

**ANNEX 1: DESCRIPTION OF THE ACTION**

# **TECHNICAL & FINANCIAL FILE**

## **VET TOOLBOX 2: ENHANCED DELIVERY OF DEMAND-DRIVEN SKILLS DEVELOPMENT FOR INVESTMENTS IN AFRICA**

**MULTI-COUNTRY**

**DEVCO: DCI-HUM/2020/417-782**

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## Abbreviations

AFD	Agence Française de Développement
AU	African Union
BC	British Council
BMZ	Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung
CVT	Continuous Vocational Training
DAC	Development Assistance Committee
DEVCO	Directorate-General for International Cooperation and Development (EC)
DoA	Description of the Action
EC	European Commission
EF	Expertise France
EFSD	European Fund for Sustainable Development
EIP	European Investment Plan
EU(D)	European Union (Delegation)
Enabel	Belgian Development Agency ( <i>previously BTC</i> )
FDI	Foreign Direct Investment
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GP	Global Partnerships (BTC department)
HQ	Headquarters
IFI	International Financial Institutions
KEN	Knowledge Exchange Network
LMI(S)	Labour Market Information (System)
LuxDev	Luxembourg Development Cooperation Agency
M&E	Monitoring & Evaluation
MSME	Micro, Small & Medium Enterprises
OMC	Operational monitoring committee
PMU	Project management unit
PPP	Public Private Partnership
PSD	Private Sector Development
SC	Steering Committee
SDG	Sustainable Development Goals
SPOC	Single Person Of Contact
SSA	Sub-Saharan Africa
TAF	Technical Assistance Facility
TB	Toolbox
ToR	Terms of Reference
ToT	Training of Trainers
TVET	Technical and Vocational Education and Training (see also VET)
UN	United Nations
VC	Value chain
VET	Vocational Education and Training
VTI	Vocational Training Institute

## Executive summary

The overall objective of the action is to support human capital needs of value & supply chain development and investment programmes in selected countries in sub-Sahara Africa. The specific objective of this action is to enhance delivery of demand-driven skills development and VET catering for investment needs in selected countries in Sub-Saharan Africa; through targeted skills development and VET programmes.

The action contributes to improving the investment climate in selected African countries but is first and foremost an opportunity-driven action, which aims to turn investments into drivers for inclusive economic growth, social development and decent job creation. Investment-flows from the European Union into African countries offer an opportunity for national economies to increase their share of local value addition and local job creation.

The action will be implemented through three intervention areas: 1) Enhanced dialogue on employment-oriented skills development and VET between vocational training institutions, companies, national institutions and relevant associations benefitting from European investments such as European Commission investment programmes in Sub-Saharan Africa. 2) Capacity building and training for demand-driven skills development and VET including the support of local training providers, as well as strengthening in-company training among other activities. 3) Stimulated knowledge exchange on lessons from practical experience in delivering employment-oriented skills development and VET in investment contexts.

The action will promote employment through skills enhancement along private sector investments, in cooperation with private and public sector actors in 11 countries.

In the context of the United Nation's Agenda 2030, the action will contribute to Sustainable Development Goal (SDG) 8 ("Decent Work and Economic Growth"), aiming at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Especially the sub-targets "Promote Policies to Support Job Creation and Growing Enterprises", "Promote Youth Employment, Education and Training", and "Full Employment and Decent Work with Equal Pay" will be strengthened by the action. Furthermore, the action will contribute to achieve SDG 4 "Quality education", ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all.

The multi donor action is jointly co-financed by the European Union and the German Federal Ministry of Economic Cooperation and Development (BMZ). The action will be implemented by Enabel, the Belgian Development Agency, Luxembourg Agency for Development Cooperation (LuxDev), British Council (BC), Expertise France (EF), and the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), a consortium led by Enabel.

## Analytical record of the action

Duration	48 months
Starting date	01.09.2020 ( <i>estimated</i> )
EC contribution	15 million EUR
German Government (BMZ) contribution	1,25 million EUR
Sector (CAD codes)	11330 (Vocational Training)
Overall Objective	Better meeting of human capital needs of value & supply chain development and investment programmes in selected countries in sub-Saharan Africa.
Specific Objective	Enhanced delivery of demand-driven skills development and VET catering for investment needs.
Outputs	<p>1: Enhanced national public-private dialogue on employment-oriented skills development and VET</p> <p>2: Enhanced capacity for demand-driven skills development and VET</p> <p>3: Stimulated knowledge exchange on lessons from practical experience in delivering skills development and VET in investment contexts</p>

# 1. Context

## 1.1 Background

Despite Africa's resources and substantial economic growth in some countries, poverty levels remain high and inequalities have widened. Population growth levels continue to be high in Sub-Saharan Africa (SSA), which exacerbates the problem of high unemployment and underemployment, mainly among young people and women. While economies are growing and companies are investing especially in the exploration of natural resources, job creation has for a long time been a neglected factor in economic policies in African countries.

According to IMF forecasts, Sub-Saharan Africa will need to create about 18-20 million new jobs per year between now and 2035 to absorb the growing employable population. More than half of the increase in the world's population by 2050 is expected to be in Africa and 380 million young women and men are expected to reach working age by 2030. Jobless growth is a risk to social cohesion and a potential driver of increased migration flows into neighbouring regions, including the EU. Employment creation in Africa is therefore an important objective of the global development agenda.

In a business as usual scenario, it will be difficult for African countries to provide sufficient employment opportunities, given the limited pace of economic transition and diversification. There is the risk that a majority of Africa's working-age population will either be trapped in precarious employment with low-incomes in rural areas, or in low-productivity informal employment in urban areas, especially women and groups in vulnerable situations. For African countries, one way of tackling jobless growth is to attract more employment-intensive investments that foster local economic development and linkages.

Foreign direct investment (FDI) can help to develop and integrate local value chains into regional and global supply chains, create business opportunities for local companies, facilitate technology transfer and thus create spill-over effects for the larger economy. Policy reforms for attracting FDI in industries with strong competitive potential and opportunities for local economic linkages are a precondition for sustainable job growth. Therefore, the potential of direct and indirect decent job creation needs to be a fundamental criterion in selecting sectors and projects to benefit from public support to maximise the employment outcomes of investments.

Women experience more difficulties compared to men in accessing productive resources, and in participating in and benefitting equally from value chains, so this 'gender gap' needs to be addressed.

Policy reforms to improve the business climate need to accompany investment programmes as are targeted interventions to make available the human resources required by domestic and international value chains. To maximise potential employment benefits, it is necessary that vocational education and training (VET) systems keep up with the changing labour demand and are targeted specifically to youth, particularly young women who are currently not participating in the formal labour market equally to young men.

The covid-19 crisis has altered the market dynamics in partner countries significantly, exacerbating unemployment problems of youth and women especially in urban contexts. Many countries have enforced a prolonged lockdown on the population leading to social upheaval and economic downturn. This lockdown in combination with the decrease in international trade, affect all aspects of economic development negatively: reduced local production, decrease in

exports, higher priced imports. It is unclear how quickly the situation will be back to before covid-19, but it may take years. This does not mean that the action itself is not needed or useful. In a situation of local economic downturn, the role of investments and skills is even more important and can play a pivotal role turning the crisis into opportunities for the local economy. Having said that, it is yet to be seen in how far reaching and how deep the crisis affects e.g. international trade in the mid- and long-term. The extent to which economic growth in African partner countries is hampered over the next couple of years is to be seen.

## 1.2 Problem Analysis

In many countries in SSA, there is on the one hand a strong mismatch between quality and quantity of labour supply and on the other hand the labour demand of companies. The labour force in developing countries is largely ill-prepared, due to lack of information about future job opportunities, lack of adequate education and relevant skills, to meet the demand of the private sector. Labour supply and VET systems are not responsive enough towards changing dynamics in terms of demand for skills. These challenges tend to be amplified when investments disrupt or boost entire sectors, requiring technical skills at first unavailable in the local economy.

A substantial part of FDI tends to be directed towards capital-intensive resource exploitation. The evidence suggests that there are major challenges in maximising local '*decent work*' - employment of such major investment projects as job creation is generally not part of the criteria used to select projects for financing. Many local employment opportunities (indirect and induced employment) are generated by economic linkages stemming from investments. In an ideal situation, capital investments, be it foreign or domestic, are catalytic in boosting local economic development, fostering local value creation and employment.

Investments in infrastructure, the so-called enabling sectors such as electricity and water supply, transport and ICT are of great importance for economic and social development and employment in SSA. This is particularly important against the background of a strong urbanization trend. Rapid and largely unregulated construction activity in megacities, medium-sized and smaller towns and cities points to considerable employment potential in the construction industry and the energy sector. However, in a situation where technical skills are mostly acquired informally, and local labourers are often under- or unskilled, significant potential for economic transformation is lost.

At the same time, a very high proportion of the population of SSA, including many young people, will continue to be employed in agriculture. Most rural dwellers are facing challenges of underemployment and can often not produce beyond subsistence levels. Investment in the primary sector increasing agricultural productivity can lead to improved employment opportunities and significantly higher incomes for rural populations. Increased agricultural productivity is also a decisive factor in the establishment and expansion of the food processing industry, for which the potential in many countries is estimated to be very significant.

