

STATEMENT OF ENDORSEMENT

Regulation (EC) 1638/2006 of the European Parliament and of the Council of 24 October 2006 laying down general provisions establishing a European Neighbourhood and Partnership Instrument

1.1 Eastern Partnership Integration and Cooperation (EaPIC) programme 2013

Title of project: TECHNICAL ASSISTANCE TO VET AND EMPLOYMENT REFORMS IN GEORGIA

Recipient Institutions: Ministry of Labour, Health and Social Affairs of Georgia

Duration: 36 months

EU Input € 3.400.000

We hereby declare that we:

1. have carefully read the Terms of Reference of the Project (hereinafter ToR), which are attached to the present Statement of Endorsement as Annex 1;
2. approve the ToR and are prepared to accept the technical assistance therein described;
3. accept that the experts in charge of rendering the technical assistance according to the ToR be selected according to the procedures of the European Commission, as mentioned in the General Rules signed between the European Commission and the Government of Georgia;
4. undertake to exert all our best effort in order to make the rendering of the experts' technical assistance possible and to extend said experts our fullest co-operation. In particular, we undertake to put at the experts' disposal free of charge, our facilities and staff, as they may be necessary;
5. shall allow, upon reasonable notice, European Commission staff or independent inspectors, appointed by the European Commission to monitor the development of the Project and to undertake to give said personnel and/or the Court of Auditors the necessary assistance.

For and on behalf of the Ministry of Labour, Health and Social Affairs of Georgia

Name: Mariam Jashi

Position: Deputy Minister

Date: 27 March, 2014

Place: Tbilisi

Signature: 

Stamp: 

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1. BACKGROUND INFORMATION

1.1. Beneficiary country

Georgia

1.2. Contracting Authority

The Delegation of the European Union to Georgia (EUD)

1.3. Country background

Georgia is a lower-middle income country with a population of around 4.5 million people, about 50% of whom are urban dwellers and 16% minorities. The country has a gross national income per capita (GNI) of US\$ 3,136¹ and ranked 72nd out of 194 countries/territories in the 2012 UN Human Development Index. Poverty, particularly amongst the rural population, remains a major concern with 27% of the population estimated as living below the poverty line.

Over the past years, Georgia has undertaken significant economic, social and governance reforms resulting, inter alia, in progress in reducing petty corruption and crime rates, and in developing a more favourable business environment. The Government has pursued sound fiscal and monetary policies underpinned by structural reforms. Despite the shocks caused by the 2008 conflict with Russia, the global economic downturn and a sharp decrease in foreign investments, Georgia has recovered macroeconomic stability and real GDP has grown steadily (6.2% in 2012), and the budget deficit has been reduced from 6.6% of GDP in 2010 to approximately 3.0% in 2013. Despite evident progress, the economy remains vulnerable to external shock. There are still concerns regarding the current account and trade deficits, the debt servicing requirements, and the substantial decline in Foreign Direct Investment in 2012 and 2013 (over 30%), which may challenge macro-economic stability in the medium term.

Georgia's governance is characterised by a dominant executive branch, weak although improving parliamentary oversight, and insufficient independence of the judiciary. In addition, policy and decision-making remains centralised, with little genuine self-governance at local/municipal level. However, comprehensive constitutional amendments to address some of these issues were passed by Parliament and came into force in late 2013. The country held parliamentary elections in October 2012 and Presidential elections in October 2013, which resulted in a peaceful transfer of power. Municipal elections are scheduled for Mid-June 2014.

Despite consistent economic growth during the past decade, the unemployment rate has continued to rise. This is partially caused by deficient labour demand and skills mismatch. This results in low outflows from unemployment to paid employment, and consequent high levels of long-term

¹ According to the National Statistics Office of Georgia (2011): The 2012 UN Human Development Index shows a GNI per capita of USD 5,005 (purchasing power parity terms)

unemployment. The official unemployment rate of 15% is amongst the highest in the region, although this underestimates the real rate of unemployment/underemployment. According to the National Statistics Office of Georgia (GEOSTAT)², only approximately 56.8% of the working age population is employed/self-employed. Over 50% of the unemployed have secondary education and 40% are university graduates. This represents a significant underutilisation of skilled resources. The situation of young people (15-24 age cohorts) is also problematic as evidenced by the low employment to population ratio (27.4%), the low activity rate (41%) and the fact that 31% are not in education, training or employment³. GEOSTAT data also show wide gender disparities in activity and employment rates: the activity rate for women is estimated at 57.4% (20.8 percentage points less than men), while the employment rate of women is approximately 49.5% (16.1 percentage points less than men).

1.4. Current situation in the sectors⁴

The Georgian labour market is presently faced with a number of challenges:

- Long-term structural unemployment occasioned by the collapse of the industrial base following the break-up of the Soviet Union.;
- Manifest underutilisation of labour resources as evidenced by the low participation of the working age population;
- A predominance of low value added and low-paid jobs, concentrated primarily in the agriculture, public services, and the wholesale and retail sectors;
- Despite favourable conditions for Foreign Direct Investment, extensive deregulation of the labour market, and a liberal regulatory framework supportive of business development, there is a dearth of new jobs being created and employers report difficulties in recruiting appropriately skilled staff to those jobs which are being created;
- There is an evident lack of understanding/information on the current structure of the labour market and the actual and potential growth points in labour demand, and limited support services for job-seekers;
- There is also limited coordination between education and VET policy and the needs and expectations of employers and potential and actual employees

The previous Government pursued a largely *laissez-faire* employment policy. In 2006, the then Government abolished the State Employment Services at central and local levels, closed the Labour and Employment Policy Department of the Ministry of Labour, Health and Social Affairs (MoLHSA) and pursued a very liberal/flexible labour market policy. In contrast the new Government has adopted a more interventionist approach: the Labour Code has been amended; a

² <http://www.geostat.ge>

³ World Bank, Skills Mismatch and Unemployment Labour Market Challenges in Georgia, Report No. 72824GE, 2012

⁴ Further information on the Employment and VET sectors, including the respective strategies and action plans may be obtained from the following websites:

<http://mcs.gov.ge/index.php?lang=eng;>

<http://vet.ge/>

<http://www.moh.gov.ge/>

<http://ssa.gov.ge/>

<http://eqe.ge/>

new Employment Law, Labour Migration Law, and Health and Safety Regulations are being drafted; and a Strategy and Action Plan (2013-2014) for the re-establishment of labour market institutions has been adopted. In addition, a **Labour Market Strategy** and an **associated Action Plan (2013-2014)** were adopted in August 2013, designed to tackle the structural problems in the labour market. The present Strategy was conceived as an interim document in order to guide immediate actions to tackle unemployment. Work has commenced on developing a long-term Strategy and Action Plan, which is expected to be ready by the third quarter of 2014.

