# Request for Proposal

**Theme: Constructing an up-to-date Social Accounting Matrix (SAM) for Armenia**

Through this Request for Proposal (RFP), the Manoogian Simone Research Fund seeks an established researcher based in an Armenian university and/or team of researchers (with the project leader based in an Armenian university) with experience and ability to construct an up-to-date Social Accounting Matrix (SAM) for Armenia. A strong economic research background reflected by a record of publications and/or practical past experience with general equilibrium modeling, SAM building and complemented by experience in general public policy advisory is highly desirable.

## BACKGROUND

Inclusive growth is a basic policy guideline in the Republic of Armenia that requires high visibility of both social and economic effects of external and internal shocks on the socio-economic system. On numerous occasions applied researchers, policy makers and consultants have raised their concerns regarding the absence of systematic data required for policy analysis and simulations.

To assist Government of Armenia’s evidence-based policymaking and ensure efficient and effective decision making, both the Government and the scientific community need to describe the entirety of the economic process starting from the generation of income, to its distribution and redistribution, and finally to its accumulation in the form of assets.

To this end the Government of Armenia has clearly indicated the importance of having a reliable Social Accounting Matrix (SAM). SAM links together the macro-statistics of National Accounts with the micro-statistics of the labor market and of households to show the inter-relationships between economic and social development. To achieve this, statistics from household surveys have to be integrated into the National Accounts framework. SAM serves as the main data source for a family of multi-purpose large scale economic models (e.g. Computable General Equilibrium models) that enable policy evaluations in the fields of taxation, international trade, investments and others.

## OBJECTIVE

The objective is to construct Social Accounting Matrix for Armenia (SAM) that would provide a more detailed and comprehensive picture of the economy to enhance decision-making process in development and Regulatory Impact Assessment (RIA) of socio-economic policies. The process of SAM building envisages close cooperation between and technical support of National Statistical Service (NSS) and the Ministry of Economic Development and Investment.

It is expected that SAM and further developments of appropriate tools (Computable General Equilibrium) could significantly boost evaluation efficiency of economic and social programs, increase academic and public interest and as consequence general awareness in current and expected economic or social policy issues.

## SCOPE OF WORK

# Objectives:

## Objective #1:

A Social Accounting Matrix with disaggregation at NACE Rev. 2 section levels for all sections except A, B and C levels:

* disaggregation of the A section should be done at the group or equivalent level. This implies that due to the lack of data some groups may be aggregated disproportionately.
  + Most advisable disaggregation is suggested as follows: Growing of crops and plants (Group 01.1, 01.2 and 01.3) Animal production (Group 01.4), Forestry (Division 02) and Fishing and aquaculture (Division 03).
* disaggregation of the B section should be done at division or equivalent level:
  + Most advisable disaggregation is suggested as follows: Mining of metal ores (Division 07) and other mining activities (sum of divisions 05, 06, 08, 09).
* disaggregation of the C section should be done as close to the class sections as possible. The exact methodology and logic behind disaggregation should be an intermediate deliverable of the project.

## Objective #2:

The SAM should include more than one household. The disaggregation logic and methodology should be proposed by the advisor.

## Objective #3

The SAM should contain a foreign trade (NACE Rev.2 and HS2008) tie-in module. The data for the module will be supplied by the MEDI.

### Tasks and deliverables

### Task 1. Needs assessment

The researcher/team should take necessary measures to ensure the usefulness of final product by maximizing the options for its further implementation. For that reason, prior discussions and consultancies with government agencies and representatives of academic community could be required, in order to evaluate:

1. The scope and responsibility sphere of government agencies that could directly benefited from the development of final product (*Social Security institutions, Tax Service institutions, Policy development institutions*).
2. Capacity assessment of possible beneficiaries for further implementation: the aim is to fit the final structure of the intended product to the needs of beneficiaries.

Ideally, the results of discussions and suggestions at this phase should be finalized in an inception report for further consideration.

### Task 2. Assessment of data sources

The research team should review in detail all available information published by the National Statistical Office and other governmental organizations (may include any public agency) that can be used for the construction of the SAM. After careful examination of the mentioned information and possible consultancies with representatives of NSS, the research team should proceed to the development of the main framework of intended Social Accounting Matrix in the form of report.

The report should provide detailed information related to data structure, methods of construction, main assumptions and other relevant information. The report should also contain information on missing data (if any) and suggestions for overcoming shortcomings via new surveys or other relevant measures. Any additional activity such that survey or other measures should be reasonably justified.

### Task 3. Pre-Construction

After finalizing the main findings in previous task and relevant discussions with the beneficiaries, the researcher/team should design the structure of SAM, providing a road map for construction. A designed SAM, at this stage, should include essential information related to its components. This may include but is not limited to answering the following questions:

* **Sector disaggregation:** Type of “USE” and “Supply” tables (i.e. would it be “Product to product”, “Industry to industry” or some other mix of listed methods, number of production sectors or industries, etc.)
* **Factor disaggregation:** Factors of production, level of their disaggregation (formal and non-formal, high skill and low skill employment etc.; land; foreign capital and domestic capital)
* **Household disaggregation:** Single or Multiple household representation, to enable analysis of inclusion, poverty other social issues.
* **External sector disaggregation:** Include one or several countries as the external economic environment. Specifically product, service and trading partner disaggregation.

### Task 4. Construction

After completion of the previous task, the research team should proceed to the final construction of the SAM. In the process of construction, the research team should refer to official recommendations or relevant guidance documents published by international organizations. Moreover, other estimations and other relevant measures may be used. Final report should also be provided in digital form.

## LOGISTICS AND TIMING

The research team will be responsible for its own logistics (including getting to/from meetings and site visit locations as required.)

## EXPERTS REQUIRED QUALIFICATIONS AND EXPERIENCE

**Eligibility**

* Strong economic research background reflected by a record of publications and/or Practical past experience with general equilibrium modeling, SAM building and complemented by experience in general public policy advisory.

**Competitive selection**

Funds are awarded on the basis of a competitive selection process that ranks applicants according to their research price/outputs/methodology and relevant professional experience).

* MSRF funding is administered by the American University of Armenia in collaboration with Armenian Government. MSRF Committee ranks all applications in accordance with the experience and ability to construct an up-to-date Social Accounting Matrix (SAM) for Armenia; as well as price.
* Priority is given to research teams with student inclusion.

**Project specific requirements:**

* Taking into account the scope of work and gaps in data, as well as the fact that in many cases those gaps will inevitably be adjusted through expert estimations, the researcher/team should have sound experience in advising Armenian government on public policy related issues.
* In order to accomplish applied policy tools for policy makers, the expert team should have prior experience in SAM-based consultancy to the state, or private sector. It will be preferable for the research team to have some prior work experience or appropriate training with input-output, computable general equilibrium, or other kinds of models based on social accounting matrices.