Nevertheless, new sectors, such as green economy, digital service economy and sustainable solutions in urban areas, alternative financing are all coming up in several, if not all, SSA countries. Besides the traditional areas of investments, the importance of innovative areas for investments and job creation will increase.

When considering human capital in support of investments in above mentioned sectors, the following challenges have been identified as major obstacles for investments to play a catalytic role in employment:

- Insufficient local skills provision to respond in time to labour market demand: a key problem in the national skills provision is a **weak institutional arrangement hampering more effective links between supply and demand in the labour market**
- In many countries the **private sector is not sufficiently involved in skills provision**, which is caused by a missing link between VET institutions and private sector companies
- Often **rigid TVET systems** are responsible for technical and vocational skills provision, a root cause for the incapacity to adapt to new skills needs quickly
- In many cases specific skills **needs are not being anticipated**. The root cause lies in the way investments are being discussed and negotiated. Usually, national authorities in charge of providing relevant skills in a country do not possess the right information about upcoming investments and their skills needs
- **Skills mismatch and skills shortages**. Mismatch is caused by many factors, such as a lack of relevance for the employers of the training, a misalignment of the education system and its graduates with the labour market needs, a lack of dynamism and most of all, a lack of trust and commitment between private and public actors to overcome these challenges
- **Local companies cannot take advantage** of arising opportunities. Many African companies have not been able to take advantage of investment opportunities because they were **not compliant with demanding international standards** e.g. on health, safety and environmental issues. Local companies often struggle to assess challenges and opportunities when entering a global value chain and need capacity building and skills development
- Additionally, there is a lack of consideration for (non-) existing gender strategies and policies, concerning the linkage between investment and job creation, especially in sectors that have been traditionally male dominated. **Inequalities in treatment of women as well as in access to opportunities**, assets and resources, and in decision-making and workload for women, constitute serious barriers that need to be addressed

### 1.3 Relevance of the Action

Employment creation on the African continent has become a priority for policy makers in Africa and Europe. The growing problem of youth unemployment and underemployment is one of the main socio-economic development concerns. VET and skills development are considered as an important enabling factor for employment when coupled to measures on the demand side of the labour market. This action will be aligned with respective employment and (T)VET strategies.

The **African Union's (AU) Vision 2063** sees job creation as an integral part of its aspiration for 'A prosperous Africa based on inclusive growth and sustainable development'. It serves as a long-term vision for the continent's development over a time frame of 50 years. The document focuses therefore on the long-term structural transformation of African economies. 'Economic transformation and job creation' are mentioned as a key parameter for inclusive growth and economic development. The strategy document acknowledges that private sector investment is the basis of economic development.

Without job-related skills, youth and adults cannot benefit from the employment opportunities that offer decent income. The AU **Continental Strategy for Technical and Vocational**



**Education and Training (TVET) To Foster Youth Employment** stresses the importance of a paradigm shift from focusing on supply-driven formal TVET to a demand-driven more holistic TVET policy approach making it possible to adopt and recognize the acquisition of skills in all areas of training and learning, be they formal, informal or non-formal. Such shift can increase the relevance of skills provision and enable labour-market & employment orientation in the first place.

In the '**New European Consensus for Development**', the EU and its Member States have committed to carrying out actions that reflect the key themes of the *United Nations 2030 Agenda for Sustainable Development*: People, Planet, Prosperity, Peace and Partnership. On the first theme of 'People', the Consensus emphasises the importance of creating sufficient good-quality jobs, especially for young people and women. The Consensus also calls on 'ensuring access to quality education for all is a prerequisite for youth employability and long-lasting development', highlighting the importance of education and skills development for the social, economic and environmental well-being of communities.

In September 2018 an **Africa-Europe Alliance for Sustainable Investment and Jobs** was announced by the European Commission, pledging to create 10 million jobs in Africa over the next 5 years and have 750,000 Africans benefit from VET. The Alliance promotes a comprehensive approach addressing both the demand and supply side of the labour market. To stimulate demand, the Alliance seeks to achieve a substantial increase of private investment to enhance job creation and to contribute to sustainable and inclusive development, improvement of the business and trade climate are integral parts of the Alliance Strategy. This is coupled on the supply side with, human resource development, supporting education and training. The **Job & Growth Compacts**, that have been elaborated by EU Delegations, offer an analysis of the potential of job creation and value chain development and related obstacles, and a forward-looking response strategy in line with the four strands of the Africa-Europe. The Alliance approach is reinforced in the 2020 Joint Communication **Towards a comprehensive Strategy with Africa**<sup>1</sup> seeking to boost trade and sustainable investment, improve the investment climate and business environment, advance regional and continental economic integration and increase access to quality education and skills.

The **EU's External Investment Plan (EIP)** is an EU initiative launched in 2017, which is a key investment initiative referred to in the Africa-Europe Alliance, leveraging private investment in Africa by guaranteeing and blending investments. From 2017 to 2020 4.5 billion EUR is expected to leverage 44 billion EUR of private sector investments. The EIP will focus on 5 priority investment areas, **(1) sustainable energy and sustainable connectivity; (2) micro, small and medium enterprises financing; (3) sustainable agriculture, rural entrepreneurs and agroindustry; (4) sustainable cities and (5) digitalisation for sustainable development**. The EIP's success will be demonstrated not only through its capacity to mobilise investments supporting inclusive and sustainable growth, but in its ability to foster sustainable job creation. This action is particularly closely linked to the EIP. The Alliance Approach and investment programmes are set to substantially expand in the Commission's proposal for the next multi-annual financial framework (MFF) and additional investment windows, also in view of COVID-19 response, may emerge.

Currently the EU is reallocating funds from existing sources to tackle the consequences of covid-19. For example, the European Fund for Sustainable Development (EFSD) guarantee and

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<sup>1</sup> [https://ec.europa.eu/commission/presscorner/detail/en/fs\\_20\\_374](https://ec.europa.eu/commission/presscorner/detail/en/fs_20_374)

loans from partner financial institutions for blending projects will be used to tackle negative effects in Africa. Guarantees will be used to help small businesses with liquidity and working capital and enable more people to access medical care. The EIP will reorient parts of its funds towards pandemic response measures. The EU will prioritise financing for small businesses, local currency financing and healthcare. In the mid- and long-term extra funds will be invested into stimulating economic development in Africa, which will include enabling measures creating incentives for additional investments from abroad, but also regional and local investments.

The Joint Communication for a renewed impetus of the Africa-EU Partnership calls for a strengthened role of the private sector in EU development cooperation while making education and VET more relevant to labour market needs. The private sector is recognised as job engine and its increased engagement is essential as reflected also in the **EC Communication “A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries” (2014)**.

Furthermore, the EU established the *European Union Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa* (EUTF for Africa). One main pillar calls for economic development programmes to address skills gaps, improve employability, and support job creation and self-employment opportunities.

To create employment in Africa at large scale, more private sector investment and inclusive growth is needed; a fact largely acknowledged by the international community. Consequently, in 2017, the G20 aligned their ODA towards this common goal, while Germany launched the ‘**Compact with Africa**’ promoting private investment in Africa and committing partner countries to improve their respective business and investment climates.

Creating employment and promoting VET also offers great potential towards gender equality. The “**EU Gender Action Plan (GAP II) 2016-2020**” (2018), through its second priority area ‘Promoting Economic and Social Rights and Empowerment of Girls and Women’, stresses the importance for girls and women to be empowered. This action will also align with **ILO Conventions on Labour Rights and Decent Work**.

## 1.4 Objectives and Outputs

**Overall Objective (OO):** The overall objective of the action is: Better meeting of human capital needs of value & supply chain development and investment programmes in selected countries in sub-Saharan Africa.

**Specific Objective (SO):** The specific objective of the action is: Enhanced delivery of demand-driven skills development and VET, catering for investment needs.

The Action has the following intervention areas and outputs:

### Intervention area 1:

Enhanced dialogue on employment-oriented skills development and VET between vocational training institutions, companies, national institutions and relevant associations benefitting from European investments such as European Commission investment programmes in Sub-Saharan Africa

*Indicative activities: existing public-private dialogue on skills development and VET strengthened, economic sector assessment for labour market demand and gender-sensitive*

*skills needs linked to envisaged investment, promotion of employment partnerships with investors, encouraging investors to hire locally.*

- Result 1: Enhanced national public-private dialogue on employment-oriented skills development and VET conducive for investments.

### Intervention area 2:

Capacity building and training for demand-driven skills development

*Indicative activities: Capacity of VET trainers, local schools and institutions delivering skills/training enhanced; local companies are supported with gender sensitive training on human resource development to benefit from (international) value chains; occupational standards, curricula and application guidelines for selected job profiles are developed; learners are trained in occupational health & safety and labour standards; skills development and VET programmes for future and current employees (short and medium term) are implemented.*

- Result 2: VET stakeholders are supported to deliver relevant training in line with investment needs.

### Intervention area 3:

Stimulated knowledge exchange related to policies on skills development and VET

*Indicative activities: Use (existing) dialogue for a discussion on model solutions developed under result 2; draw lessons from practical experience of training interventions under result 2; share targeted information (e.g. good practices) and lessons learnt at different stakeholder fora.*

- Result 3: VET reform stimulated by capturing lessons from practical experience in delivering investment-oriented VET.

The action will promote employment through enhancement of skills development offers and VET delivery along private sector investments, in cooperation with private and public sector actors in 11 countries in sub-Saharan Africa.