In February 2013, the MoLHSA established a new Department of Labour and Employment Policy. The Department comprises of three Divisions: Labour Migration Regulation, Labour Relations and Social Partnership, and Employment Promotion. The Ministry has a comparatively limited experience of designing and implementing employment and labour market policies, and acknowledges that it needs support to build institutional and human resource capacities, notably with respect to the elaboration, costing and monitoring of policy. Given the significance afforded to Health and Safety issues in the Association Agreement, the MoLHSA urgently needs to strengthen its legal drafting capacities and to reinforce the labour inspection services.

Responsibility for the provision of employment services has been allocated to the Social Services Agency. The statutes of the Social Service Agency have recently been amended to allocate the Agency a significant role in the coordination of the activities of the Employment Support Services (ESS) at national and district level, to host the Labour Market Information system, and to oversee implementation of labour market and employment policies.

Although there has been substantial progress in the VET Sector⁵, the Ministry of Education and Science is still facing number of challenges:

- A need to address structural weaknesses, notably with respect to the internal management arrangements, the financing of the VET system, and the inter-relation between the VET system and the secondary schools and higher education systems;
- The status of vocational education and training remains low. This is reflected in the low social take-up rates of VET courses, the students' preference being for University programmes. Similarly employers are not convinced of the relevance of the training provided in VET institutions towards their employment needs;
- A lack of synergy between VET programmes and current and future labour market needs;
- An out-dated qualifications system and curriculum. Although this problem is currently being addressed through the introduction of stricter quality controls, improved teacher training, and the piloting of a new modular approach to VET programmes, there is much that needs to be done, notably such as the establishment of a VET inspectorate/assessment;
- Limited linkages between the field of education and the field of work: the learning is largely classroom-based, with restricted access to work experience, and an absence of work-based learning opportunities;

⁵ The European Training Foundation's Report - *Strategy for reform of vocational education and training 2009-2012, Georgia*, (November 2012) highlights the main achievements and outstanding issues facing the VET Sector.

A draft **Strategy for the development of VET (2013-2020)** has been prepared with EU support and accompanied by a detailed Action Plan (2013-2017). Both documents were formally approved in December 2013. The detailed planning of the VET Action Plan for 2018-2020 will follow based on a mid-term evaluation to be held in 2017. The overall objectives of the strategy are to promote greater synergy between the VET system and labour market needs, to ensure full employability of VET graduates in meaningful and, where appropriate, well remunerated and personally rewarding occupations. These objectives will be met by measures designed to: develop high-quality VET programmes reflective of current and future labour market needs; prepare cadres of VET educators possessing modern pedagogic skills; establish a system of nationally and internationally recognized awards and qualifications; create a flexible network of well-funded, well-equipped and well-managed public and private VET providers; raise the profile of vocational education and training as an attractive and rewarding pathway for personal and professional development; and to engage the social partners and civil society in the development of VET policy and in decision-making.

The MoES has evolved comprehensive institutional arrangements for the management and implementation of vocational education and training, and has acquired substantial experience in elaborating and monitoring VET policy, largely through its previous involvement in a Sector Policy Support Programme (2009-2012). Within the MoES, the VET Department is responsible for the definition, coordination and management of VET policy. The Department comprises three Divisions (Policy, Monitoring and Social Partnership). There are three agencies subordinate to the MoES, the National Centre for Educational Quality Enhancement (NCEQE), the National Teacher Professional Development Centre (NTPDC), and the Educational and Scientific Infrastructure Development Agency (ESIDA), which contribute to the overall design, management and implementation of VET policy⁶.

Based on the outputs from EU technical assistance project (2012-2013) "Quality Enhancement and Capacity Building in VET", the NCEQE has been put in charge of piloting and mainstreaming modular TVET curriculum and revised system of TVET qualifications and QA mechanisms aiming to create market responsive TVET programmes that will be comparable to EU qualifications and promote mobility and recognition of qualifications.

The data on the numbers of authorised and accredited public and private VET providers, compiled by the National Centre for Educational Quality Enhancement, show that the private sector is undergoing a rapid expansion. There are presently 36 private community colleges and 35 private VET Colleges. The number of public sector VET providers has diminished since 2009 as a result of reorganisation, mergers and privatisation. At present there are 14 public sector providers (a mixture of Vocational Colleges – 9, and Community Colleges - 5). Info Centres were established in 2011 to manage the process of registration and admission to public VET Colleges. There are approximately 21,000 registered VET students in the public and private institutions.

⁶ The NCEQE mandate includes quality assurance, the qualifications framework, occupational standards management, educational programmes management and the recognition of foreign diplomas. The NTPDC is involved in the professional development of teachers, teacher certification and the development of professional standards for teachers in both general and vocational education. ESIDA is responsible for the rehabilitation and construction of educational and scientific institutions, the provision of appropriate equipment and development of the IT infrastructure.

1.5. Related programmes and other donor activities

There are as yet no formal mechanisms to coordinate overall donor support at the national level. The Government, and in particular, the State Chancellery are presently reviewing the donor coordination mechanisms. As to the VET sector, the EU Delegation hosts regular meetings of the important international organisations and donors active in VET. Currently there is no Sector Coordination Council for Employment issues. Relationships between the Ministry of Labour Health and Social Affairs and the donors are dealt with on a bilateral basis. There is however a tripartite council, involving the Ministry and the social partners which meets regularly to discuss employment-related policies. A multi-stakeholder and inter-ministerial National VET Council has been established in 2009 by decree of the President of Georgia, which includes representatives from the donor community active in the Sector as observers. In line with the tripartite *“Agreement on the determination of the policy of social partnership in vocational education”* (2011), the Ministry of Education and Science coordinates a tripartite council through which it regularly consults policy with the social partners.

