

**TERMS OF REFERENCE OF THE INDIVIDUAL CONSULTANT FOR
THE ESTABLISHMENT AND INITIAL FUNCTIONING OF PUBLIC
FINANCIAL MANAGEMENT GOVERNANCE GROUP (PFM-GG)
AND PFM-GG SECRETARIAT**

1. BACKGROUND

The Article 14, Section (1) to section (11) of the Constitution of the Kingdom of Bhutan, Public Finance Act (PFA) 2007 and PFA (Amendment) 2012, and Financial Rules and Regulations (FRR) 2001 provides the legal framework for Public Financial Management. Prudent Financial Management plays a critical role in contributing towards socio-economic growth and poverty reduction besides improving public service delivery. As such, concerted efforts are made to make public finances affordable, efficient, fair, accountable and transparent.

The Royal Government of Bhutan placed a high priority on strengthening of PFM and accordingly, the Ministry of Finance embarked on major reform for improving the Public Financial management beginning with Public Financial Management Assessment in 2009-2010 using a Performance Measurement Framework developed by Public Expenditure and Financial Accountability (PEFA) development partners. PEFA is basically a framework for strengthening public expenditure system of a country. It pays high priority to transparency and accountability in utilizing and managing public funds. The core objective of PEFA is to enhance expenditure management of the public funds and reduce associated fiduciary risk. The PEFA initiative has developed a robust tool for measuring PFM performances and providing sound assessment of the quality of PFM for countries of all income levels.

In order to spearhead further reforms in the areas of Public Financial Management, PFM Governance Group (PFM-GG) was constituted under the chairmanship of Hon'ble Secretary, Ministry of Finance. Effective implementation of action plan contributes to improve PFM performances that eventually help to achieve better service delivery and efficiency in public expenditure management.

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PFM-GG has been established as an apex body with the objective of leading the PFM reform agenda in the country by providing strategic direction, monitoring the PFM Reform action plan, harmonization with donors and providing advice on sources of financing the reforms. The PFM-GG will be using PEFA indicators as a primary basis for achieving the desired results. PFM-GG will monitor the implementation of the PFM Strategy of RGoB.

The role of the PFM-GG would include providing strategic advice and recommendations on:

- i. Development of the Overall Framework of the PFM Reform Program,
- ii. Development of a capacity building program,
- iii. Development of measurable milestones to monitor progress,
- iv. Assessing and reporting progress over time,
- v. Organizing seminars and workshops on various themes that relate to PFM reform,
- vi. Liaison with Development Partners, etc.

The Royal Government of Bhutan has received a grant from World Bank towards Strengthening Public Financial Management (PFM) Project, and it intends to apply part of this grant for the Consultancy support on Establishing and initial functioning of PFM-GG and PFM-GG Secretariat.

2. OBJECTIVES

The main objectives of the proposed consultancy service are as follows:

- i. Strengthening Royal Government of Bhutan's PFM system.
- ii. Capacity development for overall PFM improvement.
- iii. Enhance PFM-GG Secretariat capacity to organize trainings, workshops, seminars, conferences and meetings etc.

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- iv. Enhance technical capacities of key stakeholders in managing PFM reform initiatives.
- v. Institutionalize PEFA process and its framework within the Government structures.
- vi. Support PFM-GG Secretariat in managing PEFA assessment and others financial accountability related assessments.
- vii. Development of Sectorial as well as Local Government specific PFM strategies.

3. SCOPE OF THE WORK

The scope of the proposed consultancy is expected to consolidate ongoing PFM/PEFA initiatives within the government system and contribute further expanding PFM related reform initiatives with a view to upgrade overall PFM systems.

The PFM consultant shall be responsible to perform the following tasks:

- i. Help PFM-GG and PFM-GG Secretariat develop a comprehensive and well sequenced PFM Reform Program and Action Plan;
- ii. Help PFM-GG and PFM-GG Secretariat in conducting at least one meeting;
- iii. Training and Knowledge transfer on PFM to PFM-GG and PFM-GG Secretariat members;
- iv. Any other PFM related technical queries raised by PFM-GG and PFM-GG Secretariat members, etc.

4. DURATION OF CONTRACT

The service period of the consultant shall be for thirty (30) working days.

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5. REPORTING

The Consultant will work with the Chief Accounts Officer, Accounts Division, Department of Public Accounts under the direct supervision of the Director General, Department of Public Accounts, Ministry of Finance.

6. QUALIFICATION AND EXPERIENCE

The consultant should be an International PFM expert with experience of more than twenty (20) years preferably in Multilateral Agencies and should have fluency in English both written and oral. He/she must also demonstrate ability to make presentations to diverse audiences.

7. CONFIDENTIALITY STATEMENT

All the data and information received from Ministry of Finance for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to Ministry of Finance. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the expressed advance written authorization of the Ministry of Finance.