

Request for Applications
Armenia Protection, Inclusion, and Empowerment Activity
RFA Title: Support to the RA Ministry of Labour and Social Affairs for the
comprehensive and effective implementation of the pilot program on the result-
based public financing of active labour market policies

RFA No.: PIE-RFA-102

Date of RFA Issue	2023
Deadline for Applications	12 th of July 2023 @ 18:00pm (Yerevan Local Time)
Subcontract Purpose	To support the Ministry of Labor and Social Affairs (MLSA) and the Government of Armenia in researching and preparing a design for MLSA to set up a pilot program on the result-based public financing of Active Labor Market Policy, to support MLSA in the program’s successful implementation, and to assess the effectiveness of the proposed mechanism, its risks and opportunities, strengths, and weaknesses.
Anticipated Subcontract Type	Firm Fixed Price (FFP)
Attachments	1. Subcontract Application Form 2. Budget Template (Summary, Details, and Notes)

I. BACKGROUND

The multi-year Protection, Inclusion, and Empowerment Activity in Armenia is implemented by Democracy International (DI) and funded by the United States Agency for International Development (USAID). The goal of the Activity is to improve the lives of disadvantaged and marginalized populations through needed legal-regulatory framework changes, improved services, and intensified cooperation between the government and non-governmental actors to address the needs of vulnerable and marginalized groups.

Human capital development is a critical component of economic growth and development in Armenia. With a decreasing and ageing population, productivity is becoming not only a critical component of the Armenian economy, but also a major driver of growth. A vibrant labor market, with an improving level of productivity, will increase the competitiveness of Armenian economy on a global scale, boosting exports and foreign investments, improve living standards increasing consumer spending, enable innovation and technological progress creating new opportunities, and as a result ensure the efficient use of resources. Human capital development is key to increasing productivity as it involves active investing in development of professional knowledge and skills that may enable adoption of new technologies and adaptation to market trends, but

also encourage innovative solutions to existing challenges.

In that regard, human capital development is the touchstone of the government's draft Employment Strategy and existing Active Labor Market Policies that aim to address structural unemployment, labor market gaps, and employment and labor resource issues. Armenia still faces significant challenges in creating employment opportunities and ensuring the skills and knowledge of its workforce are up-to-date and relevant to the needs of the economy. That is why investing in human capital can help unlock the full potential of the workforce, leading to increased competitiveness, economic growth, and improved standards of living.

ALMPs play a key role in creating an effective link between supply and demand in the labor market. ALMPs involve government interventions aimed at improving the functioning of the labor market by increasing employment opportunities and/or the employability of workers. The primary objective of ALMPs is to reduce unemployment and improve the skills of workers by implementing effective result-oriented mechanisms of professional non-formal short-term education, providing wage subsidies, organizing job search assistance, promoting entrepreneurship and creating public work opportunities.

During the last years, the Armenian government has implemented a range of Active Labor Market Policies to address the challenges of unemployment and promote inclusive economic growth. However, according to the World Bank, ALMPs in Armenia still face serious challenges, among which are:

- Low public spending and limited coverage,
- Misalignment between funding and type of programs and jobseeker groups,
- Majority funding going to rural self-employment compared to majority of those who would benefit from MP, that is, the urban unemployed
- Inadequate monitoring of ALMPs for results measurement.

The issue of results monitoring is fundamental and is especially addressed in the developing Employment Strategy for the Ministry of Labor and Social Affairs of the Republic of Armenia. The strategy is a comprehensive document responding to the most significant labor market challenges, above all, the reduction of structural unemployment. The strategy is based on a deep policy effectiveness study, labor force profiling, analysis of labor market trends, policy mapping and the study of international best practices in employment strategies/policies. In that framework, the strategy pays special attention to the formation of results-based public financing mechanisms to ensure the effective implementation and delivery of ALMPs. Such a performance-based funding model links the funding of public programs to the achievement of predetermined specific results and outcomes. For ALMPs, getting a job by the beneficiaries as a result of participation in the program may be considered as the major outcome, though there may be a number of lesser ones, including moving target beneficiaries from "formal labor force deficient" to "formal labor force

ready”. Adoption of these mechanisms seeks to promote accountability, transparency, and efficiency in the implementation of ALMPs.