The EU has provided support to the VET Sector primarily through the Sector Reform Contract 2009-2012 (€19 million) and its complementary actions (€2 million allocated to technical assistance with additional support to Quality Enhancement and Capacity Building in VET). Other EU-funded Sector Reform Contracts, notably the European Neighbourhood Programme on Agriculture and Rural Development (ENPARD) and the on-going and planned budget support programmes in support of Regional Development and Public Finance Management, will indirectly assist the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs to implement their strategies.

An important number of other donors and international organisations are currently providing support to the implementation of the Labour Market and VET strategies: The European Training Foundation (ETF) is assisting in the elaboration of a methodology and building capacity for designing curricula reflecting skills needed by the market. The ETF will also assist in preparing a system of validation of non-formal learning, developing the capacity of sector councils for skills development and in enhancing social partnership; Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) helped in establishing a comprehensive VET monitoring system, including the definition of indicators and the provision of software; The International Organisation for Migration (IOM) is addressing issues linked to career guidance; The United Nations Development Programme is supporting the development of a framework for VET teacher training and together with the Swiss Development Cooperation will start a new VET project for agriculture (*Modernization of the Vocational Education and Training and Extension Systems related to Agriculture in Georgia*); and the World Bank is financing labour force demand studies and in addition has agreed to provide ad hoc targeted support upon the request of the Ministry of Education and Science.

From 2013 onwards, further support will be provided to the development of the VET system: the USA-funded Millennium Challenge Account has concluded a five year agreement, entitled Compact II (2014-2019) to the development of education (140 million US\$); the VET component of Compact II (approx. 14 million US\$,) will focus on the areas of science, technology,

engineering and mathematics, while agriculture is likely to have a secondary place in the programme.

2. OBJECTIVE, PURPOSE & EXPECTED RESULTS

2.1. Overall objective

The overall objective of the programme of which this contract will be a part is as follows:

To contribute to poverty reduction and enhance social cohesion through the introduction of measures designed to ensure synergy between the demands of the labour market and the skills and qualifications offered by the vocational education and training system.

2.2. Purpose

The purposes of this contract are as follows:

- 1. To strengthen the institutional and technical capacities of the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs to develop, manage, and monitor their respective sector policies;*
- 2. To strengthen the human resource capacities of the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs and their subordinate institutions to implement their respective reform agendas and to meet their obligations with respect to the implementation of the Association Agreement;*
- 3. To support the European Delegation, the beneficiary Ministries and other key stakeholders to coordinate, monitor and evaluate the Employment and Vocational Education and Training Sector Reform Contract;*
- 4. To strengthen the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs' capacities to promote the labour market and vocational education and training reform programmes and to enhance their communications capacities*

2.3. Results to be achieved by the Contractor

There are four principal result areas.

Results related to specific objective 1:

- Strengthened capacity of the VET Department of the Ministry of Education and Science (MoES), the Labour and Employment Policy Department of the Ministry of Labour Health and Social Affairs (MoLHSA) and their associated structures to develop, manage, and monitor Vocational Education and Training (VET) and Labour Market policies;
- Comprehensive policy monitoring and evaluation methodologies and tools have been developed, and institutional arrangements for integrating the results of monitoring and evaluation into the policy-making process have been established within the MoES and the MoLHSA;
- Coherent and achievable policies have been adopted with respect to the establishment of "Industrial Centres of Excellence", work-based learning, active labour market initiatives and Health and Safety at work;

- The capacity of the MoES and the MoLHSA to monitor, analyse, and predict the needs of the labour market, and to assure greater synergy between the needs of the labour market and the VET system is substantially enhanced;
- A cost-effective financing model has been developed for the VET system;
- The quality of education and training provided through the VET system is improved;
- A concept paper for the automation of the internal administrative processes of the MoES and the MoLHSA has been adopted;
- The range and quality of the support services provided to job-seekers is enhanced

Results related to specific objective 2:

- The financial management capacities of the administrative staff of MoES and MoLHSA have been strengthened;
- The staff of the MoES, MoLHSA and their subordinate institutions have acquired the requisite skills and experience to enable them to implement their respective reform agendas vis-à-vis VET and Employment directions
- The MoES and MoLHSA have developed the human resource capacities that will enable them to fulfil their respective responsibilities with respect to the implementation of the Association Agreement;
- An annual programmes for VET teacher training and re-training has been elaborated;
- The capacity of the MoES and MoLHSA to prepare legal and regulatory drafts harmonised with EU legislation, Directives and regulations has been enhanced;
- The MoES and MoLHSA are active participants in pan-European employment and VET networks

Results related to specific objective 3:

- The Employment and Vocational Education and Training Sector Reform Contract is well-coordinated and implemented in an efficient and effective manner;
- The Guidelines for the launch of a Grant Scheme to be financed under the Employment and Vocational Education and Training Contract are prepared;
- The capacities of the Social Partners⁷ and Civil Society Organisations to play a constructive role in the implementation and monitoring of the Employment and Vocational Education Sector Reform Contract has been strengthened

Results related to specific objective 4:

- The capacities of the MoES and the MoLHSA to design, manage and implement communications actions have been enhanced;
- There is greater awareness and knowledge of the Government's reform agenda vis-à-vis employment and VET policies;

⁷ The "social partners" comprise the National Associations of Employers and the Trade Unions and/or individual confederations of employers and trade unions represented in national and sector-level tripartite consultative councils.