The action covers a mix of countries offering investment friendly environments on the one hand, as well as more fragile states on the other hand. The final selection and prioritisation of countries will be done during implementation according to the investment opportunities in the selected countries. The indicative list can be modified should circumstances require to do so. The process from opportunities mapping to the geographical scope and indicative list of countries is explained in detail in chapter 1.5.2.

In the context of the UN's Agenda 2030, the action will contribute to SDG 8 ("Decent Work and Economic Growth"), aiming at promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all. Especially the sub-targets "Promote Policies to Support Job Creation and Growing Enterprises", "Promote Youth Employment, Education and Training", and "Full Employment and Decent Work with Equal Pay" will be strengthened through Toolbox 2 actions. Furthermore, the action will contribute to achieve SDG 4 "Quality education", ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all.

## 1.5 Intervention logic / Methods of Implementation incl. Strategic orientations

### 1.5.1 Theory of change

The VET Toolbox 2 is building on its sister programme, the VET Toolbox 1. They will share common infrastructure (administration, office space, personnel), which will increase efficiency, but they will also share the common goal of improving VET in their target countries. While Toolbox 1 is promoting demand-driven and inclusive vocational education and training through tool development, grants and in particular short-term expert missions on demand supporting public and private actors in professionalising skills provision, Toolbox 2 is going one step further in delivering improved training solutions in support of investments with a diverse range of actors locally. These solutions will be geared towards better employment prospects of the local population, while being responsive to needs and opportunities of investors and partners. Additionally, some tools being developed as part of Toolbox 1 may potentially be applied as part of Toolbox 2.

The VET Toolbox 2 contributes to improving the investment climate in selected African countries by strengthening human capital that is required to bring investments to fruition. It is first and foremost an opportunity-driven action, which aims to turn concrete investments into drivers for inclusive economic growth, social development and job creation. As investment-flows from the European Union into African countries are increasing, there is an opportunity for national economies to increase their share of local value addition and local job creation. A professional VET sector which is highly adapted to the needs of the labour market can be a key factor in realizing the countries' potentials in this regard. The action is designed to improve local benefits (e.g. jobs, income, local value chains) facilitated through EU investments, such as EC investment programmes in target countries.

In order to prepare the grounds for such investments, the action aims at building the capacity of players in the national VET sector and in the wider labour market, including training providers, employers, public actors, as well as trainees, students and labourers. While each of these actors has different interests and priorities, they are all interdependent. The system can only work effectively, when these actors realise that they need to collaborate to achieve a better outcome for everyone.

However, this interdependence of actors does not automatically lead to a more efficient labour market. Lacking exchange and coordination around training needs, insufficient financing of skilling measures and little recognised certification leads to a lack of relevant qualification and insufficient training provision in many Sub-Saharan economies.

This action intends to address some of these labour market failures in the area of skills development and matching, caused by a mismatch of demand and supply. Companies are not getting involved enough with skilling at school level in order to make sure skills provision is demand driven. On the other side, schools are not sufficiently engaged with the private sector to prepare their students adequately for the world of work, frustrating employers and graduates/job seekers alike.

The challenge of under-performing labour markets is exacerbated in a scenario of large external investments. Such a situation demands high adaptability, quick reaction from government and local companies and the capacity of training providers to improve their level of skilling drastically. The pressure on all actors to deliver their part of the change process is very high, as not achieving the set targets can mean the potential for local job creation is lost. It is in the spirit

of maximising the potential of local job creation and value addition through the participation of local companies that the action intends to choose its intervention areas.

In line with the EU's EIP, the action will facilitate partnerships between private investors, local companies, training providers and public actors to develop scalable solutions for effective labour markets and inclusive economic and social growth. The intervention aims to establish 'employment partnerships' where international and local investors see opportunities for employing skilled local people, as well as sourcing local goods and services.

The core assumption behind the action is the fact that **labour markets in target countries do not possess the necessary level of information, integration and exchange mechanisms, as well as training capacity for them to function well**, especially in the context of large investments. These lacking traits lead to different malfunctions: the training provision is often traditional in content and format; the training providers are not systematically informed by either government or private sector about current or future labour market demands; the national occupational standards are usually low and do not correspond to international standards. On the other side, employers need to re-train extensively on the job, whether they hire skilled or unskilled personnel. The government usually focusses on its role of providing teaching infrastructure (incl. teaching personnel and schools), defining occupational standards and exercising the authority of certification of students. There is often no systematic format of exchange between those players, neither on local level, let alone national level.

While the action does not have the funds nor ambition to reform entire national TVET systems, it intends to create 'models' delivering exemplary solutions for particular challenges. As part of implementation, a strong focus on the learning character of these models will be ensured.

The action offers three intervention areas for its implementation, each corresponding to one output. In each of those intervention areas exist several entry points for the action, where the impact can be maximised. Those points will be highlighted and are also reflected in the graph under 1.5.2.

### Intervention area 1 – Employment partnerships through enhanced dialogue

The intervention area 1 intends to strengthen the dialogue between employers, government and training providers. It aspires to contribute to a change of mind-set to have a more joint view on human capital development in the context of investment. This dialogue is a necessary basis for a functioning labour market and will include personal exchange fora, institutionalised public-private formats and employment partnerships between key stakeholders identified by the action. In this area of intervention there is significant potential for synergies with existing dialogue platforms, such as industry roundtables, sector skills councils or other fora already in place. Where such formats exist and can be used to foster the dialogue between all stakeholders, the action will build on pre-existing structures and platforms. Active exchange and collaboration with the EU action "Technical Assistance Facility (TAF)" of the EIP investment climate arm, will be sought for the action to achieve more impact when opportune.

The efforts under this intervention area 1 will enhance market intelligence, increasing the knowledge on key human capital constraints to private sector investments and allowing the design of more efficient and effective actions/initiatives, while capacitating local key actors to network and implement joint projects more effectively. Furthermore, they will enhance employment-oriented skills development for individuals and local companies by supporting the dialogue between private-sector employers, unions, associations, Vocational Training Institutes (VTIs), and (VET) authorities. It will feed lessons learnt into national debates, thus clarifying roles and responsibilities in the labour market.

Key achievements under intervention area 1 include:

- Existing mechanisms for public-private dialogue on employment-oriented skills development and VET are strengthened (e.g. industry round tables, sector skills councils etc.)
- Facilitation of 'employment partnerships' with investors, local employers, government and training providers
- Enhanced dialogue on skills development and employment related knowledge sharing on decentralised, local and/or sectoral level promoting e.g. employment partnerships between private-sector employers and VTIs.

### Intervention area 2 – Capacity building and training for demand-driven and inclusive skills development

Intervention area 2 is the core of the action and will also receive most resources in terms of budget allocation. Here, the action supports capacity building, focussing on sectors directly linked to investments with sizeable employment potential identified through labour market analysis, as well as a mapping carried out prior to project development. By this, the action identifies a sector, a value chain or group of (local) companies that show significant potential to create employment impact. Through a dialogue process initiated under Intervention area 1 the action may be able to establish the needs of each actor: e.g. whether an enterprise or a whole industry suffers from a skills gap leading to recruitment challenges or a skills gap in the company itself preventing it from accessing valuable contracts. The action can subsequently support those actors by co-developing tailor-made training courses to address those gaps. The action will support the development of training material, curriculum or organise practical training opportunities for trainees, among other activities.

The action will at the same time initiate new and improve existing partnerships between companies and VTIs (potential link to intervention area 1). Principals, teachers and trainees need to be made aware of the opportunities that lie in a close collaboration with companies (e.g. practical work exposure for their trainees and the teaching staff, access to machinery and equipment, up-to-date information on labour market needs). At the same time local entrepreneurs and businesses should also be supported to identify and communicate their skills needs to make sure training offers are designed to match these needs.

Depending on the local labour market demands and communicated needs by key stakeholders, important part of the work could include technical skills upgrading conducted for VTI teaching staff and in-company master-trainers from the private sector as well as short-term training for employees increasing the employability and/or qualification level of future and present female and male employees (e.g. upgrade from electrician to solar electrician). In selected cases, where the lack of equipment prohibits proper training, VET institutions might also be supported with limited procurement of equipment. Offering guidance on the development of transferable and soft skills to improve the employability and mobility of skilled people in labour markets where investment projects have the potential to create employment opportunities will be an integral part of the action.

Local enterprises with limited or no experience in dealing with international companies can benefit enormously from coaching services and capacity development on all levels in order to seize opportunities offered by blending instruments (e.g. EFSD facility of the EIP) or direct investments. The action can support local companies aiming at integrating their business into (global) value chains through staff training, capacity development for management. Local enterprises will thus enhance their capacity to compete nationally and internationally (either as stand-alone or by establishing partnerships).

Key achievements under intervention area 2 include (*achievements depend on local needs*):

- Targeted capacity development of VTI staff and master-trainers
- Local companies are supported with trainings and coaching on human resource development to access international value chains
- Occupational standards, curricula and information material for selected job profiles are improved or developed
- Skills development programmes for future and current employees (short and medium term) are developed and implemented
- Job matching services for graduates of training measures are developed and implemented (e.g. job fairs, internship programmes etc.)