In developing an effective approach to ALMP implementation, it is important to conduct a pilot project that will allow working out in practice the proposed results-based financing mechanisms with the active involvement of various stakeholders, vendors, and end beneficiaries. The practical implementation of the mechanisms under the pilot program will significantly increase the effectiveness of the implementation of the new approach by assessing the real risks and gaps, as well as making appropriate additions and changes.

II. SUBCONTRACT RESULTS AND ACTIVITIES

The specific objective of the assignment is to support the Ministry of Labor and Social Affairs and the Government of Armenia in researching and preparing a design for MLSA to test ALMP, and the Ministry in the implementation of a pilot program on the result-based public financing of Active Labor Market Policies. The technical assistance will also monitor at regular intervals and evaluate upon pilot completion the effectiveness of the proposed mechanism, its risks and opportunities, strengths, and weaknesses.

The overall objective of the pilot project will be to ensure efficient and coordinated implementation of Active Labor Market Policies with result-based public financing mechanisms, which will enable the development of practices and mechanisms taking into account field-tested realities, as well as to introduce them in further policy making, including within the framework of 2023-2030 Employment Strategy of Armenia.

The result of the project implementation will be a comprehensive assessment of the approach and mechanisms of ALMPs result-based public financing for its more effective further implementation in the framework of the Government’s Employment Strategy.

The pilot program will cover the following target groups, which appear to be the most vulnerable in terms of employment issues, and which are targeted by the government’s draft Employment Strategy, that is:

- Beneficiaries of family and social benefits who have no limitations to work;
- Not in Education, Employment or Training (hereinafter: NEET) (aged 18-29);
- Unemployed middle-aged women (aged 30-40).

These target groups are fully consistent with the target groups included in the current draft Employment Strategy and the strategic priorities of the new state policy in the field of employment. It should be noted that based on the MLSA analysis, these target groups represent the most vulnerable in terms of employment, covering a significant share of the underutilization of the country's labor force, and require significant attention of state policy.

The distribution of this target groups proportions is following:

- Beneficiaries of family and social benefits who have no limitations to work (42.4 th. beneficiaries);
- NEET (aged 18-29) (88.6 th. beneficiaries);
- Unemployed middle-aged women (aged 30-40) (59.6 th. beneficiaries).

The pilot program will cover all the marzes of the Republic of Armenia.

Methodology

The assignment should answer the following main questions:

- Who are, or would be the principal actors in terms of for-profit and non-profit organizations located in Armenia that deal with employment projects/activities?
- What is their main geographical coverage?
- What are the labor market-related domains in which they are currently active?
- What are their main capacities and capacity needs to ensure more effective implementation of employment related projects?
- How could they be engaged in ALMP with maximum effectiveness?
- What is the MLSA funding mechanism for the pilot, and is it fit for purpose?

The pilot program will be implemented in several stages;

Stage 1. Concept development

Develop the detailed concept, methodology and mechanism of ALMPs' result-based public financing to be implemented as part of the pilot program. This concept must be formed taking into account the draft Employment Strategy 2023-2030.

Stage 2. Vendors' mapping

Conduct market analyses and mapping of all companies and CSOs in Armenia that may participate in ALMPs as a vendor, namely companies and CSOs providing services in the field of career development, job search, consulting, coaching, mentorship, short-term non-formal vocational education, etc.

Stage 3. Focus Group/KII interviews

Conduct focus group/KII interviews with the companies and CSOs identified during the mapping, with the aim of developing an on-the-ground analysis of the market for services required for ALMPs' implementation, assessing risks, problems, limitations, and opportunities for applying the developed concept and mechanism of ALMPs' result-based public financing, improving the proposed concept and assessing the appropriateness of the MLSA financing mechanism for the pilot. Moreover, the formation of a communication channel with vendors in order to increase their awareness of the state vision and policy in the field of employment, as well as the involvement of vendors in the pilot program.

Stage 4. Pilot program design

With the technical support of Democracy International the potential service provider should design the pilot program, based on the above-mentioned objectives and in close collaboration with MLSA to meet the needs of vulnerable population and empower them to reenter or enter active labor market in Armenia.