- A tracking system to measure public awareness of and support for the labour market and VET reforms has been established;
- A cadre of print, broadcast and electronic journalists and bloggers, well-trained in employment and VET issues, has been established;
- Examples of best practise in VET, active labour market initiatives and business-education partnerships are available through the MoES and MoLHSA web-sites

3. ASSUMPTIONS & RISKS

3.1. Assumptions underlying the project

The principal assumptions underlying the project are as follows:

- The Government maintains its foreign policy objective of closer political and economic integration with the European Union and continues to implement policies pursuant of that objective, notably with respect to the reform of the VET system and stimulation of the labour market, and reinforcement of the alignment between the two;
- The MoES and MoLHSA continue to develop and implement their respective sector policies and meet the General and Specific Conditions set out in the Technical and Administrative Provisions annexed to the Financing Agreement for the Employment and Vocational Education and Training Sector Reform Contract;
- The MoES and MoLHSA are willing and able to allocate appropriately skilled and experienced staff to act as counterparts to the project;
- The MoES and MoLHSA continue to coordinate their respective actions in order to maximise the efficiency and effectiveness of the labour market and VET reforms.

3.2. Risks

The principal risks to project implementation are as follows:

- Macro-economic instability as a result of continued stagnation in the global economy, a steep decline in Foreign Direct Investment and remittances, and the failure of the Government to adopt countervailing measures inhibit the capacity of the Government to finance its employment and VET reform agenda;
- There is limited institutional and human resource capacities within the stakeholder Ministries to manage and monitor the implementation of their respective sector policies;
- There is insufficient quality data to allow for the development of accurate labour market information and forecasting tools;
- There is resistance within the VET institution and amongst VET teachers to the introduction of new institutional arrangements, management and quality assurance systems, career paths, qualifications and curricula;
- The social partners and civil society organisations are unwilling or unable to play a constructive role in the implementation of the sector policies and/or the activities planned under this project

4. SCOPE OF THE WORK

4.1. General

4.1.1. Project description

This project has been designed to parallel, deepen and extend the support being provided to the beneficiary Ministries through the Employment and Vocational Education and Training Sector Reform Contract. In accordance with the provisions of the Budget Support Guidelines, it is not intended that the project will directly assist the beneficiary Ministries to meet either the General or Specific Conditions for the release of the periodic tranches.

This project will support the on-going reforms within the VET and labour market systems system in Georgia through the provision of policy advice, and support to institutional and human resource capacity building. The introduction of initiatives, which ensure synergy between the vocational education and training system and the needs of the labour market, and which target the creation of sustainable, high value-added and well-paid employment opportunities, and the provision of high quality labour market services to job-seekers, will have an appreciable impact upon the poverty indicators and the unemployment rate.

In particular, it will help to enhance employment prospects by strengthening the relevance and quality of VET, ensuring greater synergy between the needs of the labour market and the VET system, and improving the range and quality of services provided to job-seekers and vulnerable groups (youth, adults, women, internally displaced persons, returning migrants).

4.1.2. Geographical area to be covered

Georgia

4.1.3. Target groups

The direct beneficiaries of the project will be the staff of the VET Department within the MoES and the Department of Labour and Employment Policy within the MoLHSA, and the staff in their respective national agencies.

The indirect beneficiaries will be the Ministry of Agriculture, Ministry of Regional Development and Infrastructure, Ministry of Sport, Youth and Arts, Ministry of Economy and Sustainable Development, the Ministry of Finance, GEOSTAT - the Georgian national statistics office, and VET and Higher Education Institutions.

The final beneficiaries will be job seekers generally, and more specifically, internally displaced persons, returning migrants, youth, women, handicapped persons, VET students and the providers of VET and employment services in both the public and private sectors.

4.2. Specific work

In order to achieve the expected specific results, the work will be organised under four components:

4.2.1. Component 1: Policy advice to the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs

- Carry out a comprehensive structural and functional needs analysis of the VET system at the systemic, institutional, national and regional levels, and assess its interaction with the secondary schools and higher education systems. On the basis of the results of the analysis prepare recommendations for the implementation of structural reforms to the VET Sector, including the possible reorganisation of the management arrangements of the VET system, the rationalisation of provision, the use of the physical infrastructure, human resources etc.;
- Assist the MoES and the MoLHSA to develop comprehensive policy monitoring and evaluation methodologies and tools, and to put in place institutional arrangements for integrating the results of monitoring and evaluation into the policy-making process;
- Assist the MoES and the MoLHSA to elaborate a concept paper for the automation of their internal management and communications processes;
- Assist the MoES and the social partners jointly to develop and implement a concept for the establishment of “Industrial Centres of Excellence”;
- Support the MoES and the MoLHSA to elaborate a work-based learning policy;
- Support the MoLHSA to elaborate and implement a comprehensive and well-targeted labour market policy, including the development of active employment initiatives;

- Assist the MoLHSA to design and operationalise a labour market database, including the further development of the methodology and tools to carry out employers' skills surveys and sector skills studies;
- Assist the MoLHSA and GEOSTAT (national statistics office) to develop labour force studies, data collection and analysis tools and techniques consistent with EUROSTAT practise;
- Assist the MoES in the further development of a cost-effective, financing model for the VET system;
- Assist the MoES and the Universities to prepare and implement a comprehensive research and innovation strategy. In particular, the strategy should focus upon the development of education-business partnerships to ensure the efficient transformation of research into innovative productive and administrative processes and products;
- Support the MoES and MoLHSA jointly to develop a comprehensive, integrated career guidance system within the secondary schools system, VET colleges, Higher Education Institutions and the employment services;
- Assist the MoES to develop a structure for networking between the secondary schools system, VET colleges, Higher Education Institutions, industry and local stakeholders and for facilitating the development of education-business partnerships to develop and deliver VET programmes;
- Assist the MoLHSA to initiate innovative education-business partnerships for the design and delivery of active employment initiatives and advise on EU policies/programmes for youth employment and entrepreneurship;
- Support the development of a VET qualifications system within a National Qualifications Framework (NQF), and link it with the proposed evaluation and revision of the qualifications system and the reforms to the VET curriculum presently underway;
- Provide specific recommendations to the MoES and the National Centre for Educational Quality Enhancement (NCEQE) regarding possible revisions to the VET curriculum consequent upon the signature of the Association Agreement;
- Assist the MoES and the MoLHSA, in close cooperation with GEOSTAT, to develop and maintain the Nomenclature and Classifier of occupations in line with ISCO 2008;
- Support the MoLHSA to elaborate and implement a comprehensive Health and Safety at Work policy;
- Assist the MoES and MoLHSA to identify and participate in relevant European networks

4.2.2. Component 2: Institutional capacity building and human resource development for the Ministry of Education and Science and the Ministry of Labour, Health and Social Affairs and their associated institutions⁸

⁸ Please note that the Contractor will be expected to organise a minimum of 50 workshops for 1,000 people under this sub-component.