### Intervention area 3 – Lessons learnt and targeted information to stimulate policy dialogue and knowledge management

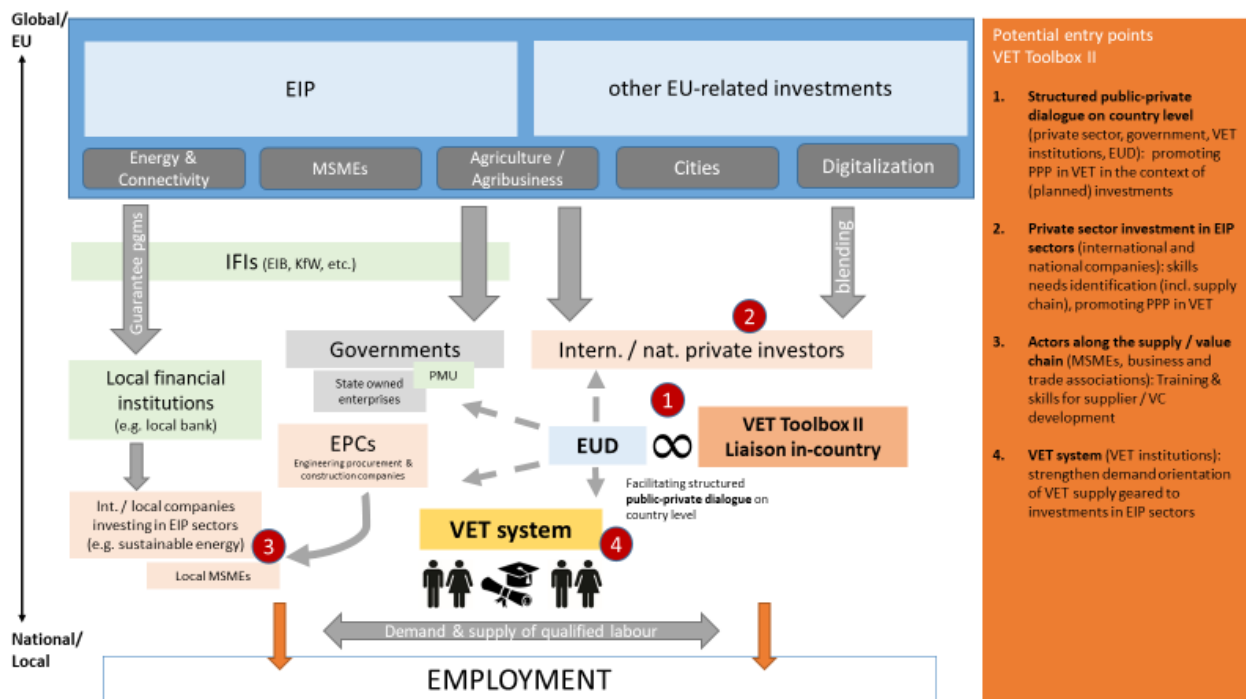
This intervention area aims at learning and sharing information with relevant stakeholders based on practical experiences gathered during implementation in intervention areas 1 and 2. This way policy dialogue and potential reform can be based on actual experience resulting from the action's interventions. The objective is thus to help improve the training ecosystem in the longer term and enable evidence-based decision making. This intervention area is cross-cutting, and learning will be an integral part of all intervention areas, as well as outputs.

As the action is an add-on to the ongoing VET Toolbox 1 facility that provides advisory services on i) labour market and VET system analysis, ii) enhancing the linkages between VET providers and the needs of the private sector, as well as, iii) improving the access of disadvantaged people to VET, there can be synergies achieved in this intervention area. The VET Toolbox 1 can play a significant role in feeding in lessons learnt in a structured and useful way, e.g. through tools developed or disseminating lessons through their network.

Key achievements under intervention area 3 include:

- Good practice models are shared nationally and internationally (where applicable)
- Key stakeholders are connected
- Knowledge exchange among stakeholders is promoted and facilitated; making use of existing platforms (digital and non-digital) where possible, including those mentioned under intervention area 1

## 1.5.2 Modes of delivery



In order to design effective projects for implementation, clear modes of delivery are needed, including suitable entry points. The graphic above aims at portraying the indicative flow from European investment to employment, focussing on partners/ stakeholder and their role in enabling a successful action. There are several entry points, where the action can be applied, and projects placed. Each entry point can be linked to one or more intervention areas described in the Theory of Change chapter.

The first entry point (1 in the graphic), where the action can have an impact, is the support of structured public-private dialogue (as described in intervention area 1). Here the VET Toolbox 2 in-country liaison person in coordination with the EUD can play a facilitating role. Depending on country context, the EUD can play an advisory role which stakeholders to include in such dialogue fora and on how to link up with existing dialogue platforms. The network and capacities of the EUD shall be used and built on where possible. The Toolbox 2 could e.g. facilitate/ set up a forum where relevant actors gather to exchange their respective ideas on how to improve demand-driven skills development in a specific sector.

While the action will focus on investments stemming from European Commission initiatives, such as the EIP, there is a degree of flexibility built in. This flexibility allows the action to implement activities also in countries where EC investments are not yet secure, or where other European investments are likely to have a great impact on the local labour market. This approach reduces the risk of dependency on the EIP. Working with investors on local level offers the additional advantage of collaborating on very concrete activities, especially in cases where investment projects have already begun (2 in the graphic). Collaboration with such investors can lead to them participating in dialogue for a under intervention area 1, but also to direct skilling projects as planned under intervention area 2.

At national level, the collaboration with and support of local employers/companies in the value and supply chains is going to be key for the action to be successful (3 in the graphic). Whether it is to boost the certification level of workers in a small enterprise or facilitating the link between local training providers and these companies: supporting local structures to accommodate



international investments and benefit from them will be at the centre stage of the action (as described under intervention area 2).

Most training providers in African countries are not in a position to know which skills are going to be needed in the context of an investment. Here, the Toolbox 2 will be able to engage with VET authorities on local level, as well as schools to tailor their training offers towards the demand by industry (4 in the graphic and intervention areas 1 and 2).

### **Geographical scope**

The countries where the action will implement its activities has been decided through a collaborative decision-making process between EU DEVCO and the consortium partners as part of the drafting process of the DoA. The result is a list of 11 countries (see below), in which the 11 interventions are going to be implemented.

The indicative list of selected countries:

*Ivory Coast, Republic of Congo, Democratic Republic of Congo, Ghana, Kenya, Malawi, Mozambique, Nigeria, Senegal, Tanzania, Uganda*

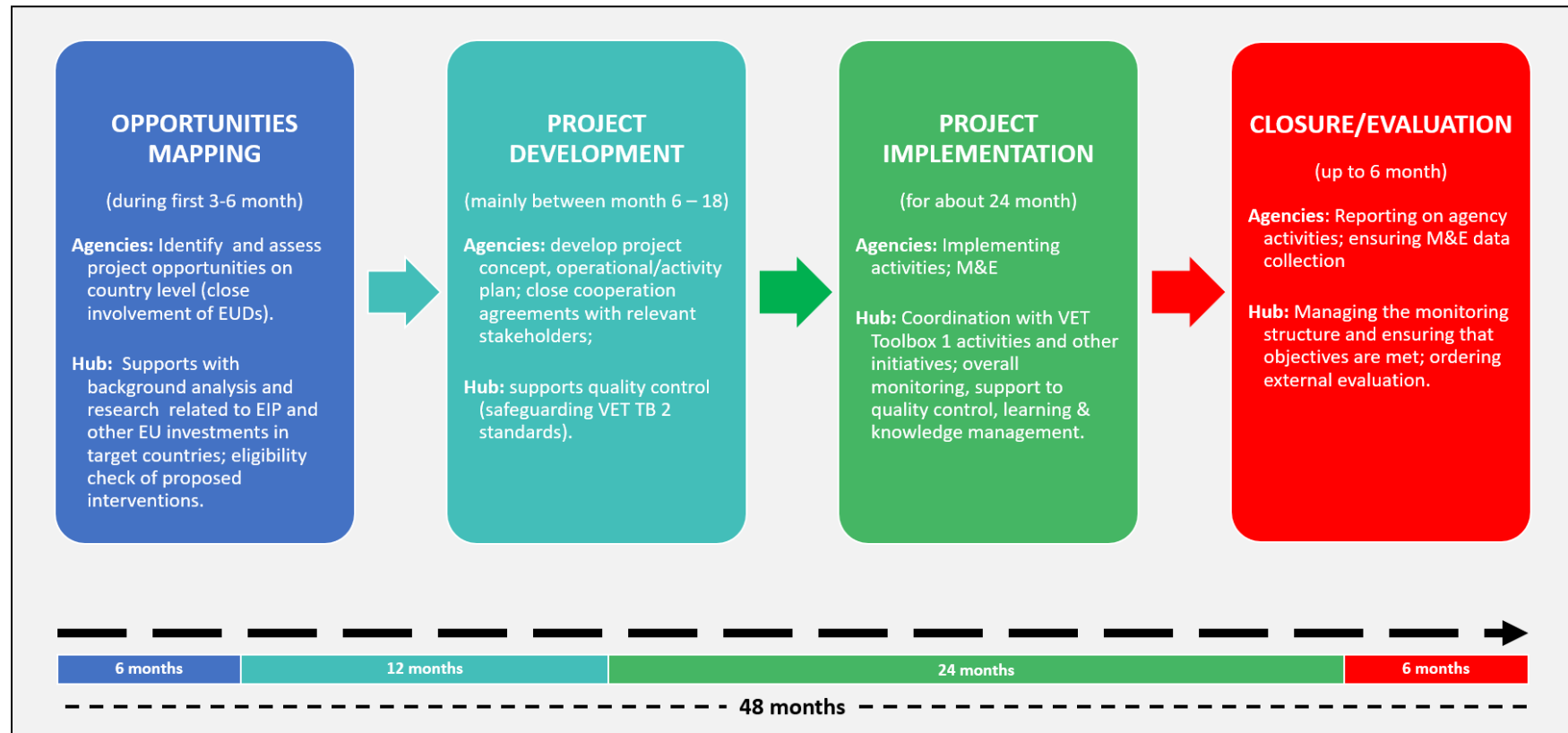
There will be the opportunity of exchanging countries once it was found during inception that not sufficient potential for successful implementation exists OR if the security situation does not allow for activities to be carried out.