Stage 5. ToR development

Develop Terms of Reference for MLSA holding a tender for implementation of the pilot program of result-based financed ALMPs, taking all of the above into account.

Stage 6. Implementation assistance

Provide ongoing advice to the Ministry of Labor and Social Affairs on its monitoring of the implementation of the pilot and will work with MLSA officials to produce assessment reports as a result of MLSA monitoring by the end of months 2 and 4 of the pilot.

One of the elements of the project implementation which DI assistance will support will be the development of an M&E system with a matrix of indicators including baseline data, which refer to the identified strengths, weaknesses, risks, and opportunities of the piloted mechanism. This system of indicators will become an integral element of the Employment Strategy implementation, as well as ongoing and overall assessment.

Stage 7. Monitoring of implementation

Monitor the implementation of the 6-months pilot program of result-based financed ALMPs every 2 months and prepare 2 on-going implementation reports on the interim results of pilot program, its compliance with the goals, targets, developed concept and mechanisms, and its effectiveness against indicators underpinned by baseline data, as mentioned above. The reports may also contain recommendations on actions and changes to be done for more effective implementation of the pilot program. The result of the project implementation will be an assessment of the approach and mechanisms of ALMPs result-based public financing, its risks and opportunities, strengths, and weaknesses with a view to more effective further implementation in the framework of the Government's Employment Strategy.

Stage 8 Implementation report development

Develop final Report on the implementation of the pilot program, concept, and mechanism of ALMPs' result-based public financing, which should particularly include the analysis of the pilot program implementation and results, the analysis of the result-based public financing mechanism, the recommendations on the further development of the mechanism and its wider implementation in the framework of the state employment policies.

III. DELIVERABLE SCHEDULE

No.	Deliverable	Date	Amount (% of total)
1	Concept Note, Methodology, and Mechanism of ALMPs' result-based public financing	2 weeks after the start of the project	15%
2	Report on the analysis and mapping of all companies in Armenia that may participate in ALMPs as a vendor	1 month after the start of the project	20%
3	Report on focus group/KII interviews with the companies identified during the mapping	2 months after the start of the project	15%
4	Report on Pilot program design	2.5 months after the start of the project	10%
5	Terms of Reference for holding a tender for participation in the pilot program of result based financed ALMPs and outsourcing	2.5 months after the start of the project	20%
6	2 on-going reports on the implementation of the pilot program	#1 report - 2 months after the start of pilot program #2 report - 4 months after the start of pilot program	10%
7	Final report on the implementation of the pilot program	2 weeks after the end of pilot program	10%

IV. MANDATORY REQUIREMENTS

Upon selection, the subcontractor will be required to obtain a valid Unique Entity Identifier (UEI) number before the subcontract will be issued. The UEI number is a unique identifying number required for every organization applying to receive funding from the U.S.

Government. If your organization previously received a grant, subcontract, or contract from any U.S. Government source (not just USAID), it should already have a UEI number and if so, you do not need to request a new one. You can find your UEI through this webpage:

https://www.fsd.gov/gsafsd_sp?id=gsafsd_kb_articles&sys_id=a05adbae1b59f8982fe5ed7ae54bcbba

If your organization is a new Subcontractor, you can request a UEI number through this webpage: <https://sam.gov/workspace/em/entities/register>. You should receive your number in 3-5 days. If your organization does not have a UEI it is highly recommended to start this process now. DI will only be able to issue the subcontract to successful applicants after your organization has a UEI number.

The subcontractor will also be required to obtain Defense Base Act (DBA) insurance. This can be calculated as 0.75% of all salaries and wages costs for employees and consultants. Please include the costs of DBA in the proposed budget.

V. SUBCONTRACT APPLICATIONS

The proposal and all correspondence and documents relating thereto shall be prepared and submitted in the English language.

Applications must include ALL sections as outlined within the Application templates:

1. Subcontract Application Form
2. Budget Template (Summary, Details, and Notes)
3. Copy of Registration

VI. ELIGIBILITY FOR APPLICATIONS

Only organizations who are registered to operate in Armenia are eligible for this subcontract. Applicants must attach a copy of their current business registration to the application.

