

TERMS OF REFERENCE AND SCOPE OF SERVICES

Social Services Improvement Project (SSIP)

Consultant's Company for Development of Early Childhood Education and Care Funding Formula

I. OVERVIEW

The Government of the Republic of North Macedonia has received Loan from the International Bank for Reconstruction and Development, for implementing the Macedonia Social Services Improvement Project (SSIP).

The SSIP development objective is to expand access to and improve the quality of social services, including preschool services, for vulnerable groups.

The Social Services Improvement Project will help address the challenges that are particularly associated with social exclusion of vulnerable groups and the low quality and fragmentation of Early Childhood Education and Care (ECEC) and social services.

By supporting strengthening the overall social protection delivery system for improved service provision and access to services by existing social assistance recipients and by vulnerable groups and by support of quality early learning for preschool children and their families and strengthen the transition into primary education with focus on inclusive education and learning, the project will contribute to the GoNM's ultimate objectives of alleviating poverty and enhancing human capital by supporting the strengthening of the effectiveness and efficiency of the GoNM's social safety net and thereby reducing the inter-generational transmission of poverty over the long run.

II. OBJECTIVE OF THE ASSIGNMENT

Developing a ECEC funding formula as an important condition for the fiscally sustainable expansion of ECEC coverage and for improving the teaching quality in the ECEC system. The development and implementation of a per child funding formula should allow for a transparent and more equitable way of distributing resources and would overcome issues of efficiency, but also of equity and quality. This aim of this activity is to allow for sustainable expansion of ECEC enrollment in preschool education, as well as to increase ECEC opportunities for poor families.

III. SPECIFIC TASKS

The Consultant shall conduct the following tasks:

1. Indebt analysis of existing system of care and education

- **Legal analysis** of current legislation which covers ECEC system ,network and its human resources, including the regulation for financing the ECEC system;

- **Analysis of existing system of care and education of children** and the system of financing child protection in the Republic of North Macedonia (kindergartens and centers for early child development; block grants, self-financing income from parents and municipal funds);

- **Analysis of real historical costs for financing the system of care and education of children** in the Republic of North Macedonia compared to the actual number of children present in the kindergartens (use of data for the period 2016 – 2020 including types of costs: for food; operating costs - for staff salaries, utilities, ongoing maintenance, educational activities; specific costs - children with special needs care; financing of the various forms of care and education of children and other costs that are more than 5% of the overall costs of the kindergartens) in order to obtain data on current costs per child in different types of kindergartens / centers for early child development and by different forms of protection and preschool education;

- **Establishing comprehensive data base** of all current kindergartens and early childhood development centers. The data base should contain: kindergartens size and capacity (large or small coverage of children, including all characteristics determined by law), kindergartens location (urban or rural, including all clones of the kindergartens), human capital (core, administrative and technical workforce), programs that are implemented in the kindergarten (full-time stay, half-day stay), number of children (number of children enrolled in kindergarten, number of children that are enrolled, but are not attending the kindergarten, number of children on enrollment waiting list) etc.

- **Analysis of capacities utilization** (designed and used capacity for the period 2016-2020) by types of kindergartens - kindergartens with large and small coverage of children, kindergartens in urban and rural areas and by centers for early childhood development. The analysis should contain conclusions and recommendations

Note: The selected consultant shall be given database of the costs given in the public kindergartens annual reports for the period 2016-2020 regarding the; operating costs - for staff salaries, utilities, ongoing maintenance. The consultant should also check the accuracy of the data provided in the database.

2. Development of new formula for block grants for Early Childhood Education and Care

- **Determining the envisaged costs per child** based on the analysis of necessary costs (by types of kindergartens / centers for early child development) and statistics according to the legislation and the norms and standards in this area. Based on the identified costs, **determine the basic elements of the formula** for distribution of block grants (eg. number of children, size of kindergarten by m², type of heating, operating costs, staff costs, etc.);

- **Preparation of 3 proposed formulas** for distribution of block grants. The formulas should be based on basic elements from previous point, in order to prepare several scenarios, from which the Government will choose which is the most acceptable scenario, ie formula. The simulations should be prepared on the basis of the latest available data for children by kindergartens, by municipalities, comparative analysis of existing costs and necessary costs. The simulations should show the distribution of funds by municipalities.

- **Preparation of a Draft Instruction** that will describe the manner and procedure which data source to be taken when applying the formula for future distribution (eg which provides data on the number of children, cost of energy, costs for food, etc.) and the content of the Government Methodology which regulates the annual distribution of the block grant. Prior to this task, the firm should conduct **mapping of data collection processes** and propose a technical solution for digitalization of the whole process.

- **Determining the criteria for self-financing** (how many and which users participate in paying for the service), the possibilities for participating with their own funds to raise the standard and quality of the service and determining corrective elements (certain specifics, children with special needs, etc.)

