REQUEST FOR SERVICE

TITLE:
INCREASING THE SUSTAINABILITY OF HIGHER AND FURTHER EDUCATION PROVISION IN IRELAND – ECONOMIC REVIEW OF FUNDING OPTIONS

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1. BACKGROUND AND CONTEXT OF THE REQUEST FOR SERVICE

1.1 General context

Ireland acknowledges human capital as one of the country’s core economic strengths and a key enabler of the country’s future economic, social and cultural development. It also considers of vital importance that Ireland has an appropriately educated workforce that can adapt and respond to the challenges linked to emerging economic priorities. It therefore has traditionally strongly supported the participation of Irish youth in Higher Education.

Ireland faces today two important challenges in its efforts to provide its population with the qualifications and skills that are demanded by the labour market and necessary to support innovation and competitiveness. Firstly, the financial sustainability of its Higher Education system is at risk in view of a growing number of students entering the third level education system. Secondly, the skills, research and qualification outcomes of the current Higher Education and Further Education and Training (hereinafter FET) systems show disparity with the labour market demand.

The participation rates in higher education in Ireland are among the highest in the EU and significant progress has been achieved in making Higher Education more accessible to previously under-represented groups such as students with a disability and those from economically disadvantaged backgrounds.

However, since the fiscal crisis of 2008, the level of State investment in Higher Education has not kept pace with the growth in student numbers because of the scale of the economic downturn and the competing demands across Government under tight budget constraints. State investment in Higher Education decreased from 20% in 2008 to 17% of total public education expenditure in 2017 while full time enrolments in third level institutions have grown from 138,319 in 2007 to 183,642 in 2017, an increase of 32.8%. Over this period, the student contribution (cost to the student) for pursuing a Higher Education programme also increased from €825 to €3,000 euro per student per annum. This trend, in addition to restrictions on the teaching staff employed in the Higher Education sector, has contributed to increases of student-staff ratio from 16:1 to 20:1, considerably above the OECD average1, and a concurrent decline in the performance of Irish Higher Education institutions in international ranking systems.

There are obvious limitations associated with international university rankings methodologies and the use of input measures such as student-staff ratios as a proxy for the quality of the Higher Education system in international quality assessment systems. Nevertheless, the relative position of Irish Higher Education institutions in the international rankings could be perceived as evidence of a lower effectiveness of the Irish Higher Education system.

Moreover, demographic expansion is expected to pull up demand for higher education in the years ahead, likely to peak at almost 223,000 students in 2030, an increase of over 38,000 on 2017

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levels. This forecasting of higher enrolment rates has thus led to an increased focus on investment levels in higher education among Irish public opinion and policy makers.

In response to the combined demographic and funding challenge, the then Minister for Education and Skills appointed in 2014 an Expert Group on Future Funding for Higher Education (hereinafter the Expert Group) “to identify and consider issues related to the long term sustainable funding of higher education in Ireland and to identify funding options for the future”. The Expert Group report, “Investing in National Ambition: A Strategy for Funding Higher Education” published in 2016 confirmed that higher education makes a hugely positive contribution to the development of individuals, employers, society and the State. Most importantly, the report concluded that the current approach to funding is unsustainable, and that substantial increases in investment in higher education is necessary to ensure that the sector can remain viable and provide the capacity to meet the major increase in student demand projected up to 2030.

In order to address the system’s sustainability issue, the Expert Group report proposed three main funding options for a more sustainable future funding model and highlighted the implications (both costs and benefits) for (i) the State, (ii) students; (iii) employers, and (iv) Higher Education institutions. These options are:

1. **A predominantly state-funded system**: In funding Option One, the State would significantly increase its core grant to institutions and the €3,000 undergraduate student contribution would be abolished. Higher education would be free at the point of entry for all first-time EU students and for part-time learners. There is also the possibility of extending free tuition to postgraduate education.

2. **Increased state funding with continuing student fees**: Funding Option Two would see a considerable increase in state funding with retention of the current upfront undergraduate contribution of €3,000 and continuing fees for postgraduates. Fee waivers would continue under the student grant system. As in the other options, part-time students would be funded in the same manner as full-time students.

3. **Increased state-funding with deferred payment of fees through income contingent loans (ICL)**: Funding Option 3 centres around the abolition of the existing upfront fees for both undergraduates and postgraduates, and their replacement with a system of income contingent loans provided by the state. Higher education would be free at the point of entry for all students. Repayment of loans would only commence once a graduate’s earnings reach a threshold level and would be set at a defined percentage of annual income, collected through the revenue system. Those whose earnings do not reach the threshold would make no repayments.

In response to the work of the Expert Group on Future Funding (thereinafter “the Expert Group”) and demographic pressure, there has been a significant increase in Government investment in higher education in the period since 2015 with a rise in current spending on higher education of almost €350m (about 25% increase over this period). In addition, the Government has already

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committed to a five-year programme of increased investment, amounting to €300m commencing next year under the Human Capital Initiative announced when approving the national budget in 2018.

