**TERMS OF REFERENCE (TOR)**

**For**

**Selection of a Consulting Firm that Develops TVET Financing Strategy**

**Eastern Africa Skills for Transformation and Regional Integration Project (EASTRIP)**

**(Credit No. 6335-ET; Grant No.: D395-ET; Project ID - P163399)**

**Ministry of Science and Higher Education**

**Federal Democratic Republic of Ethiopia**

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# Acronyms

CF Consulting Firm

CoC(s) Centre(s) of Competence

EASTRIP East Africa Skills for Transformation and Regional Integration Project

FTA Federal TVET Agency

IDA International Development Associations

MoSHE Ministry of Science and Higher Education

NPCU National Project Coordination Unit

PDO Project Development Objective

RFTIs Regional Flagship TVET Institutes

TVET Technical and Vocational Education and Training

WB World Bank

# Introduction

The Ministry of Science and Higher Education (MoSHE), established by proclamation number 1097/2018 in October 2018, is responsible to lead the development of science, higher education as well as the technical and vocational education and training (TVET) in Ethiopia. As one of the implementing entities of the Eastern Africa Skills for Transformation and Regional Integration Project (EASTRIP), the Ministry requires a Technical Assistance (TA) to develop a sustainable TVET finance strategy. These Terms of Reference (TOR) provide some introductory information with regard to the current status of TVET, and more specific to the currently prevailing responsibilities and practices in the TVET sector, as well as the EASTRIP and describe the objectives and scope of the assistance, consulting firm’s services requirements, the schedule of work and the proposed arrangement, reporting requirements, and supports from MoSHE/EASTRIP to the consulting firm for the duration of the consultancy assignment.

# Background about TVET and TVET Financing in Ethiopia

The National TVET Strategy launched in 2008 has laid ground for governance, standards development, implementation, occupational assessment and certification as well as for monitoring and evaluation of implementing the outcome-based TVET system in Ethiopia with a vision to create competent and self-reliant citizens to contribute to the economic and social development of the country, thus improving the livelihoods of all Ethiopians and sustainably reducing poverty. Based on the guiding principles and directions stipulated in the strategic document, several systemic and operational measures have been taken and remarkable achievements are registered specially in increasing access to TVET for those who are in need. Federal and regional regulatory as well as operational and TVET providing institutions are organized with duties and responsibilities identified following principles of decentralization and the federal government administrative structure.

The three P’s for TVET Financing’ primarily Poverty (assuring attention to the poor), Performance (creating the right incentives for results and quality), Partnership (creative involvement of the private sector in governance, financing and delivery). is a powerful tool to shape the social and economic impact of the TVET system: the way a country chooses to finance its TVET system has a significant impact on its quality, efficiency and relevance. This will influence the potential of TVET to foster fair social and economic development and – ultimately – to reduce poverty.

Based on the core principles for financing laid out in the National TVET Strategy, a Financing Framework for TVET is needed for the diversification of funding sources, increased involvement of the private sector, and increased efficiency and effectiveness to share the burden of the government and readjust the roles that the public sector, the private sector and households play in TVET financing.

Based on the TVET strategy there were different effort by the government and other development actors to develop a strategy to finance the Ethiopian TVET sector. But so far there is no legally approved and comprehensive framework in place which can be implemented at different levels.

Despite the tremendous effort exerted by the Government and all relevant stakeholders, the TVET sector still lacks a strong policy and framework to support and bring about to reality the TVET Education and Training policy the MoSHE envisions. The burden of supporting the TVET is predominately on the Government; straining its efficiencies and effectiveness. Lack of coordination, support and partnership with the private sector has hindered the sustainability of efforts being exerted in the TVET sector. Alignment between the formal and informal educational training platforms remain at its earliest stage; hindering a more sustainable and concrete framework for the growth of the TVET sector.

The integral reform process the MoSHE is undergoing in the TVET sector comprises among others ensuring a systematic financing system to be put in place to ensure the TVET Schooling system has a sustainable environment to accommodate the needs and demands of the sector.

