



MATCHING GRANTS PROGRAMME

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TECHNICAL INNOVATION & APPLIED RESEARCH SCHEME

(TIAS)



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OBJECTIVE OF THE SCHEME

TIAS is aimed at developing the marketplace for paid-for services provided by technical institutions & vocational schools. The main service considered in this scheme is training courses primarily technical, sold to either individuals or private firms.

This scheme recognises that for some years to come, the supply in this marketplace will continue to be dominated by publicly-owned institutions & schools. It therefore supports current efforts of the GoT to make such institutions more independent, with greater private participation in management, and with increased commercial orientation, by providing investment funding for new equipment.

The purpose of the scheme is to address identified skills gaps in the market place by the provision of appropriate and up-to-date technical training in those identified areas.

Grants will be provided according to strict conditions, aimed at ensuring that only truly viable investments are funded, which will lead to real economic benefits, primarily higher productivity in private firms.

PROVISIONS OF THE SCHEME

The scheme is composed of two types of grants both targeting public-sector and private sector institutions that provide Technical Training. At a later stage vocational schools may be included in the scheme but not in the initial two year pilot stage.

ELIGIBLE RECIPIENT INSTITUTIONS

The PIM states that

- a) “any technical institution or vocational school under government ownership will be eligible”.
- b) Only technical institution with full registration at NACTE will be eligible.

MGP / TIAS management is given to understand that this does not exclude privately owned institutions.

OPERATIONAL GUIDELINES

Resources

TIAS has a grant fund of \$10m, to be committed and disbursed over three years of the Programme.

Phases of the Scheme

TIAS will be organised into two phases

The first, or Pilot phase will run for two years. Only institutions with Full Registration status at the NACTE will be eligible during the pilot phase.



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The second phase will extend eligibility more broadly, on the basis of the experience drawn during the pilot phase. Vocational schools may be included in the second phase.

TWO TYPES OF GRANT

A) Feasibility Studies

and if the outcome of the study is positive a further

B) Long-Term Investment grant to implement the recommendations of the study

Feasibility Studies

A grant may be issued to support direct external costs of producing pre-investment feasibility studies, related to the supply of specific “paid-for” services or training courses.

TIAS will reimburse the institute

- 1 75% of the cost
- 2 up to a maximum contribution of US\$ 20,000

Eligible Activities

Any activity that contributes directly to a pre-investment feasibility study applying to an eligible service offering, to be provided by an eligible institution.

Eligible Expenditures

Expenditures on service fees, and expenditures on travel and incidental expenses charged at cost, incurred wholly and exclusively on an approved activity will be eligible. Salaries for staff of a recipient institution will not be eligible, nor will expenditures on hardware.

Payment of Feasibility Study Grants

Approved grants may be paid either on completion of an approved activity, or in stages, depending on what was agreed originally. Payments are made on sight of agreed deliverables, and on presentation of a fully documented claim, which will include invoices, vouchers, etc. confirming expenditures made.

The 75% grants will be paid on a re-imbusement basis, conditional on proof of full payment of the recipient institution of the eligible expenditures, and proof that those expenditures were used for purposes agreed and approved ahead of the activity.

Long-Term Investment

Following completion of the study and an evaluation of the outcome, grants may be provided to cover the long-term investment costs required for entry into a particular service area.



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These grants will cover 100% of the costs of these investments up to a total of US\$ 1,500,000 (including any allocations at the earlier study stage).

Research projects into developing new products or adapting exiting products will also be eligible for consideration following positive outcome of a feasibility study.

The Eligible Expenditure

Expenditures on technical equipment, machinery, tools and instruments, required for the delivery of an eligible service offering by an eligible institution will be eligible for 100% investment grants. Expenditures on supply, installation and initial training on the equipment supplied will all be eligible. Expenditures on buildings will not be eligible.

Two specific conditions need to be satisfied:

First, approval will be required by the Programme unit of a comprehensive pre-investment feasibility study, which would normally include

- 1 market survey on the proposed service,
- 2 draft curriculum and course outline for the course(s) proposed;
- 3 detailed investment plan.
- 4 This study should also assess the Economic Rate of Return (ERR) to be expected from the public investments being proposed.