- Strengthen the financial management capacities of staff employed by the MoES and MoLHSA to prepare and execute programme-based budgets, conduct internal audits and assess the cost-effectiveness of policies;
- Carry out a training needs analysis of the staff in the relevant Departments of the MoES, the NCEQE, and the Educational and Scientific Infrastructure Development Agency (ESIDA), Office of resource officers of educational institutions (OROEI) and administrative staff of all Public VET colleges governed by the MOES and on the basis of the results design and implement comprehensive formal and in-service training programme(s);
- Strengthen the management capacities of the National Teacher Professional Development Centre (NTPDC), and in particular support the development of development of teachers assessment system, planning methodology for annualised VET teacher training/retraining programmes;
- Carry out a training needs analysis of the staff in the Labour pillar of the MoLHSA and the Employment Support Services, and design and implement a comprehensive formal and in-service training programme;
- Organise two study tours (one for MoES staff and one for MoLHSA staff and each for 10 persons), to similar structures in the EU Member States, EaP countries or Candidate Countries;
- Assist the MoES and the MoLHSA to develop a sustainable, in-house training capacity;
- Support the establishment and strengthen the institutional and human resource capacities of accreditation and enforcement bodies (Labour Inspectorate and VET Inspectorate/Assessors);
- Assist the MoES and the MoLHSA to draft legislative and regulatory texts harmonised with the EU *acquis* and consistent with its international treaty obligations;
- Ensure that staff of the MoES and the MoLHSA have a comprehensive understanding of their respective commitments within the framework of the Association Agreement and have acquired the skills and experience to implement those commitments in accordance with the agreed time schedule (Association Agenda)

4.2.3. Component 3: Support to the coordination, oversight and monitoring of the Employment and Vocational Education and Training Sector Reform Contract

- Assist the project beneficiaries to establish and maintain effective intra-governmental coordination and communication channels between the various stakeholders of the Employment and VET Sector Reform Contract;
- Strengthen the capacities of the principal beneficiaries and stakeholders involved in the Employment and VET Sector Reform Contract to monitor and evaluate the efficiency and effectiveness of the implementation of the Programme, to establish an “early warning system”, and to conduct annual self-assessments and prepare self-assessment reports;
- Assist the principal beneficiaries and stakeholders to establish and maintain effective coordination and communication channels with the donors and International Financing Institutions active in the Employment and VET sectors;

- Assist the project beneficiaries and the EU Delegation to elaborate the Guidelines for a Grant Scheme Call for Proposals supportive of the objectives of the Employment and VET Sector Reform Contract;
- Strengthen the capacities of employers', employees', sectoral committees and civil society organisations to play a constructive role in the implementation and monitoring of the Employment and VET Sector Reform Contract

4.2.4. Component 4: Strengthening communications capacities within the MoES and MoLHSA

- Carry out a situation analysis of the existing awareness raising and communications policies, tools, techniques and institutional, technical and financial capacities of the MoES and MoLHSA on the basis of the results to contribute to the design of new policies and to development of the internal communication system between the VET Department and public VET colleges ;
- Support the MoES and MoLHSA to draft and implement a comprehensive awareness raising and communications strategy, new policy document/strategy regarding career guidance and counselling designed as a minimum to stimulate interest in and take-up of the training opportunities provided by the VET system, to encourage the development of business-education partnerships in the delivery of VET and the transformation of research into innovative productive and administrative processes and products, and to promote the Government's efforts to introduce active labour market initiatives;
- Establish a tracking system to measure public awareness and support for the VET and labour market reforms;
- Identify and provide training to print, radio, and television journalists and bloggers, specialised in education and employment issues;
- Identify and disseminate examples of good practise in VET, active labour market initiatives, and business-education partnerships in the employment and VET spheres

The Contractor must comply with the provisions of the latest Communication and Visibility Manual for EU External Action (see http://ec.europa.eu/europeaid/work/visibility/index_en.htm.) and the specific identity and visibility requirements for the Eastern Partnership countries. http://ec.europa.eu/europeaid/where/neighbourhood/regional-cooperation/enpi-east/index_en.htm

4.3. Project management

4.3.1. Responsible body

The Delegation of the European Union to Georgia

4.3.2. Management structure

The Contracting Authority will appoint a project manager from among its staff. His/her decisions will be made in close consultation with the Contractor and the beneficiary institutions.

An Employment and Vocational Education and Training Coordination Council will be established to coordinate and oversee the implementation of the Sector Reform Contract. The precise membership of the Council is presently being defined.

A Project Steering Committee (PSC) will be established within the first month of the project. The PSC will be composed of representatives of the MoES, MoLHSA and their respective agencies, GEOSTAT and the EU Delegation.

The main functions of the Project Steering Committee are:

- To assess project progress and provide strategic guidance;
- To assess the performance of the Contractor;
- To discuss and resolve obstacles to project implementation;
- To take decisions affecting the timing, sequencing, cost or content of project activities;
- To comment and/or discuss the Contractor's Inception, Periodic and Final Reports.

The Team Leader of the project will act as the secretary of the Project Steering Committee (including circulation of agenda, keeping of minutes and organizing the meetings).

The Project Steering Committee will meet at least once every three months, or more frequently if needed, at the request of at least one of its members. The Steering Committee will report to the Employment and Vocational Education and Training Coordination Council on the progress in project implementation

The Project Beneficiaries (MoES and MoLHSA) will:

- (co)-Chair the Project Steering Committee;
- Ensure that staff at appropriate levels are appointed to work alongside the staff of the Contractor;
- Provide to the project experts copies of legislation, regulations, studies, reports and other relevant documents necessary for the implementation of the project;
- Provide logistical support for the organisation and implementation of the various training activities, awareness raising and communications activities;
- Ensure the release of staff to participate in project activities;
- Facilitate access to primary and secondary stakeholders.