# Background about EASTRIP

**General Project Background**

The World Bank Group in consultation with national governments of Ethiopia, Kenya, and Tanzania has developed the Eastern Africa Skills for Transformation and Regional Integration Project (EASTRIP) within the Eastern African countries of Ethiopia, Kenya and Tanzania.

The project was approved by the World Bank on 30th October 2018 and is expected to be in existence until 31st December 2024.

The objective of EASTRIP is to increase the access and improve the quality of Technical Vocational Education Training (TVET) programs in selected Regional Flagship TVET Institutes (RFTIs) and to support regional integration in Eastern Africa. 16 Regional Flagship TVET Institutes were selected from the three participating countries on a competitive basis. The project supports the development of highly specialized TVET programs as well as industry-recognized short-term certificate level training. It will train technicians and provide training of teachers /trainers at the certificate, diploma and degree levels, targeting regional priority sectors in transport, energy, manufacturing, and ICT. The program development objectives (PDO) will be achieved through complementary interventions at three different levels, including institutes, national, and regional levels.

EASTRIP aims to benefit students enrolled in selected Regional Flagship TVET Institutes and their partner institutions (non-project TVET institutes) in the country and across the region; employers and targeted industries who will have access to a skilled workforce matched with their needs and standards; faculty and staff from the selected Regional Flagship TVET Institutes whose academic, technical, management, and pedagogical skills needed to be upgraded and who will function in an improved teaching environment with upgraded facilities and public and private TVET institutes within the Eastern Africa region that will have access to a network of specialized trainers, a framework of core curricular competencies, quality assurance standards, and state-of-the-art facilities for up-to-date training of the workforce in priority sectors in the region. The project development objectives (PDO) will be achieved through complementary interventions at three different levels:

1. The first component deals with **strengthening selected Regional Flagship TVET Institutions for high-quality skills development in priority sectors.** The objectives of this component are to strengthen the capacity of the 16 Regional Flagship TVET Institutions (RFTIs) to produce high-quality skills for the regional sector markets in railway, highway, port management, energy, manufacturing, and ICT. RFTIs will be responsible for institution-level project implementation through their respective Project Implementation Units (PIUs).
2. The second component is **creating national TVET enabling environment**. Under this component, the project will finance the development of policy and guidelines to facilitate student, graduate, and faculty mobility and industrial partnership and strengthen the capacity of national agencies that are responsible for the approval of occupational standards, assessment tools, model curricula, Teaching Training and Learning Materials (TTLMs) and accreditation of TVET programs. National Project Coordination Units (NPCUs) will take care of these activities under the auspice of the responsible National Ministries.
3. The third component deals with **enhancing regional collaboration in TVET and project coordination**. The regional component will produce a set of harmonized standards towards mutual recognition of qualifications for priority occupations in participating countries in close partnership with the industry. The component will also support the dissemination of project lessons learned, networking, coordination, technical assistance, and monitoring and evaluation of the 16-regional flagship TVET institutions and the three national TVET systems. The Inter-University Council for East Africa (IUCEA) is selected to act as Regional Facilitation Unit (RFU) for the righteous implementation of activities under this component.

**Implementation of Component II of EASTRIP-Ethiopia**

Established in MoSHE, the National Project Coordination Unit (NPCU) will be dealing with the Component II of the EASTRIP-Ethiopia: implementing key project functions of creating enabling environment for the RFTIs in their effort to implement the project.

The NPCU will work closely with other TVET agencies, to execute the national work plan of the project and further provide national-level coordination, monitoring and evaluation (M&E), dissemination of good practices from the TVET Institutions as well as provision of knowledge sharing and coordination avenues.

Thus, in connection with the above-mentioned functions assigned to component II and as elaborated through the National Work Plan, the following four subcomponents will fall under the responsibility of NPCU for Ethiopia:

1. Strengthening of quality assurance in the TVET sector,
2. Capacity building for TVET policy development and implementation,
3. Promoting regional integration,
4. Facilitating national project coordination (monitoring and evaluation) and

# Rationale for a Sustainable TVET Financing Strategy

Despite the significant progress in expanding TVET enrolment and provision, the current system can only supply formal TVET to 3% of the relevant age cohort of graduates. Ethiopia’s National TVET Strategy seeks to address these gaps in TVET provision through a number of different measures. The purpose of the TVET system reform is to develop a coherent and comprehensive TVET system that allows Ethiopia to train the middle level workforce it needs to boost the country’s economic growth and competitiveness in global markets.