The following entities are **not** eligible for funding:

- Political parties and their subsidiaries or affiliates
- Organizations that appear on the System for Award Management (SAM) List and Non-Procurement Programs, U.S. Government's "Excluded Parties List System" (EPLS), found at: www.sam.gov or the UN Consolidated Sanctions List

- Organizations that promote or engage in illegal activities or anti-democratic activities
- Faith-based organizations* whose objectives are for discriminatory and/or religious purposes, and whose main objective of the Subcontract is of a religious nature
- Entities operated by Democracy International employees
- An organization that prohibits the participation of minority groups including ethnic, sexual, and religious minorities or expresses what is referred to as hate speech

**Faith-based organizations may apply but may not use subcontract funding for religious worship, education, or proselytizing nor equipment for this purpose.*

VII. EVALUATION CRITERIA

Criteria	Evaluation Criteria Elements Explained	Maximum Score
I. STRATEGIC FIT	<ul style="list-style-type: none"> i. Clear and direct relationship between the issues identified and what the initiative aims to achieve. ii. Mandatory requirements outlined in RFA addressed adequately. iii. Target beneficiaries clearly identified. 	20 Points
II. QUALITY OF TECHNICAL APPROACH	<ul style="list-style-type: none"> i. Proposed activities respond adequately to the RFA. ii. Data collection approach is well defined and realistic, uses multiple sources iii. Resource materials will be useful for the target beneficiaries 	30 Points
III. ORGANIZATIONAL CAPACITY & EXPERIENCE	<ul style="list-style-type: none"> i. Demonstrable ability to implement Subcontract activities in target location. ii. Proven experience in designing policy level documents or sector strategies for the Government. Elaboration of social sector related policy documents will be a plus, iii. Demonstrated knowledge and practical experience on similar engagements (as Company/Organization or its full-time expert-employees), and experience in working with international organizations, development agencies and Armenia’s governmental institutions, iv. At least 5 years of proven experience (international experience will be an asset) related to country-wide development/reforms, innovative finance, development finance, v. Propose key staff or consultant(s) with competence for the assignment. vi. Clear responsibilities for managing the project. 	30 Points

	vii. Past performance evidence of managing similar projects.	
IV. BUDGET	i. Proposed budget items and costs are reasonable, allowable, and allocable. ii. Cost effectiveness and cost realism of the application.	20 Points
TOTAL		100 Points

VIII. SUBMISSION OF APPLICATIONS

Applicants must submit all components as listed in section V. Subcontract Applications above. Applications should consist of a completed Subcontract application (using the template provided), plus a budget with budget notes, and a copy of the applicant’s registration. Completed applications must be submitted in English to the Grants and Subcontracts Team email at PIE-Grants@democracyinternational.com no later than 18th of June, 2023 @ 18:00 (Yerevan Local Time). The successful applicant may be engaged in a brief co-creation session to strengthen the alignment of the proposed technical approach with Activity needs, and to revise the budget.

Paper/hardcopy submissions will not be accepted. DI reserves the right to exclude any applications received after this deadline, those that do not meet the eligibility criteria, or those that are not relevant to the RFA requested.

IX. PERIOD OF PERFORMANCE

The period of performance will be 10 months

X. SUBCONTRACT ANNOUNCEMENT DISCLAIMER

This announcement does not constitute any commitment on the part of USAID, nor Democracy International, nor the Protection, Inclusion, and Empowerment Activity. Nor does it commit DI to pay for costs incurred by the applicant in the submission of this or any application. DI reserves the right to reject any or all applications received. DI reserves the right to incrementally fund activities over the duration of the program, if necessary, depending on program length, performance against approved program indicators, and availability of funds.

Any questions concerning this announcement should be directed to the USAID Protection, Empowerment, and Inclusion Activity Grants and Subcontracts Team via email at PIE-Grants@democracyinternational.com.

Democracy International, Inc., Protection, Inclusion, and Empowerment Activity, nor USAID demand or charge any fees/charges from potential applicants for considering their application at any time prior to



contracting or during the evaluation process, nor have we authorized any individual, agency, or firm to do so on our behalf.