3. Capacity building and stakeholders' engagement

- **Stakeholder consultation and advocacy.** This task includes presentation and discussion with various stakeholders regarding the selected formula for distribution of block grants and methodology, as well as preparation and implementation of consultation and advocacy plan with incorporated external communication strategy.

- **Capacity building and training** of the employees at the Ministry of Labor and Social Policy for using the chosen formula;

IV. REPORTING OBLIGATIONS

The consultant shall submit the following reports on Macedonian and English language, that must include the specific tasks given in Section III of this TOR:

1.1 Analysis of the existing system of care and education of children and the system of financing child protection in the Republic of North Macedonia and Analysis of real historical costs for financing the system of care and education of children in the Republic of North Macedonia (use of data for the period 2016 - 2020). The analysis should at least contain the following chapters (i) Legal Analysis, (ii) Analysis of historic costs (iii) Analysis of capacity utilization (in order to obtain data on current costs per child in different types of kindergartens / centers for early child development and by different forms of protection and preschool education), (iv) conclusions and recommendations;

1.2 Established comprehensive data base with all relevant information regarding the national network of kindergarten and early childhood development centers;

2.1 Report regarding the estimated costs per child based on the analysis of necessary costs (by types of kindergartens / centers for early child development) and statistics in accordance with the legislation on the norms and standards in this area and Analysis of capacities utilization (designed and used capacity for the period 2016-2020) by types of kindergartens. The analysis should contain conclusions and recommendations;

2.2 Report determining the basic elements of the formula for distribution of block grants (eg number of children, size of kindergarten by m2, type of heating, operating costs, staff costs, etc.) and a Proposal of 3 formulas for distribution of block grants;

2.3 Preparation of a Draft Instruction that will describe the manner and procedure which data source to be taken when applying the formula for future distribution (eg which provides data on the number of children, cost of energy, costs for food, etc.) and the content of the Government Methodology which regulates the annual distribution of the block grant;

2.4 Report regarding the proposed criteria for self-financing (how many and which users participate in paying for the service), the possibilities for participating with their own funds to raise the standard and quality of the service and determining corrective elements (certain specifics, children with special needs, etc.);

2.5 Report-proposal regarding the needed changes in the legal regulation including the norms and standards in this area in order the new accepted formula to be able to be implemented, and draft the necessary changes in the legal regulation;

3.1 Report regarding the conducted training of the employees in the Ministry of Labor and Social Policy for using the chosen formula.

V. QUALIFICARIONS AND EXPERIENCE

1. Firm's qualifications

- The company/ consultant should have performed at least one assignment in the past five years, similar to the one described in the specific request for expression of interest (name of the assignment, description, duration, contract amount, reference). The list shall be supported with Letter of approval/certificates on fulfilled contract obligations.
- Experience in preparing funding formulas for education or ECEC;
- Experience in conducting data analysis related to fiscal expenditures in education or ECEC;
- Experience in conducting legal analysis in the area of education or ECEC shall be considered as an advantage.

2. Core team qualifications

The Consultant must provide at least the following expert staff for completing the assignment:

1. Budget Expert (Lead Expert)

- Master’s degree in economy, mathematics, education, public administration, or other relevant field; PhD preferred;
- Extensive experience (minimum 7 years of relevant experience) in conduct of financial analysis regarding the public sector with particular expertise in the area of fiscal decentralization;
- Experience in education or early childhood development, policy development, research and analysis related to education or ECEC;
- Extensive experience related to costing and fiscal analysis;
- Excellent knowledge of Macedonian and English language.

2. Data Scientist

- Master’s degree in statistics, economics or computer science (PhD preferred);
- At least 7 years of professional experience;
- At least 5 years of professional experience in management of large datasets, development of methodologies for analyzing large datasets.
- Experience in working with government institutions on central and local level shall be considered as an advantage;
- Excellent knowledge of working in statistical analysis software and/or programming;
- Fluency in Macedonian and English language.

3. Legal Expert

- Master’s degree in law (PhD preferred);
- At least 7 years of professional experience;
- Experience in conduction of legal analyses for development of legislation (experience with education or ECEC legislation is advantage);
- Experience in preparation of laws or secondary legislation shall be considered as an advantage;
- Experience in working with government institutions on central and local level shall be considered as an advantage;
- Fluency in Macedonian and English language.

VI. SELECTION METHOD AND CONTRACT

The selection method is “Consultant’s Qualifications Based Selection” and the contract shall be Lump Sum according to the World Bank Procurement Regulations for Investment Project Financing (IPF) Borrowers – Procurement in IPF of Goods, Works, Non-Consulting and Consulting Services, (Regulations) issued in July 2016, revised November 2017, www.worldbank.org.

VII. RESOURCES AVAILABLE TO CONSULTANT

The Client (MLSP) will provide the Consultant with all documents, reports, data and laws related to the assignment.

VIII. DURATION OF THE ASSIGNMENT

The expected start date of the assignment is October second quarter of 2022, and the expected duration of the assignment is 10 months.