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***The following description of the implementation process is meant to show indicatively how opportunities for project interventions can be developed as part of the action.***

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## VET Toolbox II – Country Project Phasing



## **Opportunities mapping exercise**

Preparatory activities will establish sectors of economic and employment potential, linked to a European, or EU supported, investment creating local opportunities. In each partner country one implementing agency will be in the lead. The opportunities mapping exercise will be accompanied by organisational/setup activities in the respective countries, preparing for implementation.

In this early assessment the respective implementing agencies are in the lead in close collaboration with the EUD; however, the Hub in Brussels will support with background analysis and research, especially related to EIP and other EU investments. While a significant part of preparing an intervention is done in-country, the Hub can provide additional information on EU supported investment in specific countries and EIP sectors and any relevant labour market requirements identified by EIP. This analysis will further give the action and the EU assurance that sufficient employment opportunities will be created in the sector identified to justify further mapping.

Where an opportunity was identified; a detailed mapping of stakeholders, the context and possible entry points follows. The key aim of the mapping is to assess the local context, institutional structures and fora, incl. existing structured dialogue processes (e.g. by EIP TAF), Sustainable Business for Africa Platform (SB4A) platforms and sector skills councils and other relevant entities that can act as partners in the development of interventions. This stage will also identify and define recipients, as well as beneficiaries. On a local level, there will be a contextualised assessment of the job creation potential in sectors benefitting from European investment support. It will also assess the current ability of the system to be able to take advantage of the opportunity presented by the EIP investment pipeline. This stage of the opportunity assessment process will review the institutional environment and its readiness to support VET Toolbox 2 implementation.

The results of the mapping process will be the basis for intervention/activity planning and project development. Also, the consortium and DEVCO incl. the EUD in the respective countries will be informed about the mapping results.

## **Project development**

The objective of this phase is to define a lead partner locally to support the project and to develop a project concept. Normally, one consortium partner will be in the lead for developing the concept it intends to implement later. The concept will need to further lay out how it intends to increase the local employment impact of investments, while supporting local labour markets ability to answer the investment-driven demand for skills. The strength of this link will be an important factor in project design. However, it will be important to show that the intervention will not be too dependent on one investment project, but rather strengthens a sector. This stage will also configure the implementation in terms of result areas and the weight given to each. Concept development will define the intervention and will end with the final draft of concept, operational plan and planned activities clearly described and shared with the Hub and the EUD.

## **Project implementation itself**

Interventions would then need to be delivered linked to the outcome areas listed below. The interventions would be configured with specific weighted emphasis on the outcome areas. For details reference is made to 1.4. Objectives and Outputs and 1.5.1. Theory of Change. Each project developed as part of this action will have a suggested approximate budget of 800.000 EUR.

## **Minimum standards**

It is of primary importance that VET Toolbox 2 can demonstrate relevance and alignment of the interventions against credible indicators. The suggested minimum requirements for this process will include

- The opportunity must demonstrate developmental potential in the target country
- The opportunity description will need to secure the backing of at least two actors (e.g. one private, one public) in the target country with an identified lead implementation partner
- There must be a relevant investment and employment prospect in the context of which the intervention can be placed
- A demonstrable need for VET capacity building in an EIP sector must have been identified
- An intervention must serve the purpose of improving elements of the VET system in target countries
- Beneficiary group must be clearly defined

## **Collaborative approach**

To allow the agencies to manage the pursuit process, financing has been divided by output-based budgeting between agencies. Where there is opportunity, co-delivery of a project will be considered and supported. Lessons from VET Toolbox 1 in terms of co-delivery and its requirement for budget transfer have been identified and where there is more than one implementing partner operating in a country, synergies will be sought at each stage of the opportunity assessment.

## **Learning approach**

VET Toolbox 2 holds unique potential as a learning instrument. It will not deliver 'pre-fabricated' solutions to different contexts, but rather contextualised and customised ones, bespoke to local needs. VET Toolbox 2 will act to bridge the interests of investors and local labour markets in the targeted countries. As such, each project could practically illustrate an alternative and demand-driven VET model than can inform policy development. Moreover, VET Toolbox 2 could be implementing up to 11 projects concurrently that will be linked together through the results framework. This creates an opportunity to operate a peer support network for the projects to share both their successes and reflect on their challenges with a supportive group of related projects. There is an exciting opportunity to share learning and practice that could meaningfully improve the performance of implementations.

The VET Toolbox 2 will also provide learning opportunities to EU Delegations and wider network of stakeholders and actors on practice from other locations. This will generate a pool of expertise focused on investment linked skills development that will inform the wider body of knowledge developing in this area.

VET Toolbox 1 already has a strong online platform and network to facilitate the promulgation of learning, which can be used to cater for the needs of this action, as well. Consideration will need to be given to the different audience in VET Toolbox 1 and VET Toolbox 2.

### 1.5.3 Principles of project delivery

The following principles reflect the approaches that will be adhered to in implementing the VET Toolbox 2, as they are identified as critical success factors:

- Employment impact: as the entire action is geared towards an improved employment situation for local people, this element is key
- Investment-centred planning: all activities are planned in/around (forthcoming) EU supported investments, in particular EIP sectors in target countries
- Local value addition at the core: main focus are local job creation and growth of local SME, benefitting local people and the local economy
- Opportunity-driven approach: the action intends to use (planned) investments as starting point for its activities. Each investment can be seen as an opportunity to create local value addition
- Country-specific design: in every country there might be different needs identified, resulting in different approaches and methods used
- Capacity development: to ensure sustainability of the action capacity building will be mainstreamed across all interventions, where applicable
- Integrated governance: there will be joint governance among consortium partners with the guidance of the lead agency and EUD

### 1.6 Activities / Indicative Fields of Activities

To achieve the envisaged outputs and the specific objective, the following key activities per output are foreseen. Please note that this list of key activities is indicative and may change over the project cycle. As part of an inception phase in the beginning of the project these activities might be adapted.

Output	Key Activities
Intervention area 1: Dialogue on employment-oriented skills development and VET between Vocational Training Institutions, companies, national institutions and relevant associations	<ul style="list-style-type: none"> <li>• Analysis of labour market situation and labour demand by compiling labour market information with the different stakeholders; Analysis of existing and future EU/EC investments into target countries, incl. job creation potential</li> </ul>
	<ul style="list-style-type: none"> <li>• Support the strengthening of existing or the establishment of new mechanisms for public-private dialogue on employment-oriented skills development and VET</li> </ul>
	<ul style="list-style-type: none"> <li>• Facilitate the development of employment-oriented partnerships with companies, unions and associations including national authorities</li> </ul>
Intervention area 2: Capacity building and training for demand-driven skills development for VTIs	<ul style="list-style-type: none"> <li>• Support VTIs in their training provision by e.g. training teachers, professionalizing management, etc.</li> </ul>
	<ul style="list-style-type: none"> <li>• Select and introduce occupations/competences for training in VTIs; criteria: market demand, transferability etc.</li> </ul>

and local enterprises	<ul style="list-style-type: none"> <li>• Introduce soft skills/work readiness training courses at VTI level</li> </ul>
	<ul style="list-style-type: none"> <li>• Introduce work-based learning schemes benefitting students and enterprises</li> </ul>
	<ul style="list-style-type: none"> <li>• Support local companies in strengthening in-house training for their employees based on needs assessment</li> </ul>
	<ul style="list-style-type: none"> <li>• Support development of job matching services for graduates of training measures</li> </ul>
Intervention area 3: Disseminating lessons learnt and targeted information to stimulate policy dialogue	<ul style="list-style-type: none"> <li>• Share targeted information and lessons learnt at different stakeholder fora, in particular also at local level</li> </ul>
	<ul style="list-style-type: none"> <li>• Reinforce the VET Toolbox website as digital hub facilitating the VET toolbox' efforts on sharing lessons learned and knowledge exchange network (KEN)</li> </ul>
	<ul style="list-style-type: none"> <li>• Share and promote good practice models to strengthen knowledge exchange</li> </ul>

## 1.7 Description of beneficiaries and stakeholders

### Main partners

There are different groups of partners to be considered for the action, depending on the broad range of potential entry points for the intervention. The partners of the action may be categorized/weighted as direct and indirect enablers, recipients and target group/ultimate beneficiaries.

