditors should be LCS, The TORs for audit is attached to the OM. The contract with the selected audit firm will be signed by the CEP. Audit opinion, and management letter for the defined period should be received by the HEIs implemented the Grant Projects and CEP. CEP will present the results of the audits to the CIF SC which will discuss and decide on the further steps to be taken in case of modified opinions. Any

ineligible expenditure identified during the course of the audit or the review by the CEP, MoES or the World Bank is subject to be promptly recovered to the EIP's account.

7.5 Confidentiality and avoidance of conflict of interest

To avoid any conflict of interest in the frames of the CIF grant projects implemented by HEIs the below guidelines should be followed during the grant proposal submission, evaluation and implementation periods. Conflict of interest shall be interpreted but in no way limited to the following: any past, present or prospective economic, financial and private direct and/or indirect (through relatives or partners) interest, as well as ownership or other links between proposed grant project staff and senior management of the CIF grant submitted/holder universities and the staff of PIU as well as members of CIF SC and PRP.

It is expected that above staff and members will at all times adhere to the highest ethical standards in all matters.

Where any above proposed grant project staff and senior management of the CIF grant holder universities directly and/or indirectly (through relatives or partners) has an economic, financial and/or private interest in, any other association or other organization (including any vendor of goods or services) with which CIF grant holder university has entered into, or is considering entering into, any contract or other transaction, such staff member shall disclose in writing to the CEP all material facts as to the relationship or interest. Individuals with conflicts of interest must reclude themselves from participating in any part of the decisions related to the transaction giving rise to the conflict.

Each case of fraud, waste or misuse of project resources or property identified by the proposed grant project staff of the CIF grant holder universities shall be reported in writing to the rector of the university. Should the rector fail to undertake any action for suspending such fraud, waste or misuse, the issue shall be submitted to the PIU in writing by the same staff with sending a copy of such notification to the person having committed an act of fraud, waste or misuse.

CEP respective staff, CIF SC and PRP members who have access to the CIF grant proposal packages sign Non-Disclosure Statement that extends for 1 year after the awarding the grants to universities. The sample of the Non-Disclosure Statement will be provided by CEP.

The CEP will undertake reasonable efforts to ensure that all participating organizations and team members retain all rights to ideas and intellectual property, as applicable. The CEP does not share submissions with any parties outside of the CIF SC and PRP either

before or following the competition. However, it is participating universities' responsibility to ensure that their proposals provide information without including confidential intellectual property.