The Beneficiaries should also provide all possible assistance to solve any unforeseen problems, which the Contractor may face. The possible failure to solve some of the Contractor's problems encountered locally will not free the Contractor from meeting its contractual obligations vis-à-vis the Contracting Authority.

Co-operation with the Contracting Authority

Responsibility for approving project reports, other project documents, Contractor's invoices, addenda to the contract and any other requests related to the contract lies with the Contracting

Authority.

Meetings between the Beneficiaries, the Contractor and the Contracting Authority will be organised as frequently as necessary in order to ensure effective coordination and monitoring of the project.

5. LOGISTICS AND TIMING

5.1. Location

The experts will be located primarily within the MoES and the MoLHSA, Tbilisi, Georgia. However, during the performance of their duties the experts will be expected to travel to the regions.

5.2. Start date & period of implementation

The intended start date is 1st September 2014 and the period of implementation of the contract will be **36 months** from this date (**3 months Inception Phase + 33 months Implementation Phase**). Please see Article 19 of the Special Conditions for the actual start date and period of implementation.

6. REQUIREMENTS

6.1. Staff

Note that civil servants and other staff of the public administration of the beneficiary country cannot be recruited as experts.

6.1.1. Key experts

Key experts have a crucial role in implementing the contract. All experts working for the project should spend their working days in the beneficiary country. Working days outside the beneficiary country should be justified and are subject to prior written approval of the Project Manager.

These Terms of Reference contain the required key experts' profiles. The Contractor shall submit CVs and Statements of Exclusivity and Availability for the following key experts. The Contractor is free to nominate either Key Expert 1 or Key Expert 2 as the Project Team Leader. In addition to the general professional experience set out below, whichever expert is nominated as Team Leader should be able to demonstrate that they have Team Leadership experience **in at last two projects of a similar size and nature:**

Key expert 1: VET policy expert (Minimum 600 working days)

Qualifications and skills:

- Master's degree in Education or a field directly related, with at least 10 years of professional experience in sectors directly related to the assignment, or a Bachelor's degree with at least 12 years of relevant professional experience;
- Excellent communication skills;
- Excellent negotiation, analytical and organizational skills;
- Excellent oral and written English.

General professional experience:

- 10 years international experience working on donor-funded projects, with a minimum of 7 years in institutional reform and/or policy advice, related to Vocational Education and Training

Specific professional experience:

- Minimum 7 years' experience in the development and implementation of VET reform policies;
- Proven working experience of at least 3 years in the public administration of an EU Member State or an international organisation, preferably in the Education or VET Sectors;
- Proven experience of preparing, implementing or evaluating at least 1 Sector Reform Contract (Sector Policy Support Programme) financed through Budget Support, preferably in the Education or VET sectors;
- Extensive knowledge of Project Cycle Management, programming and decision-making processes of EU support programmes;
- Experience of EU policies, treaties and competencies as they relate to the VET sector
- Experience in the Eastern Partnership countries would be an advantage

Key Expert 2: Labour Market Expert (minimum 600 working days)

Qualifications and skills:

- Master's degree in Economics or a field directly related, with at least 10 years of professional experience in sectors directly related to the assignment, or a Bachelor's degree with at least 12 years of relevant professional experience;
- Excellent communication skills;
- Excellent negotiation, analytical and organizational skills;
- Excellent oral and written English.

General professional experience:

- 10 years international experience working on donor-funded projects, with a minimum of 7 years in institutional reform and/or policy advice, related to Labour Market reform and development

Specific professional experience:

- Minimum 7 years' experience in the development and implementation of labour market reform policies;
- Proven working experience of at least 3 years in the public administration of an EU Member State or an international organisation, preferably in a sector connected to employment and the labour market;
- Proven experience of preparing, implementing or evaluating at least 1 Sector Reform Contract (Sector Policy Support Programme) financed through Budget Support, preferably in the employment and/or the labour market sectors;
- Extensive knowledge of Project Cycle Management, programming and decision-making processes of EU support programmes;
- Experience of EU policies, treaties and competencies as they relate to the employment and labour market sectors;
- Experience in the Eastern Partnership countries would be an advantage

Key Expert 3: Awareness raising and communications expert (minimum 200 working days)

Qualifications and skills:

- Master's degree in journalism or a field directly related, with at least 10 years of professional experience in sectors directly related to the assignment, or a Bachelor's degree with at least 12 years of relevant professional experience;
- Excellent communication skills;
- Excellent negotiation, analytical and organizational skills;
- Excellent oral and written English.

General professional experience:

- 10 years international experience working on donor-funded projects, with a minimum of 7 years designing and implementing public awareness and communications campaigns

Specific professional experience:

- Proven experience in designing and implementing at least 2 successful media campaigns linked to education or employment issues;
- Proven working experience of at least 3 years working in the print, radio or televisual media in an EU Member State;
- Extensive knowledge of Project Cycle Management, programming and decision-making processes of EU support programmes
- Experience in the Eastern Partnership countries would be an advantage

Key Expert 4: Labour Law expert (minimum 200 working days)

Qualifications and skills:

- Master's degree in Law or a field directly related, with at least 10 years of professional experience in sectors directly related to the assignment, or a Bachelor's degree with at least 12 years of relevant professional experience;
- Excellent communication skills;

- Excellent negotiation, analytical and organizational skills;
- Excellent oral and written English.

General professional experience:

- 10 years international experience working on donor-funded projects, with a minimum of 7 years devoted to policy advice, legal and regulatory drafting, and the expertise of legal and regulatory documents linked to employment issues

Specific professional experience:

- A minimum of 7 years' experience in transitional economies providing policy advice and technical assistance to Ministries and public institutions;
- A minimum of 5 years' demonstrable experience in supporting Ministries and public institutions to harmonise their employment and labour legislation with the *EU acquis*
- Knowledge of EU policies, directives, legislation and regulations related to employment;
- Knowledge of international labour conventions and standards;
- Experience of at least 3 years working in the public administration of an EU Member State or an international organisation, ideally related to employment and labour law issues;
- Extensive knowledge of Project Cycle Management, programming and decision-making processes of EU support programmes;
- Experience in the Eastern Partnership countries would be an advantage

Key Expert 5: Labour market statistician (minimum 200 working days)

Qualifications and skills:

- Master's degree in Statistics or a field directly related, with at least 10 years of professional experience in sectors directly related to the assignment, or a Bachelor's degree with at least 12 years of relevant professional experience;
- Excellent communication skills;
- Excellent negotiation, analytical and organizational skills;
- Excellent oral and written English.