However, the Expert Group report has opened up an important debate in Ireland regarding the funding of its third level education system, which is particularly important given the stated national ambition to have the best education and training system in Europe by 2026.

In order to build a political consensus regarding a future approach to funding the Higher Education sector, the then Minister for Education and Skills referred the Expert Group report to the Parliamentary Committee on Education for their consideration. After a period of 18 months, the Committee wrote back to the Minister in January 2018 requesting that the Department of Education and Skills (hereinafter DES) undertake an economic examination of the three policy options proposed by the Expert Group to assist the Committee in forming its view of the most appropriate option.

The Expert Group report targeted a student staff ratio of 14:1 projecting a funding need for the Irish Higher Education system of €600 million by 2021 and €1billion by 2030. It is noted that the average EU staff: student ratio is 16:1. While student staff ratio is a widely used international benchmark for educational quality, there are nevertheless clear limitations with using such a ratio across a diverse sector as a basis for estimating future funding needs; therefore new benchmarks and variables could be explored.

The terms of reference for the Expert Group requested the identification of benchmarks of financial performance, including a consideration of the merits of operating a unit costs approach. However, the December 2017 Review of the Allocation Model for Funding Higher Education Institutions3 carried out on behalf of the Higher Education Authority (HEA) by an Independent Expert Panel recommended that a review should be undertaken to establish a consistent and comparable costing system and reporting requirements across all Higher Education institutions.

Moreover, the Irish Department of Public Expenditure and Reform published a paper “Understanding the Funding Needs in Higher Education”4 as part of the 2018 Spending Review, which concluded that, by their nature, projecting future costs of higher education are highly sensitive to different assumptions and parameters. It therefore recommended basing the assessment of funding pressures arising from the future costs of higher education on a robust interrogation of granular data, to ensure a clear understanding of the efficient cost of delivering a quality education and to reflect of the diversity of the sector. The identification based on available information and data of projected costs of higher education provision across different discipline areas and taking into account different delivery models for higher education would therefore provide a necessary basis for assessing the three funding options put forward in the Expert Group report.

4 https://assets.gov.ie/7301/181f50ae3885404c890cabbbe8525048.pdf
Furthermore, the most recent demographic projections of demand for full-time higher education, published by the DES in November 2018, highlight the current high transfer rate of approximately 65% between second-level and third-level education. While this transfer rate is expected to continue at current levels, the latest demographic projections prepared by the Ministry also include a scenario demonstrating the impact on projected demand for Higher Education of a 10 percentage point reduction in the transfer rate. This could arise, for example, if there was a significant increase in the proportion of second level students transitioning to further Education and Training (FET) instead of Higher Education, or taking up employment directly after school.

The debate on the future of Higher Education has therefore also brought forward the issue of qualification mismatches in the Irish labour market. While the Irish Government is strongly committed to providing access on equal basis to Tertiary Education to meet economic and societal need and support the continued human capital development that has underpinned Ireland’s economic performance and convergence to high-income EU levels, evidences suggest that Irish workers are over qualified in particular areas of the workforce. Research by, for example the Economic and Social Research Institute (ESRI) and European Centre for the Development of Vocational Training (EU CEDEFOP) shows a high degree of skill underutilisation among Irish employees with the percentage of Irish workers reporting education or skills levels in excess of those required to do their job - the third and fourth highest respectively of 28 EU countries.

For this reason, it has been a major priority over recent years to develop and enhance vocationally focused education and training options including through the provision of apprenticeships and traineeships and other learning opportunities in the FET sector for all learners including those that have recently completed second-level education. These options are intended to provide strong pathways into employment to meet the economy’s skills, labour demand needs and also to facilitate access into the Higher Education sector.

While completion rates in Higher Education are high in overall terms, there is evidence of significantly lower completion rates among student cohorts with lower academic attainment at second level. This finding highlights the potential role of greater access to pathways and progression routes through Further and Higher Education such as apprenticeships, vocational and other further education options to meet future demographic need over the coming decade, while also providing learning opportunities that may be more suited to particular cohorts of students. It should be noted that some of the higher Education programmes accessed by students with lower academic attainment at second level are already somewhat vocational in character, which raises the question as to whether these students might be better supported in a VET setting. As part of the research on the funding of the higher Education system and the search for higher levels of sustainability, DES wishes to explore the impact of adapting the proportion of participation in Higher Education and FET to the skills and qualification needs of the labour market.