Primarily the strategy needs to reach the large mass- population; addressing the low income society where majority if the population is found. Currently the non-formal sector covers majority of the workforce and plays an integral role in capacitating the students into TVET system. The proposed financial strategy will serve as an instrument to connect and include these informal actors into the formal system.

The Ethiopian government seeks to recover a substantial share of recurrent costs of public institutions through more systematic income-generating activities. Furthermore, unit cost in public TVET institutions is rather high, because institutions are under-utilized and often run under capacity. On the other hand, some particularly urban – TVET institutions are overcrowded, which compromises the quality of training provided. The TVET sector by its nature is capital intensive and costly in comparison with general education and higher education; the lack of concrete and comprehensive strategic documents not in place has exuberated these challenges.

The new TVET financing framework therefore calls for increased capacity utilization through non-formal training activities, and increased efforts by the management of public training institutions to develop tailor-made TVET offers for industry and businesses and to deepen the relationship with the private sector and other relevant stakeholders. Further collaboration will foster additional focus and investment into the TVET sector.

A focused and sustainable approach and support from the government to the TVET sector will ensure a better understanding of the value and integral part of the TVET sector in the development of the Country. Effective and efficient utilization of available resources; ensuring access and equity will serve the community, the education sector and the country as a whole.

# The Consultancy Service

This consultancy service, as per these TOR, will be centered upon development of a sustainable TVET financing strategy and its implementation framework. Having this in mind, objective and scope of the consultancy service are summarized as follows:

## General Objectives

The main objective of this contractual assignment from MoSHE/NPCU is to hire a highly qualified consulting firm is to develop sustainable TVET financing strategy, including legal, institutional, organizational frameworks and operational guidelines.

## Specific Objectives

Specifically, the consultancy service is required to fulfill the following objectives:

* to make a review of Ethiopian TVET system documents including the TVET strategy of 2008, the TVET Financing Framework, plans and policies in place
* to undertake initial study to identify past and current financing strategies in place; taking into consideration successful implementation practices of other countries
* identify the different financing strategies that can be approached by the Ethiopian TVET sector
* to devise and advise the best mixture of financing instruments to be implemented in the Ethiopian TVET sector
* develop strategy and implementing frameworks that help and improve resources base for funding non formal and formal TVET
* to orient the relevant Government agencies and EASTRIP seven RFTIs to develop capacity to understand and manage the TVET Financing Strategy and the implementation guideline being proposed thereon

## Scope and Approach of the Consultancy Service

The service requires starting with the review of the system and more specifically the methodology being applied. Working closely with NPCU, in discharging its responsibilities, the CF will be tasked, but not be limited to:

* development of a strategy including legal and institutional management for performance based grant
* development of strategy including legal and institutional frameworks and operational guideline’s for implementing skill levy or similar funding mechanisms to support private sector led formal and non-formal TVET provisions
* development of strategy including legal and institutional frameworks and operational guideline’s for optimizing the student cost sharing scheme
* development of strategy including legal and institutional frameworks and operational guideline’s for implementing internal revenue schemes to improve the TVET income generating activities
* development of strategy for public mobilizations for the effective participations of communities in TVET resource mobilizations
* development of strategy for public private partnership (PPP) for developing the TVET sector
* development of strategy for the implementations of the financing mechanisms applicable for the private TVET institutions.
* provide technical support to capacitate government agencies and relevant stakeholders managing the implementation of the TVET financing strategy

The CF will need to take into consideration both the Private and Public TVET colleges when conducting this assignment

## Deliverables and Reporting Requirements

The selected firm is required to provide the following deliverables and report in a timely manner during the course of the implementation of the assignment. All deliverables, including reports, will be discussed with the Technical Team representing the MoSHE and approved by MoSHE/NPCU. The list of deliverables and reporting requirements includes the following:

1. **Inception Report:** Presented three weeks after mobilization and covering the consultants' Work Plan for the Project. The report shall include preliminary review of existing documents and practices with regard to TVET financing in Ethiopia. The Report will be prepared with an Executive Summary in 20 copies in English
2. **Progress Reports:** the inception will be followed by a weekly reports as a means of follow up for MoSHE/NPCU;
3. **Mid report** : Proposing the various financing strategy and alternative funding mechanism that should be implemented by the Ethiopia TVET sector; for discussion and validation with MoSHE/NPCU
4. **Draft Reports:** Delivered one month prior to completion for comments from the stakeholders. Accompanying the draft reports, including legal, institutional and organisational frameworks; as well as operational guidelines for identified financing mechanism will be submitted. Both the draft document and the report will be prepared in 50 copies with softcopy in English;
5. **Final Reports:** Strategic document incorporating the legal, institutional and organisational frameworks; as well as corresponding operational manuals. Delivered upon completion of the assignment by incorporating stakeholders’ comments on the draft. The documents will be prepared with an Executive Summary in 50 copies with softcopy in English.

Legal documents will need to be prepared in both English and Amharic version

1. **Final Seminar**: The consulting firm is expected to support the NPCU in presenting the final document to policymakers from MoSHE and relevant agencies. Cost and event management of the said seminar to be covered by the NPCU.
2. **Final Orientation**: Training/ knowledge transfer for key stakeholders agencies and the EASTRIP seven RFTIs on the proposed financing mechanism and its corresponding implementing mechanisms. Further the CF will produce a training material to serve the MoSHE for the continuity works it will be engaged in .
3. **Exit Report:** Presented upon closure of the whole assignment and finalization of the consulting service. The report will include briefing final plans for follow-up and (optionally) setting the stage for future consulting

## Expected Outcome of the Consultancy Service

After the successful delivery and achievement of expected results from the consultancy service; the following are envisaged as an outcome:

* + Creation of good governance and trust among clients and stakeholders on the TVET system,
  + Creation of conducive environment to establish partnership and strong network at national, regional and woreda levels; thus increasing and encouraging participation, engagement and ownership
  + Improved resource mobilization (human, financial and material) through strong placement of financing strategy
  + Smoothened process of bringing about industry engagement in and ownership of the TVET system.
  + Improved contribution of the TVET system and graduates to social and economic development of the nation.
  + TVET sector will be more inclusive towards the poor and marginalized community, ensuring access and equity
  + Current over burden of the Government is shared amongst all relevant stakeholders
  + Timely availability of financial resources
  + The vastly implemented non formal trainings will be better served and create a conducive environment to bring it into the formal sector
  + Industry ownerships will be created with the initiated collaboration, partnerships and alliances

# Implementation Timeframe and Phases

## 4.1 Time frame

The assignment will be undertaken and completed within the maximum of seven (7) months (calendar months). The inception report should be presented three (3) weeks after signing of the contract. The draft document is expected to be delivered by the end of the 3rd month. The final reports should be presented three weeks prior to the completion of the service period.

## 4.2 Implementation Phases

The consulting firm is expected, but not limited, to follow the below mentioned phases:

**Phase 1** includes the initial contact with the MoSHE/NPCU, preliminary diagnosis of problems attached to TVET financing system, planning of initial assignments and submission of an inception report to the client. The plan includes milestones, timelines, submissions of subsequent documents and debriefing sessions.

**Phase 2** includes the real diagnosis of the problems, which includes defining and measuring the problems, researching the problems applying different methodologies (observation, case study, sample survey, desk review or mixed methods), performing an analysis of the problem and then seeking client feedback on proposed financing strategies and alternative funding mechanisms.

**Phase 3** includes presentation of the final document to the policy makers and the consulting firm to the wider stakeholders of the TVET sector; finalize the documents considering final feedbacks from stakeholders.

**Phase 4** includes closure and finalization of the consulting service. This consists of submission of the final document with exit report to MoSHE/NPCU, briefing final plans for follow-up, collecting payment, disengaging, and setting the stage for future consulting.

**Phase 5** includes closure and termination of the consulting service as per these ToRs. This consists of submission of the final documents with exit report to MoSHE/NPCU, briefing final plans for follow-up, collecting payment, disengaging, and setting the stage for future consulting.