General professional experience:

- 10 years international experience working on donor-funded projects, with a minimum of 7 years providing policy advice and technical assistance linked to employment and labour market analysis and development

Specific professional experience:

- A minimum of 7 years' experience in transitional economies providing policy advice and technical assistance to Ministries and public institutions;
- A minimum of 5 years' demonstrable experience in supporting Ministries and public institutions to develop and implement labour market information systems, including policy modelling and forecasting;
- Knowledge of EUROSTAT's approach to and methodology for labour market data collection, collation and analysis;
- Experience of at least 3 years working in the public administration of an EU Member State or an international organisation devoted to employment issues, ideally related to the development and analysis of labour market data;
- Extensive knowledge of Project Cycle Management, programming and decision-making processes of EU support programmes;
- Experience in the Eastern Partnership countries would be an advantage

The fee rates for all experts must include all administrative costs of employing the relevant experts, such as relocation and repatriation expenses, including flights to and from the beneficiary country upon mobilisation and demobilisation, accommodation, expatriation allowances, leave, medical insurance and other employment benefits given to the experts by the Contractor.

6.1.2. Non key experts

In order to fulfil the results to be achieved, as indicated in paragraph 2.3 above, and to carry out the work foreseen under this contract, as indicated in paragraph 4.2 above, the Contractor will include a pool of senior (**minimum of 350 working days**) and junior non-key experts (**minimum of 1800 working days**) with the requisite qualifications. In the methodology section of the Technical Proposal, the Contractor will explain and justify how it proposes to deploy the senior and junior non-key experts, how it will ensure the most efficient use of the non-key expertise, and how their contribution will be monitored and evaluated.

CVs for experts other than the key experts are not examined prior to the signature of the contract. They should not be included in tenders.

The Contractor must select and hire non-key experts as required according to the profiles identified in the Organisation & Methodology and these Terms of Reference. They must clearly indicate their profile so that the applicable daily fee rate in the budget breakdown is clear. All experts must be independent and free from conflicts of interest in the responsibilities they take on.

The selection procedures used by the Contractor to select these non-key experts must be transparent, and must be based on pre-defined criteria, including professional qualifications, language skills and work experience. The findings of the selection panel must be recorded. The selected experts are subject to approval by the Contracting Authority.

6.1.3. Support staff & backstopping

Backstopping staff costs and the costs of quality control must be included in the fee rates.

The Contractor will describe in the offer the system of quality assurance to be applied and how the head office will support the experts on site with the required logistic and technical support.

6.2. Office accommodation

Office accommodation of a reasonable standard and of 10 sq^m for each long-term expert working on the contract is to be provided by the Beneficiaries (MoLHSA and MoES). The Contractor will cover all expenses related to telecommunications.

Key Expert 1 will be hosted in the premises of the Ministry of Education and Science, while Key Expert 2 will be resident in the premises of the Ministry of Labour, Health and Social Affairs.

6.3. Facilities to be provided by the Contractor

The Contractor must ensure that experts are adequately supported and equipped. In particular it must ensure that there is sufficient administrative, secretarial and interpreting provision to enable experts to concentrate on their primary responsibilities. It must also transfer funds as necessary to support their work under the contract and to ensure that its employees are paid regularly and in a timely fashion.

The Contractor must ensure that the project personnel (including all key and non-key experts as well as support staff) is equipped with the proper equipment, which the Contractor estimates is required in order for them to carry out their tasks effectively. This includes equipment for the office to be set up by the project, such as computer equipment, furniture, mobile telephones, printers, scanners, projectors, faxes, photocopiers, etc.

The Contractor should make provision for the costs of the following within the fee rates for experts:

- In accordance with the requirements of Article 16.5 of the General Conditions of Contract, the provision of furniture and equipment such as laptops, LCD projectors plus screens, high volume photocopiers, communication equipment and all other necessary equipment for the proper functioning of the office for the long and short-term experts and the support staff;
- Backstopping services at headquarters;
- Backstopping service in the beneficiary country, including secretarial, administrative, interpreting and ICT support;
- Procurement and organisation of services, events, travels, etc, as required for the eligible incidental expenditure incurred under this contract (see section 6.5);
- Reproduction of the Contractor's reports detailed in Section 7;
- Any other unspecified costs, except those provided for within Incidental Expenditure (see Section 6.5).

If the Contractor is a consortium, the arrangements should allow for maximum flexibility in project implementation. Arrangements offering each consortium partner a fixed percentage of the work to be undertaken under the contract should be avoided. However, the role of each consortium partner shall be clearly described in the Contractor's Technical Proposal and their contribution to project management and backstopping, including quality control, explained.

6.4. Equipment

No equipment is to be purchased on behalf of the Contracting Authority / beneficiary country as part of this service contract or transferred to the Contracting Authority / beneficiary country at the end of this contract. Any equipment related to this contract that is to be acquired by the beneficiary country must be purchased by means of a separate supply tender procedure.

6.5. Incidental expenditure

The provision for incidental expenditure covers ancillary and exceptional eligible expenditure incurred under this contract. It cannot be used for costs that should be covered by the Contractor as part of its fee rates, as defined above. Its use is governed by the provisions in the General Conditions and the notes in Annex V to the Contract. It covers:

- Travel costs and subsistence allowances for missions of experts, outside their normal place of posting, undertaken as part of this contract;
- Training, seminars, study tours and workshops (e.g. rent of conference room, food and refreshments, transport and accommodation of participants, translation, training materials, excluding payment of subsistence allowances to participants, etc.). The management costs for organising these activities shall be deemed to have been included in the fee rates of the experts;
- Translation, printing and publication of documents, reports and manuals to be developed and produced under this contract (see section 4.2);

The provision for Incidental Expenditure for this contract is **EUR 275,000**. This amount must be included unchanged in the Budget breakdown.