**Direct enablers** or **key stakeholder** can use their skills, knowledge or position of power to significantly influence the action. They have usually decision power. **Indirect enablers** are those actors whose involvement in the project is only indirect and/or temporary, as is the case for instance with service providers. They can have advisory power. **Recipients** are those directly affected by the project (e.g. VTIs receiving capacity development support). The **target group / ultimate beneficiaries** are those who are benefitting from the improved conditions resulting from the intervention.

There might be also actors without whose support and participation the targeted results of a project cannot be achieved, or who may even be able to veto the project. These so-called veto players can be direct or indirect enablers.

#### A) Direct enablers/ key stakeholder

On the European level, direct enablers could include, but are not limited to:

- Private investors benefitting from the European Fund for Sustainable Development (EFSD) facilities of the EIP or other European investment windows
- Relevant EU institutions (EIP secretariat, etc.)

In the target countries, direct enablers or key stakeholders:

- Local EU Delegations (EUD)

- Local national or sector training fund

### **B) Indirect enablers**

Indirect enablers on European level include, but are not limited to:

- International Financial Institutions (EIB, etc.)
- Chambers of Commerce or Industry (in EU member countries)

Indirect enablers in the targeted countries could include, but are not limited to:

- Social partners consisting of workers through trade unions, employers and government representatives
- National line ministries such as Labour, Education, Economic Development & Trade, SME that shape a country's business and investment climate next to the legal framework for TVET, the tax system and labour and employment strategies and policies
- Business associations and chambers of commerce which represent the wider interests of the private sector, highly affecting the public-private-dialogue and are potential partners for skills and supplier development programmes
- Other donor programmes related to investment and VET

### **C) Direct beneficiaries/ recipients**

The direct recipients of the action are, but are not limited to:

- Local public and private Vocational Training Center providing (continuous) vocational training (CVT)
- Short-term training providers
- Future and current employees of local companies (of training carried out directly by the action)
- Local enterprises receiving coaching services

### **D) Target Group/ ultimate beneficiaries**

The action intends to reach the following actors:

- The participating local enterprises benefitting from investments
- The employees that undergo CVT
- VTC apprentices and interns, in sectors related to investments
- Job seekers, including disadvantaged groups etc.

## 2. Risk Analysis

Risks	Risk level H/M/L	Mitigating measures
Informational fragmentation and asymmetries will be the primary risk for the programme to manage. Specifically, no one actor will be able to define what pull investments will create on the labour market that could result in skills interventions being poorly targeted.	M	An opportunity-based approach will be adopted to try to analyse information from multiple perspectives. This is the key mitigation to improve the alignment of skills interventions to transformation and demand in the labour market.
The timeframes involved for some types of investment to impact on employment creation can be very long and it is therefore not feasible to assess these impacts within the timeframe of the proposed activity.	M	This limitation could be addressed by assessing similar investments that have started or are completed already and by putting the frameworks and baselines in place to ensure that project can be adequately assessed. The action will also consider the temporal dimension when looking at the best portfolio of interventions to fund.
Investments do not take place in the scope and the regional dimension, during the lifespan of the action.	M	Portfolio and regional diversification (targeting to work with many companies / in different sectors / in different countries) reduces the effect of delays of investments.  Analysis of broader labour demand and focus on transferable skills development to be open to alternative employment opportunities.
Investment schedules leave only a narrow time window for supply of local workers	M	Individual skills development strategies with a combination of longer-term VET provision, short-term training and direct training by companies. Establish strong communication channels with relevant actors. Start training on transferable skills already to bridge time on clarity of situation specific skills need.
Changes in the structure of labour markets and evolving demand.	M	Matching supply and demand through facilitating dialogue between training providers and industry to keep abreast of technological change and include work-based learning.
Local companies do not meet requirements of investors, leading to lack of local value add or inadequate utilisation of local labour.	M	Base SME development measures on value/supply chain mappings and analysis of potential suppliers and their requirements.
Lack of interest of international	M	Tailored partnership arrangements with each



companies to invest in local linkages.		company, in line with business interests. Programme functions as a broker between interests of different partners (e.g. governments, training centres, business associations).
Lack of capacity at country office level could lead to long delays before they can translate a request into a well-defined opportunity.	L	Coordination Hub to support in the decision making about where to allocate resources to the best opportunities including potential budget transfers and facilitating co-development and co-delivery.
In countries affected by conflict, this can have significant effects on the costs and timeframe of mobilizing expertise. This could result in poor coverage of priority countries that need support the most.	M	Coordination Hub to assess security situation in each target countries. Increased resources could be agreed to support operation in fragile and conflict affected countries.

**Assumptions**

Willingness and ability of multiple actors to work together to achieve common goals, including public and private VET institutions, Government entities and other demand-side labour market actors.

An important assumption behind the proposed intervention logic is that there is a commitment from DEVCO (notably EIP and EUDs) to participate in the various project interventions and progressively factor employment creation into appraisal procedures of investments and projects. DEVCO will also need to be actively involved in intervention approval to ensure alignment with EIP investment profiles.

The action also assumes that there will be good collaboration with the implementing partners. A particularly important element here will be that the action has access to relevant project and investment data and is able to engage with project partners and stakeholders on the ground to be able to conduct certain elements of the employment assessments.

The action further assumes that investors are interested to engage with the action to improve the human capital in support of the investment programmes.

On employment assessment, the main assumption is that there will be continued interest and willingness to work on harmonization, and as part of this engage and discuss some of the assumptions and contestation inherent in assessing employment impacts, so that where necessary a way forward can be agreed upon.

The Covid-19 pandemic will not in the medium to longer term undermine investment in Africa nor affect the principle of investing in human capital in Africa.

## 3. Resources

### 3.1 Financial resources and Budget

DEVCO is financing this project with a total amount of EUR 15,000,000 and BMZ (German Government) with a maximum amount of EUR 1,250,000.

#### 3.1.1 Budget

See annex 3 of the MCPA for a detailed break-down.

#### 3.1.2 Budget Principles

- The VET Toolbox 1 budget continues funding shared resources until September 2022. The VET TB 2 budget provides funding for remaining time of shared resources (VET TB 1 & 2) and for additional resources
- With VET Toolbox 2, relatively more funds would be allocated to the field (in-country) to ensure a stronger country presence and coordination
- Funding for agencies for specific tasks and services will be proportional to the volume implemented (number of interventions / countries). As such, agencies can use this in a more flexible way
- Mapping and project development are funded under the in-country liaison services
- All costs related to the preparation, management and implementation of the interventions in-country, as well as liaison & coordination tasks in the fields will be part of the respective intervention budgets (direct costs)

## 3.2 Human resources

### 3.2.1 Coordination Hub

Overall coordination will be at the Coordination Hub<sup>2</sup> whose role and scope will be expanded to service the VET Toolbox 2 Action. One Hub for both actions will represent a more efficient use of resources and promote the alignment of the two projects.

The tasks for the Coordination Hub include:

- Pipeline monitoring & management of EIP, as well as other EU investments (in Brussels). This includes providing high-level intelligence and analysis on EIP and EU

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<sup>2</sup> The Project Management Unit of the VET Toolbox 1 has been renamed Coordination Hub.

investments in target countries, as well as engaging in coordination mechanisms on business climate at Brussels level, of which human capital is a specific element <sup>3</sup>

- Support OMC in processing of new interventions, including eligibility check and organising the assessment process of interventions (*criteria & assessment system to be defined*)
- Reporting on progress of (i) opportunities mapping, (ii) in-country dialogue, (iii) project development, (iv) project implementation, and (v) learning
- Responsible for all financial, administrative and technical coordination tasks (hold the responsibility for the overall information and communication on the VET Toolbox, process incoming demands)
- Coordination with VET Toolbox 1 activities and other initiatives (like Archipelago, Socieux+) to stimulate synergies
- Support learning & knowledge management and sharing
- Ensure consistency and compliance with the logical framework
- Responsible for overall monitoring and support to quality control
- Monitor and update the risk analysis and the mitigating measures
- Facilitate communication with EU and keep the responsible unit at DEVCO HQ informed on main developments or issues requiring attention of EC services
- Consolidate and draft the annual technical and financial report for DEVCO and prepare the draft work plan
- Prepare meetings of the Steering Committee, Partnership Meeting and OMC, and act as secretariat

As a result of the expansion of its role and workload the Hub will require additional capacity and new expertise. Extending the role of the current Hub should give the overall project a smooth inception phase, where additional activities and resources are eased into an already functioning system. The Coordination Hub is responsible for the operationalization of the VET Toolbox 2, according to the action document and decisions by the Steering Committee and OMC.

The Coordination Hub team consists of:

- Team Leader (coordinator of the Hub)
- VET / PSD expert (new position)
- Communication, ICT and knowledge management expert
- Administration & Finance Officer
- Operational and event organisation support<sup>4</sup> (new position)

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<sup>3</sup> While in Brussels the decisions are made on support to (portfolio) investment, the information on concrete investments will likely be rather available at country level and be part of policy dialogue (policy first) between EC, Member States, IFIs and national stakeholders.

<sup>4</sup> This support was lacking in the current set-up of the VET Toolbox 1 project

*Note: Until the closure of VET TB 1 activities (September 2022), the following experts will remain as Hub staff members:*

- VET expert in charge of Call for Proposals
- VET Expert, seconded by GIZ

The Coordination Hub is the single point of contact for the European Commission and will be based at the Enabel office in Brussels. The administrative, legal & accounting rules and operating procedures of the Hub will be those of Enabel.