# Governance and Management

## 5.1 Role of MoSHE and NPCU

* + MoSHE will establish a Technical Team (TT), reporting to the State Minister and the National Project Coordinator, which will be responsible to advise the leadership with regard to quality and timeliness of deliverables from the consulting firm;
  + MoSHE should ensure the cooperation of relevant identified stakeholders to assign a contact person(s) for the service responsible to facilitate
  + NPCU as the focal point of the contact for the implementation of the assignment will:
* provide an appropriate working space, and access to office support office equipment (if required for the Team Leader) and necessary documentations upon request by the consultancy firm;
* facilitate stakeholder participation throughout strategic document development process; including managing the final seminar
* communication and the undertaking of activities that works towards effective and efficient outcome
* Avail staffs for access to information of various kinds in methods like group discussions or individual interviews with the consultant and other engagements.
* Provide prompt feedback on enquires, reports, and other deliverables.

## 5.2 Role of the Consulting Firm

* + Assign a focal point (Team leader) to liaison with the NPCU
  + Assign qualified professionals to the specific assignment agreed
  + Submits progress reports and expected deliverables regularly
  + Incorporate feedback collected from the MoSHE/partner institutions and Technical Team members.
  + Builds and maintains positive and professional working relationship with stakeholders
  + Adhere to quality of works and maintain professionalism.
  + Deliver the final documents with editable formats on the specified deadline with maximum quality.
  + Consultant to liaison with the Technical Team formed reporting to the State Minister
  + Must not be engaged in other activities; unrelated to the Ministry’s engagements; that affect the project during the consultancy work.

# Values

* + Trust of the client
  + Trusting the consulting team and the firm
  + Confidentiality
  + Honesty
  + Due diligence
  + Skill

# Qualifications of the Consultancy Firm

The assignment will be managed by a qualified and experienced consulting firm, who has relevant experience and expertise in the TVET sector supporting policy development/reform, as well as TVET quality and relevance enhancement with a minimum of five (5) years’ experience in the business.

The consulting firm should have proven knowledge of the TVET sector with particular exposure in supporting Governments in implementing national strategies and knowledge of research methods.

The Consulting Firm will provide a team of experts including backstopping (if needed) with the following skill sets who shall be adequately qualified and experienced in the Education Sectors and related fields to satisfactorily and timely deliver the expected outcomes.

CVs for Technical Experts, including the Consultant Team Leader, should be consistent throughout this assignment, and will be examined during the proposal review process. The team of experts to work on this assignment will not change without prior approval by NPCU.

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| **No** | **Position** | **Academic Qualification** | **Experience** |
| 1 | Team Leader | Postgraduate in Social Science preferably in Finance, Management, and related field | * At least 10 years of demonstrable experience in their fields of TVET sector financing, economics and planning ; out of which four years should be an international experience * Demonstrable experience working in leading teams consisting of specialists in multitude of areas of expertise and establishment of systems/institutions * Experience in public policy environment; experience in Africa is preferable * Proficiency in English language |
| 2 | Legal Expert | Post-graduate qualifications in Law | * At least 7 years direct and relevant work experience in the area of speciality * Demonstrable experience working in decentralized legal system and drafting institutional establishment proclamations/regulations * Good understanding of decentralized administrative/legislative system * Exposure in TVET and/or Higher Education |
| 3 | TVET Expert (2) | Post-graduate qualifications in the fields relevant to the TVET Management, TVET Policy, Vocational Management and related fields | * At least 10 years direct and relevant work experience in the area of speciality, out of which out of the two TVET experts one needs to have three years of an international experience; * Demonstrable experience working on development policy/system/strategic documents * Demonstrable experience working within outcome-based TVET system * Excellent understanding of outcome-based TVET system |
| 4 | Public Finance Expert (2) | Post graduate in Finance, Economics or related fields | * At least 8 years’ experience of working in budgeting and expenditure system of public funding ; out of which one of the public finance expert needs to have three years of international experience |
| 5 | Management Expert | Post graduate in management and/or public administration or related fields | * Demonstrable experience of working with the government or managing relations with government offices * Experience in report writing |

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