



Terms of References

I. Position Information

Services/Work Description:	Inclusive and Sustainable Industrial Development Programme Development for Ethiopia based on Capacity Needs Assessment
Project/Programme Title:	Capacity Strengthening for Industrial Development (00084432)
Duty Station:	Addis Ababa, Ethiopia
Type of the Contract:	International Consultant
Duration:	55 calendar days
Expected Start Date:	Immediately after signing the contract

II. Organizational Context

Ethiopia has experienced a rapid economic growth, averaging more than 10 percent in the last decade. Total gross fixed capital investment (GFCI) has increased at rates above target over the five years from 2010-15 and has played an important role in economic growth. Gross investment both private and government stood at 39% of GDP in 2016/17. Public sector investment in infrastructure has been a major driver of capital formation with private investment of growing importance. Ethiopia also has a population approaching 100m people, distributed widely over 11 regions.

The rapid economic growth since 2004 has helped to significantly reduce poverty from 38.7 percent in 2005 to 29.6 percent in 2011 and estimated to have further declined to 23.5 percent in 2015/16. Ethiopia has also managed to achieve one of the lowest income inequality in the world (GINI Index less than 33). Ethiopia is currently in starting the fourth year of implementation of the second Growth and Transformation Plan (GTP II) (2015/16-2019/20). Economic structural transformation is being led through expansion of light manufacturing and value addition, technology transfer, agricultural transformation, export expansion, sustainable urban development, sector wide capacity building and expansion of micro and small-scale enterprises.

In GTP II, industrial value addition is projected to increase at an annual average growth rate of 20% and the share of the industrial sector in overall GDP is expected accordingly to increase from 15.1% in 2014/15 to 22.3% by 2019/20. A new vision has been set to render the country as a leader in light manufacturing in Africa and one of the leaders in overall manufacturing globally. The vision on manufacturing sector is set to sustain the rapid economic growth registered over the past 13 years. Similarly, during GTP II, special emphasis is also given to the development of export oriented manufacturing industry, with the objective of transforming the structure of the economy to enable the country to achieve the vision of becoming lower middle-income status by 2025. The Ministry of Trade and Industry, has developed Ethiopian Industrial Development Strategic Plan as part of GTP II

(2015-20) and GTP III (2020-25).

This anticipated growth is expected to be driven through private sector development targeting investments in eight priority manufacturing sub-sectors. The 8 priority sub-sectors namely - Food and Agro-Processing; Chemical and Petrochemicals; Textiles and Apparel; Cotton Fiber; Leather and leather products; Steel, Metal and Engineering; Electronic Products; and Emerging Industries (including Industrial Biotechnology and ICT) – are expected to take the lead in the growth of a more diversified manufacturing sector. These prioritized sectors are expected to spearhead transformation of the manufacturing sector and increase the GDP share of manufacturing sector from 5 percent (2015/16) to above 17 percent by 2025.

In light of this, an integral part of the industrial development strategy is the establishment of Industrial Parks (IPs) with the main objective of attracting foreign direct investment (FDI) in key strategic manufacturing industries, which in turn, would assist transfer of technology to the local entrepreneurs, diversify the structure of the country's export, and generate employment. Likewise, to ensure linkage of agriculture with industry with more value addition and job creation, Government of Ethiopia (GoE) has adopted Integrated Agro-Industrial Parks (IAIPs) approach as one option that can transform Ethiopian agricultural production from being fragmented and supply-driven to becoming organized, safe, demand-led and quality-oriented via industry cluster development. These integrated efforts are expected to bring about a balanced regional industrial development and integration of a diverse group of industries with regional and global markets. In this regard, effective implementation capacity is critical to ensure optimal utilization of resources and growth of a diversified manufacturing sector.

At the same time, Ethiopia is experiencing demographic transition with a large number of youth currently searching for productive employment and many more that will soon be of working age. Expanding education opportunities are also increasing the expectations of youth in the country. But youth, and women in particular, continue to face higher than average unemployment in the country. The high level of youth unemployment is leading to migration both within the country and outside, as well as leading to harmful social and economic consequences for the economy. In response to the twin challenges of job creation in manufacturing and high youth and women unemployment in Ethiopia, the Government is establishing regional industrial clusters (RIC). Clusters have a number of clear advantages, especially for small and medium enterprises (SME) trying, to get established or grow. The establishment of RICs will increase the contribution of the manufacturing sector to GDP.