This ERR should at the very least attempt to estimate the benefit to the country from the additional labour productivity per course participant to be expected as a result of the training provided, and should attempt to relate this to the full cost of providing the training.

Second, there should be acceptable private-sector involvement in the development of new or significantly modified service offerings, to ensure that these offerings are likely to be in line with the real current requirements of the private sector.

Eligible Service Offering

To be eligible for support, services offered must be paid-for services, sold either to individuals or to employers, mainly private. In the case of services sold to individuals, mainly training courses, these must be of a nature where the majority of post-training employment opportunities are in private firms.

Research projects into developing new products or adapting exiting products will also be eligible for consideration provided that the feasibility study displays significant market demand for the potential outcome.



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Evidence of Sustainability

In addition to the requirements indicated above regarding economic return, the pre-feasibility study must confirm that the investment is financially sustainable. Thus total annual future fee income from courses using the investments must be enough to cover operating costs and depreciation.

Procurement Procedures and Basis of Payment

Procurement must follow both the Provisions of the Tanzania Procurement Act, and also those of the World Bank Procurement Guidelines applying to equipment, machinery, etc.

Payment of Investment Grants

Approved grants will be disbursed in accordance with the agreement reached on the basis of the feasibility study and all expenditures will adhere strictly to World Bank procurement guidelines.

Supplier Selection

The choice of supplier for any service will be left entirely to the recipient institution. However the Programme Unit will seek to satisfy itself as to the supplier's competence for the task intended, and that there is a genuine arm's-length commercial relationship between supplier and user.

The payments for the 100% investment grants will follow World Bank procurement guidelines applying to equipment.

Grant Limit

No single institution may receive a cumulative total grant in excess of \$1.5m.

Avoiding Double Subsidies

Where either the grant recipient, or the service provider, is in receipt of funding support from a government or donor source, programme grants will be calculated on the basis that the total subsidy element from all sources external to the recipient or the service provider shall not exceed the levels of support specified in this document.

APPLICATION AND APPROVAL PROCEDURES

1. Registration with TIAS
2. Eligibility confirmation from TIAS
3. Outline / abstract of Feasibility Study (see below)



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4. Approval or Rejection of Grant and confirmation from TIAS
5. Institute undertakes study
6. Provides Report
7. Report is scrutinised for compliance with TOR
8. Payment for Feasibility Study by MGP
9. Evaluation of Feasibility Study by Evaluation Committee
- 10. Decision on Investment Support – positive / negative.**

Presentation of requests for Feasibility Study

The outline of the Feasibility Study should include Terms of Reference including:

- i. Objective of the Study
- ii. Skills to be addressed
- iii. Evidence of the market for those skills
- iv. Costs of proposed study (budget for Feasibility Study itself)
- v. Methodology to be used
- vi. Persons or firms to undertake the study and how they were selected
- vii. Timing and deliverables

This should allow TIAS to evaluate if the study complies with the objectives of MGP

Outputs expected from Feasibility Study

The outputs expected of the study should include:

- i. Draft curriculum and course outline for the course(s) proposed;
- ii. Detailed investment plan.
- iii. Market survey on the proposed service
- iv. Economic Rate of Return (ERR) to be expected from the public investments being proposed. This ERR should at the very least attempt to estimate the benefit to the country from the additional labour productivity per course participant to be expected as a result of the training provided, and should attempt to relate this to the full cost of providing the training.



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- v. Evidence of significant private-sector involvement in the development of the new or significantly modified service. This is to ensure that these are likely to be in line with the real current requirements of the private sector.

Scrutinising and Approving applications

Once a Feasibility Study Proposal is received, the TIAS unit will check that it is in accordance with the relevant provisions of the “Project Implementation Manual”.

These approval criteria will be refined with the cooperation of relevant stakeholders and each application will be judged in accordance with these.

The letter of Agreement

Once an application is approved, the grant recipient will be advised and will be required to sign a letter of Agreement. This letter will bind both the recipient and the unit to the terms of the agreement.

The letter, or attachments to it, will detail what has been approved, and a commitment to keep to an agreed time plan for implementation.

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