### **3.2.2 Liaison staff from the bilateral agencies**

#### **Liaison Officers of implementing agencies (OMC members)**

The role of the Liaison Officers of VET Toolbox 1 will become more important with the addition of the VET Toolbox 2. The estimated total workload will become equivalent to a half-time position (50%)<sup>5</sup>.

The Liaison Officers will:

- Function as a Single Person of Contact (SPOC) between the Coordination Hub and the 5 implementing agencies
- Ensure the administrative and financial link to the corresponding bilateral agencies
- Participate as a member of the operational monitoring committee (OMC)
- Mobilise the expertise within their own bilateral agency and be responsible for the agency's delivery and outputs
- Coordinate pipeline management / prospection in agency's partner countries
- Support or lead coordination of activities & dialogue (in-country)
- M&E and reporting on the activities of their respecting agency
- Support mapping / project development (in-country)
- Coordinate learning and knowledge management at the level of the implementing agency

Each of the implementing agencies will appoint a part-time **Liaison Officer** (50%<sup>6</sup>) to link the VET Toolbox Hub and with the respective agencies. The liaison staff will be based in the headquarters or field offices of the respective bilateral agencies.

#### **In-country liaison & coordination services**

As the VET Toolbox 2 action represents a shift of the activities to partner countries where the interventions will be implemented, there is a need for a stronger country presence and coordination. This applies to all 3 intervention areas. Therefore, a budget for these Liaison Services in partner countries has been foreseen under VET Toolbox 2 that will be proportionally shared among agencies to the respective number of interventions implemented by each

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<sup>5</sup> For VET Toolbox 1 and 2 together.

<sup>6</sup> In part funded by VET Toolbox 1 until September 2022.

agency. Agencies decide themselves how to best use this budget in line with their own organisational set-up.

### **3.2.3 Knowledge Exchange Network (KEN)**

The KEN network of VET Toolbox 1 will be extended to include new partners and topics relevant for VET Toolbox 2 (VET for EIP, VET and PSD ...). KEN will complement efforts at country level in intervention area 3.

## 4. Operational model

### 4.1 Joint management

The project is jointly implemented by Enabel, GIZ, LuxDev, British Council and Expertise France according to the indirect management modality. The VET Toolbox 1 and 2 projects will operate as one project, even though they have separate specific objectives and operate under different contracts.

The implementing agencies are the same as for the current VET Toolbox with the addition of Expertise France. The agencies will share the services-to-provide along the lines of their expertise and capacity, thus complementing each other and making use of learning opportunities.

The action will be implemented at 2 levels: (a) central level: HQs, EC Brussels and (b) country level:

- (a)** At central level (HQs, EC Brussels) for (i) pipe-line management, intelligence, (ii) coordination with EC (DEVCO, EIP secretariat, country desk), (iii) coordination with IFIs, (iv) processing and assessment of interventions, (v) learning, knowledge management, (vi) networking, (vii) reporting, (viii) support to field activities....
- (b)** At country-level, agencies will in 11 countries:
  - Liaise with European Union (EUD and Member States), representatives of International Financial Institutions (IFI) and national stakeholders
  - Map, prospect and prepare interventions. This includes understanding and connecting to the local economic eco-systems, donor coordination, harmonisation, and finally project development
  - Implement interventions according to a division of labour amongst agencies. The interventions in each country will be composed of several initiatives and have a project length of up to two years

Through the existing network of implementing agencies on the ground, this action will allow quick reaction to demand and opportunities. It will also facilitate a relatively quick and easy start-up of interventions as core management processes are in place. Each agency will operate according to their own operational model

Each country on the indicative list of selected countries has been assigned a lead agency: British Council for *Ghana and Malawi*; Enabel for *The Democratic Republic of Congo or Uganda (to be decided in due course)*; Expertise France for *Ivory Coast and The Republic of Congo*; GIZ for *Kenya, Mozambique, Nigeria, Tanzania and Uganda (for Uganda together with Enabel, if applicable)*; LuxDev for *Senegal*. Where countries change, the consortium will agree on the agency best placed in consultation with the contracting authority.

It is the responsibility of the lead agency to implement VET Toolbox 2 in the country to which it is assigned or, if the potential for successful implementation in that country is not sufficient, to justify the withdrawal of VET Toolbox 2 from the respective country towards the other implementing agencies and the contracting authority.

Joint implementation will be considered and supported in countries where there is opportunity. Each agency brings different experience, skills sets, networks and implementation capacity to the table. It will be key for the success of the VET Toolbox 2 to bring those different strengths together in the target countries.

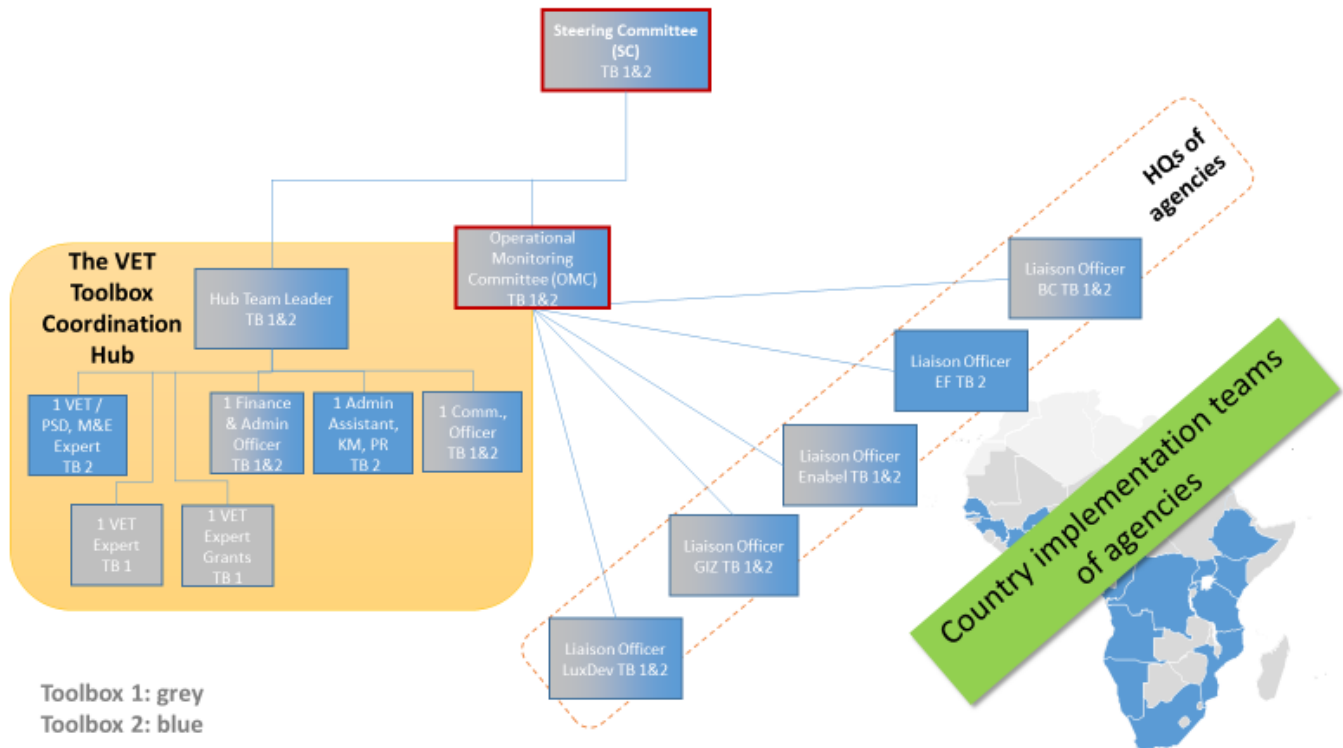
For VET Toolbox 2, additional management capacity for agencies is needed, in the first place at country-level to prepare, manage and implement activities on the ground, but also at the central level (Coordination Hub and HQs). For the implementation of interventions, staff and operational costs will be included as direct cost in the intervention budgets.

The VET Toolbox 2 project will develop a strong component on learning & knowledge management. The new Action holds unique potential as a learning instrument. It will not deliver 'pre-fabricated' solutions to different contexts, but rather contextualised and customised interventions. This creates an opportunity for learning, knowledge management and sharing of learning and practice.

### **Contractual modalities**

British Council, Enabel, GIZ, LuxDev and Expertise France will sign a Contribution agreement with the EU, represented by DG DEVCO. Enabel will act as the Organisation and British Council, GIZ, LuxDev and Expertise France will act as Partners.

## 4.2 Governance structure



### 4.2.1 Steering committee (SC)

The Steering Committee for the Action will ensure the strategic overview of the intervention, oversee and validate the overall direction and policy of the project in all its components and ensure adequate coordination between all institutions involved. The SC will oversee the strategic direction of both actions (VET Toolbox 1 and 2).

The Steering Committee shall meet twice a year and has the same composition as the current SC with the addition of Expertise France<sup>7</sup> and BMZ<sup>8</sup>. The SC is composed of representatives of DG DEVCO (co-chair), BMZ and the delegated agencies (GIZ, LuxDev, British Council, Expertise France, Enabel – co-chair). The EU will co-chair the SC together with the lead agency. The Hub Coordinator will be associated to the SC with a non-voting role. The already established regularities and meeting frequencies under the VET Toolbox 1 project will apply.