UNDP has been supporting the industrial development agenda of the Government of Ethiopia. The overall objective of the programme has been to contribute to the envisioned industrial transformational change in the scale, quality, diversity and socio-economic benefit of the nation's industrial sector. The overarching result is local employment creation, improvement in livelihoods, and diversification of local economies with specific focus on development of a sustainable and economically viable industrial sector. UNDP's intervention has been catalytic in building national capacities for industrial and agro- industrial development and contribution to the attainment of development goals set in the GTP II.

III. Objective

UNDP is now seeking the services of an international consultant, assisted by national expert, to lead and undertake **in depth capacity gap assessment** of the Federal Ministry of Trade and Industry, regional industrial bureaus as well as Regional Industrial Development Corporations (RIDCPs); **and to develop a comprehensive programme document development (2019-2021)**. The **capacity gap assessment** shall focus on identifying capacity gaps in terms of industrial policy and regulatory framework design and implementation; availing the right skills for strong human resource base to spearhead the transformation agenda; small and medium enterprises (SMEs) cluster development and management; and prompting a conducive business environment for the growth of the manufacturing sector. The exercise should also estimate the level of jobs currently available in the country's industrial sector and based on the growth potential of the industrial economy and by way of promoting labour intensive technology, employment generation, especially in terms of agro-processing and appropriate skills development, what level of additional job creation can possibly be achieved by 2021. Moreover, the assessment shall have an in depth look of the Ministry's coordination framework with prioritized industry development institutes; with key line ministries as well as integration and synergy within the ministry among the various units, departments, directorates as well as the mechanism put in place for cross-learning, documentation sharing and scaling-up of best practices.

The **programme document development (2019-2021)** shall strategically align UNDP's engagement of support with the Government inclusive and sustainable development agenda in line with UNDP's Strategic Plan and Country Programme Document (CPD). The program document is to be designed considering UNDP's comparative advantage and positioning (in entry points such as upstream policy engagement vs downstream implementation), prioritized gaps to be addressed towards industrial development and transformation. Consideration of international experience most importantly **East Asian countries such as South Korea, Taiwan, China, and Singapore in terms of their trajectory in industrial development** would be important in informing the program design. A standard programme document format will be provided.

IV. Tasks (Scope of Service)

The **consultant is expected to lead and perform the following major tasks assisted by a National consultant:**

- **Conduct capacity assessment:** The assessment need to start from analyzing the overall country plan, polices and regulations, trend analysis and projects and future prospect aligned with other sector development programs. The assessment also need to look at creation of

decent and productive work for young women and men through SME creation and growth, inter alia through facilitating access to finance, entrepreneurship development and skills training, in sectors with a high potential for economic growth. During the capacity assessment, data & information are collected on desired and existing capacity. This data & information can be gathered by a variety of means, including desk reviews, interviews and focus group discussions. Review of international best practices from other countries will also form an essential part of the assessment. This assessment need to be complemented by knowing which development partner is doing what and identification of the gaps therein.

- **Identify development partners supporting the Ministry:** During the capacity assessment, the consultant is to map out interventions by other donors and development partners supporting the Ministry of Trade and Industry so as to help identify synergies and reduce duplication of efforts. Information shall be gathered from all partners supporting the Ministry.
- **Identify capacity gaps:** The comparison of desired capacities against existing capacities determines the level of effort required to bridge the gap and informs the formulation of a capacity development response. Identification of the gaps in engaging private sector, promotion of import substitution and export orientations, business enabling environment creation for industrial development are some of the critical capacity gaps to be dealt with and analyzed.
- **Formulate programme document:** Based on the capacity gaps and needs identified, develop a programme document. This is an integrated set of deliberate and sequenced actions (a combination of quick-impact initiatives (less than one year) and short- to medium-term (one year or longer) embedded in a programme or project to address the three guiding questions: ‘capacity for why?’, ‘capacity for whom?’ and ‘capacity for what?’ Among other things, the programme document is expected to include: context analysis, the expected outcome contribution, outputs, indicators, targets and cost of the programme. The programme document should also explicitly indicate the ways and means to achieve the goals set under the auspices of UNDP programme that supplement government efforts on job creation and women empowerment by 2021 and incorporate these actions in the programme document.