Daily subsistence costs may be reimbursed for missions foreseen in these Terms of Reference or approved by the Contracting Authority, and carried out by the contractor's authorised experts, entailing overnight stays outside the expert's normal place of posting. Any subsistence allowances to be paid for missions undertaken as part of this contract must not exceed the per diem rates published on the Commission Services' website:

http://ec.europa.eu/europeaid/work/procedures/index_en.htm

at the start of each such mission.

The per diem is a flat-rate sum covering daily subsistence costs. These include accommodation, meals, tips and local travel, including travel to and from the airport. Taxi fares are therefore covered by the per diem. Per diem are payable on the basis of the number of nights spent on site by the contractor's authorised experts for missions carried out outside the normal place of posting.

Prior approval by the Contracting Authority for the use of the Incidental Expenditure is not needed with exception of incidentals linked to

- Training, seminars, study tours and workshops (e.g. rent of conference room, food and refreshments, transport and accommodation of participants, translation, training materials, excluding payment of subsistence allowances to participants, etc.).

6.6. Lump Sum

Costs related to the implementation of the elements of the strengthening communication capacities within MoES and MoLHSA (Component 4) and EU visibility activities (press conferences, publication of newspaper articles, publications, leaflets, spots, etc.) can be paid from a lump sum of a total amount of **EUR 100,000**.

6.7. Expenditure verification

The provision for expenditure verification covers the fees of the auditor charged with verifying the expenditure of this contract in order to proceed with the payment of any pre-financing instalments and/or interim payments.

The provision for expenditure verification for this contract is **EUR 24,000**. This amount must be included unchanged in the Budget breakdown.

This provision cannot be decreased but can be increased during execution of the contract.

7. REPORTS

7.1. Reporting requirements

Please see Article 26 of the General Conditions. Interim reports must be prepared every six months during the period of implementation of the tasks. They must be provided along with the

corresponding invoice, the financial report and an expenditure verification report defined in Article 28 of the General Conditions. There must be a Final Report, a Final Invoice and a Final Financial Report accompanied by an Expenditure Verification Report at the end of the period of implementation. The draft Final Report must be submitted at least one month before the end of the period of implementation of the tasks. Note that these interim and final reports are additional to any required in a Section 4.2. of these Terms of Reference.

Each report must consist of a narrative section and a financial section. The financial section must contain details of the time inputs of the experts, incidental expenditure and expenditure verification.

In addition to any documents, reports and output specified under the duties and responsibilities of each key expert above, the Contractor shall provide the following reports:

Name of report	Content	Submission date
Inception Report	A review of project purpose, anticipated results and planned activities to ensure that the project design remains relevant and to suggest a refocusing of activities where appropriate A situation analysis with respect to the Assumptions identified in the Project Logframe. Activities carried out during the mobilization & inception period and the results achieved A detailed explication of the project implementation and management strategy An Overall and Annual Work Plan A revised resource utilization chart, results schedules and an updated Project Logframe Work Plan for the next reporting period.	No later than 3 months after the entry into force of the contract
6-month Progress Report	A description of overall project progress to date measured against the previous, Annual, Overall and Reporting Period Work Plans, and against the Objectively Verifiable Indicators Deviations from the Work Plan with explanations, if any Resource utilization charts indicating inputs (volume and value) measured against outputs and results Problems encountered likely to inhibit achievement of Project Results / solutions adopted Identification of factors likely to inhibit achievement of Project Purpose / proposed solutions The Interim Progress Reports will include as	No later than 1 month after the end of each 6-month implementation period.

Name of report	Content	Submission date
	Annexes all technical reports, training, public awareness and dissemination materials etc. produced during the reporting period Periodic invoice and / or financial report	

Draft Final Report	Content – see below	No later than 1 month before the end of the implementation period.
Final Report	A description of the activities carried out and outputs delivered measured against the time/input plan An analysis of the results achieved measured against the ToR and the Objectively Verifiable Indicators of Achievement contained in the Project Logframe An analysis of the achievement of the Project Purpose measured against the Objectively Verifiable Indicators of Achievement contained in the Project Logframe An assessment of the sustainability and probable impact of the assistance provided Recommendations for future actions to extend and disseminate project achievements; A detailed description of resource utilization against results Copies of all project outputs An updated financial report containing details of the time inputs of the experts and of the incidental expenditures Final invoice and audit certificate confirming final certified value of the contract	Within 1 month of receiving comments on the draft Final Report from the Project Manager identified in the contract.

7.2. Submission & approval of reports

6 hard copies (three in English and three in the Georgian language) of the reports referred to above must be submitted. One hard copy in English and one in Georgian shall be presented to the Project Manager within the EU Delegation identified in the contract, and to the nominated counterparts in the MoES and the MoLHSA. The reports must be written in English and translated into the Georgian language. The beneficiaries should be involved in commenting on the reports prior to formal submission to the Project Manager within the EU Delegation. The Project Manager within the EU Delegation is solely responsible for approving the reports. In addition, the Contractor must provide the Project Manager within the EU Delegation with an electronic copy of all reports in the English and Georgian languages.

All project outputs – policy papers, manuals, training programmes and curricula, guidelines, etc. – must be appended to the relevant periodic report, and duly translated into the Georgian language.

8. MONITORING AND EVALUATION

8.1. Definition of indicators

The project will be monitored and assessed according to standard EC procedures. Project monitoring and evaluation will be based on periodic assessment of progress on delivery of specified project activities and towards achievement of foreseen project results.

Suitable objectively verifiable indicators at the level of activities will be agreed between the Contracting Authority and the Contractor. These indicators should be derived from indicators of achievement identified in the respective strategies and action plans and reflective of the specific conditions set out in the Technical and Administrative Provisions annexed to the Financing Agreement for the Employment and Vocational and Technical Education Sector Reform Contract.

8.2. Special requirements

None