The SC will perform the following tasks:

- Oversee the management of the Action to ensure that objectives are met in a measurable and verifiably manner
- Oversee the synergy between Toolbox 1 and Toolbox 2 activities

<sup>7</sup> Expertise France will replace AFD in the SC for both VET Toolbox 1 and 2. Expertise France will be silent when it comes to VET Toolbox 1 matters.

<sup>8</sup> BMZ's role in the SC is limited to activities implemented by GIZ only; participation of BMZ in the SC to be confirmed



- Supervise and ensure that the Action is implemented in accordance with sound, verifiable and transparent reporting and auditing standards
- Review all reports, work plans and monitoring and evaluation, in particular:
  - approve the annual work plan
  - approve the annual report and accounts
  - approve Terms of Reference of evaluations
  - approve the visibility plan
- Address and settle all policy, administrative, coordination and financial matters related to the implementation of the Action, should they not be able to be settled between the Hub and the liaison officers (at OMC level)
- Issue meeting minutes with details of attendees, an overview of outputs, a summary of progress, constraints and outstanding issues

**Members of the steering committee:**

- Representative of DG DEVCO, co-chair
- Representative of BMZ (tbc)
- Representative of Enabel, co-chair
- Representative of BC
- Representative of EF
- Representative of GIZ
- Representative of LuxDev

## **4.2.2 Partnership meeting**

The Partnership Meeting brings together Steering Committee members of the implementing agencies without DEVCO to harmonise positions amongst agencies prior to the Steering Committee. The aim is to avoid bringing operational issues to the SC and to deal with issues that could not be solved at OMC level and concern operational and strategic agreements between the partners.

## **4.2.3 Operational monitoring committee (OMC)**

The OMC consists of representatives of implementing agencies (Liaison Officers, see below). The OMC will meet before each SC meeting and whenever deemed necessary to discuss operational issues and to prepare joint positions and/or proposals that will be addressed during the SC meeting.

The OMC will play a key role in learning & knowledge management, as well as the assessment of new interventions based on eligibility and assessment criteria (with support of the Coordination Hub).

## **4.2.4 Coordination Hub**

See chapter 3.2.1 for more details.

## 4.2.5 Liaison Officers of the bilateral agencies

See chapter 3.2.2 for more details.

## 4.3 Financial responsibilities

Each implementing agency shall be financially responsible solely for the part of the Action to be implemented by it (including by its contractors) as set out in this document or for the activities assigned to it during implementation of the Action, in case they are not defined in this document.

## 4.4 Monitoring and external evaluation

The logical framework and the indicators outlined in annex 2 are the basis for the project monitoring. The Coordination Hub is in charge of managing the monitoring and of ensuring that objectives are met in a measurable and verifiable manner. The Hub will develop and implement an operational monitoring system (including possible additional indicators and milestones) with the objective to steer the activities on an operational level. During Steering Committee Meetings, the progress of the project indicators will regularly be reviewed and possible adaptations to the implementation procedure (in line with the overall objectives) may be decided upon. The progress of the indicators will be described in the reporting documents to the commissioning party (see Annex 2).

The Hub will organise both the Mid-Term Review (MTR) and the End Term Review (ETR), based on ToR validated by the SC. The external ETR is planned 6 months before the end of the project, in line with the DAC criteria relevance, effectiveness, impact, efficiency and sustainability.

## 4.5 Audit

Audits will follow the procedures as laid down in the special and general conditions of this contract. An annual financial audit of the project expenditures can be carried out by each implementing agency, if deemed necessary by the respective agency.

The/se audit/s can be done for the expenditures of several bilateral agencies' accounts together or separately for the agencies to verify the bilateral agencies' part of the implementation and will be based on the tables 1 and 2 of Annex 3 - Budget of the Action.

The audit will check that expenses reflect reality, are exhaustive and have been made respecting the applicable procedures. The auditing firm will be certified (according to international standards and norms) and be independent. All audits will be organized according to internationally recognized norms and standards.

## 4.6 Reports and communication

Enabel, together with the agencies of the implementation partnership will make sure that obligations in terms of reporting and communication, such as indicated in Annex II of the

Contribution Agreement, are respected.

## 4.7 Visibility

The agencies of the implementation partnership will make sure that dispositions in terms of visibility, such as indicated in Annex VI of the Contribution Agreement, are respected. A visibility plan will be elaborated covering both TB 1 and TB 2.



## ANNEX 2: Indicators and means of verification<sup>9</sup>

The logframe, the indicators and means of verification will be evaluated at the inception stage, and, based on the baseline, new, additional or adjusted indicators and the sources of verification will be presented to the Steering committee for approval by the contracting authority. Furthermore, the values and targets will be formally reviewed in between 12 and 18 months into implementation at a point at which most projects are in an advanced stage of development. This review will be facilitated by the Coordination Hub. In keeping with the opportunity led nature of the programme, project design may lead the VET Toolbox 2 towards intervention types that have a different profile of results than those estimated during the development of the project. It is an important principal to ensure that the most locally relevant and impactful projects are designed rather than designing projects that fulfil a results framework target. It should be noted that this is not a mechanism to reduce the ambition of VET Toolbox 2 but to ensure an adaptive and locally relevant approach is baked into the programme design. For example, the, 75% target in the specific objective maybe considered too low or high depending on the intensity or mode of training. For example, high level apprenticeships should deliver 100% work placement but will up-skill considerably less trainees in total.

	Results chain:	Indicators	Sources of data	Assumptions
<b>Impact (Overall Objective)</b>	Better meeting of human capital needs of value & supply chain development and investment programmes in selected countries in sub-Sahara Africa.	3080 people, thereof 35% women and 40% youth, reached with skills development and VET programmes supported by this Action i) found a decent job <sup>10</sup> , or	Surveys (tracer studies) to be commissioned by the Action	<i>Not applicable</i>

<sup>9</sup> Each agency contributes to the target figures proportionally to the number of assigned intervention countries (see chapter 4.1)

<sup>10</sup> A person is considered employed when he/she is: (1) 15 years or older, (2) working formally and/or informally, (3) wage- or self-employed or working in the family business, (4) producing goods and/or services, (5) generating an income (monetary and/or in-kind) through her work.

The criteria of decent work are fulfilled when an employment situation fulfills the following conditions:

- The 8 ILO core labour standards are respected (no child labour, no forced labour, freedom of association and right to collective bargaining, no discrimination etc.)
- The person is employed for at least 20 hours/week over a period of at least 26 weeks/year
- The employment generates at least a "living wage": (1) E.g. relevant national minimum wage, or (2) Income above the international working poverty line

		ii) secured their job through up-skilling.		
<b>Outcome(s) (Specific Objective(s))</b>	Enhanced delivery of demand-driven skills development and VET catering for investment needs.	75% of people trained in supported VET programmes access practical work placements (disaggregated by sex).  75% of enterprises rate skills development / VET programmes supported by this Action as relevant to their needs.	Training records of VET institutions, companies  Surveys (tracer studies) to be commissioned by the Action  Assessment and analysis of enterprise survey regarding labour market relevance;	The training measures and curricula delivered by supported VET institutions satisfy the expectations of the private sector employers.
	<b>Result 1</b> Enhanced national public-private dialogue on employment-oriented skills development and VET conducive for investments.	1.1 At least 1 public-private dialogue per country of intervention in sectors relevant for EIP investments established or supported. Baseline value: 0 Target value: At least 1 public-private dialogue established/supported per country of intervention  1.2 80% of the public-private dialogues on employment-oriented skills development and VET result in an agreement / action	Progress reports from the Action  Analysis of agreements / action plans	VET institutions will integrate the new tools and methods provided by this Action into their standard working procedures / training programmes.

		<p>plan between companies and VTIs on skills development.  Baseline value: 0  Target value: At least 80% of public-private dialogues result in an agreement / action plan</p>		<p>The private sector stakeholders of the EIP are interested to engage with VET institutions for filling training positions or providing input for new training development.</p>
	<p><b>Result 2</b> VET stakeholders are supported to deliver relevant training in line with investment needs.</p>	<p>2.1. 80% of the agreements / action plans have led to the development or adaption of methods and training modules for demand-driven skills development.  Baseline value: 0  Target value: 80% of agreements / action plans led to development / adaption of methods and training modules</p>	<p>Analysis of training methods and course content plans</p>	
		<p>2.2. 45 VET providers have been supported with staff training and/or ToT and/or equipment.  Baseline value: 0  Target value: 45 VET providers supported</p>	<p>Staff training records and equipment lists/ inventory</p>	
	<p><b>Result 3</b> VET reform stimulated by capturing lessons from practical experience in delivering investment-oriented VET.</p>	<p>3.1 In all intervention countries lessons have been distilled and presented to the wider VET community to increase relevance and inclusiveness of training.</p>	<p>Training records of VET institutions, companies</p>	<p>Analysis of documentation of lessons and it's presentation at</p>

		<p>Baseline value: 0 Target value: lessons distilled and presented in all intervention countries</p> <p>3.2 From the lessons 2 policy recommendations per intervention country have been derived and presented to policy makers. Baseline value: 0 Target value: 2 policy recommendations per intervention country</p>	<p>relevant fora</p> <p>Analysis of documentation of policy recommendations and it's presentation to policy makers</p>	
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