V. Deliverables/ Expected outputs		
No	Deliverables	Duration (approx.)
1	Inception report (including methodology, suggested annotated outlines	5 calendar days after signing of the contract
2	Draft capacity gap assessment	15 calendar days after presentation of inception report
3	Validation meeting	3 calendar days after submission of draft capacity assessment report

4	Final capacity assessment report	5 calendar days after validation meeting
5	Develop draft programme document	12 calendar days after submission of final capacity assessment report
6	Validation meeting	5 calendar days after submission of final programme document
7	Submit final programme document	10 calendar days after the validation meeting

VI. Methodology

The capacity assessment exercise shall follow UNDP's corporate capacity development gap assessment methodology. The CO will also provide the framework that needs to be adhered to in designing the programme document. Consultants are also advised to elaborate on their views of approach in their technical proposals. The consultant is to undertake detailed capacity needs assessment and identification of requirements of the Ministry in areas of Information Management System, Internal Results Management System, National Long, Medium and Short-term Development Planning, Implementation and Monitoring and Evaluation of the National Development Plan including Sustainable Development Goals with effective Monitoring and Evaluation Tools and Instruments.

VII. Location and Reporting

This consultancy assignment may require travel of the consultant for field work to Addis Ababa and some regions within the country for data collection (as appropriate) and validation meetings. The consultants will work under the overall guidance of Team Leader, Inclusive Growth and Sustainable Development Unit and direct supervision of the Programme Specialist for Industrial Development Programme. He/she will closely engage with the Director for Policy, Programme, Study and M&E at the Ministry of Trade and Industry.

VIII. Consultant Qualification Criteria (International)

The international consultant will lead the process and production of the capacity assessment report and final programme document which will be submitted to UNDP. The Consultant must possess the following key qualifications:

Technical Competency

- Master's Degree or above in Economics with specialization on industrial and manufacturing studies, structural transformation, industrial cluster development and diversification, commercially- oriented development studies, or related disciplines
- Minimum 10 years of relevant work experience preferable in similar context and assignments
- Knowledge of the Industrial development and private investment framework and practices
- Knowledge of Industrial policies and regulations

- Knowledge in Private Sector Development and the SME sector
- Knowledge of gender issues particularly in the manufacturing and SME sectors
- Knowledge and prior experience in undertaking evaluations and capacity needs assessment
- Experience in designing and formulating multi-donor funded projects/programmes
- Previous experience with results-based monitoring and evaluation methodologies
- Knowledge of UNDP programming approaches is desirable
- Experience of working in Africa is desirable

Functional Competencies

- Outstanding communication skills in English
- Positive and constructive approaches to work with energy and synergy
- Demonstrate openness to change and ability to receive and integrate feedback
- Excellent written and verbal communication skills
- Strong time management and meet established time lines

Language and Other Skills

- Excellent knowledge of English, including the ability to write reports clearly and concisely and to set out a coherent argument in presentation and group interactions
- Capacity to facilitate and communicate with different stakeholders
- Computer skills: full command of Microsoft applications (word, excel, PowerPoint) and common internet applications

IX. Criteria for Selecting Best Offer

Upon the advertisement of the procurement notice, qualified individual consultant is expected to submit both technical and financial proposals. Accordingly, individual consultants will be evaluated based on cumulative analysis as per the following scenario:

- Responsive/compliant/acceptable, and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals are:
 - a. Technical evaluation criteria weight is **70%**
 - b. Financial evaluation criteria weight is **30%**

Criteria	Weight	Max. Point
Technical Competence (based on CV, Proposal and interview (if required))	70%	100
▪ Criteria a. Educational relevance: close fit to post		10 pts
▪ Criteria b. Understanding the scope of work and organization of the proposal		40 pts
▪ Criteria c. Experience of similar assignment		30 pts
▪ Criteria d. Previous work experience in Africa/ Ethiopia and UNDP		20 pts

Financial (Lower Offer/Offer*100)	30%	30
Total Score	Technical Score * 70% + Financial Score * 30%	

X. Payment Milestone and Authority

The prospective consultant will indicate the cost of services for each deliverable in US dollars **all-inclusive¹ lump-sum contract amount** when applying for this consultancy. The consultant will be paid only after approving authority confirms the successful completion of each deliverable as stipulated hereunder. The qualified consultant shall receive his/her lump sum service fees upon certification of the completed tasks satisfactorily, as per the following payment schedule:

Installment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained	Percentage of Payment
1 st instalment	Upon submission and approval of inception Report	UNDP CO and the MOI	20%
2 nd instalment	Following submission and approval of the 1st draft assessment report and draft programme document	“	40%
3 rd instalment	Following submission and approval of the final assessment report and final programme document	“	40%

XI. Confidentiality and Proprietary Interests

The consulting individual shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy service without prior written consent. Proprietary interests on all materials and documents prepared by the consulting firm under the assignments shall become and remain projects/property of UNDP.

¹ The term “All inclusive” implies that all costs (professional fees, travel costs (international & local, field mission), living allowances, communications, consumables, etc.) that could possibly be incurred by the Contractor are already factored into the final amounts submitted in the proposal