The review should also examine the key role of industry in contributing to human capital and skills development (e.g. through mechanisms such as, for example work-based learning) and in helping to ensure a better alignment of FET and HE provision to identified skills needs in the labour market. This role is also very important to responding to the cultural preference of students and families to undertake university degree courses in Ireland notwithstanding the evidence of significant skills mismatch.
Against this background, the SRSS is launching a Request for Service under lot 1 of the Multiple Framework Contract for the Support to Structural Reforms in EU Member States. The key outputs of this project are

i) A model to test the cost implications of different policy decisions regarding the funding and the design of higher education programmes, the economic and social impact on the short term, and their macroeconomic impact on the medium and longer term.
ii) A proposal for a funding system based on the cost estimation of different policy options, including the proposals of the Expert Group.
iii) An analysis of the mismatch between the qualifications and skills provided by Higher Education and FET in Ireland and the skills’ demand of the labour market, as well as policy recommendations regarding the design of higher education programmes and the provision of FET pathways.

The mission of the Structural Reform Support Service (SRSS) of the European Commission is to provide support for the preparation and implementation of growth-enhancing administrative and structural reforms by mobilising EU funds and technical expertise. Ireland has requested support from the European Commission under Regulation (EU) 2017/825 on the establishment of the Structural Reform Support Programme ("SRSP Regulation"). The request has been analysed by the Commission in accordance with the criteria and principles referred to in Article 7(2) of the SRSP Regulation, following which the European Commission has agreed to provide technical support to Ireland in the area of Higher Education funding.

1.2 Objectives

The general objective of this service contract is to contribute to institutional, administrative and growth-sustaining structural reforms in Ireland, in line with Article 4 of the SRSP Regulation.

The specific objective of this service contract is to support the initiatives of national authorities to design their reforms according to their priorities, taking into account initial conditions and expected socioeconomic impacts in line with Article 5 of the SRSP Regulation.

The achievement of the objectives are not solely the responsibility of the contractor and will depend partly but not only on Ireland's action.

1.3 Impact and Outcomes

It is expected that Ireland, having been closely involved in the implementation of the contract and consulted by the contracting authority on all draft deliverables, endorses the deliverables through its internal mechanisms and considers them, having regard to resource availability and continued compliance with the EU fiscal rules, as part of Government decision-making and policy in this area.

Provided that such work will be incorporated as part of Ireland’s regulatory and operational framework, the deliverables are expected to result in the following outcomes:
1. A policy proposal to adapt higher education and FET provisions to address the current skills disparity between student outputs and qualifications and the perceived skills need of the Irish labour market, and provide the country with the right set of skills to ensure inclusive, smart and sustainable growth.

2. A new model to test the cost implications of different policy decisions regarding the funding and the design of higher education programmes, the economic and social impact in the short term, and their macroeconomic impact in the medium and long term.

3. A new funding system for Higher Education that would provide equity in access, efficiency in the investment of public resources and sustainability in the face of strong demographic growth.

Although subject to other contributing factors, the tasks and deliverables of the contract, and the associated outcomes should, over the longer-term, contribute towards a more effective, efficient and sustainable higher education system and a better match between the education provision and national strategic priorities.

Achievement of the outcomes, and contributing to a longer-term impact of this contract depends, to a large extent, on the degree of adoption and implementation of a new financing model by Ireland and subsequent enforcement, as well as wider policy conditions, which remain outside the responsibility of the European Commission and the contractor. Such adoption and implementation remains the exclusive responsibility of Ireland.

1.4 Beneficiary institution(s) and other Stakeholders

The immediate beneficiaries of the project will be the DES. The deliverables of this action will inform DES future decisions on both funding, with solid evidence base to ensure a more efficient and effective allocation of Higher Education funding, and the FET and Higher Education provision in order to better match the provision of skills provision and the demand.

The DES has established an Interdepartmental Group on Future Funding, which will assist in advising on progress as the evaluation progresses. Furthermore, an oversight group chaired by the DES and comprised of representatives other relevant Government Departments and State agencies will be established to oversee the project and provide feedback on developments and issues as they arise.

Given the need for the DES to fully understand the model and be able to use and update it to undertake further analysis as necessary, officials in the DES will work closely with the provider and the SRSS in advancing this work. The DES will arrange for access to the process to other national expertise that would be considered beneficial.

The DES, assisted by the Interdepartmental Group on Future Funding, will therefore benefit from the contract and will be the primary users of the deliverables.
1.5 Resources to be made available by the beneficiary Member State

The DES will provide any documents, data and information necessary for the implementation of the Contract. The DES will also ensure that all relevant staff is available to cooperate with the contractor when necessary. The Irish administration will provide available rooms for meetings in their premises, internet access if necessary, teleconference facilities and organisation of the meetings with relevant stakeholders.

1.6 Language

Reports and meetings will be conducted in English. The presentations and workshops will be delivered in English.

2 DESCRIPTION OF THE REQUEST FOR SERVICE

2.1 Deliverables and Tasks

Deliverable 1.0: Kick-off meeting and detailed project work plan

The Contractor shall prepare and organise the kick-off meeting.

The purpose of the meeting will be for the Contractor to present the methodology for the project, and for the beneficiary to present the Irish specificities relevant for the Contractor in the project implementation. The meeting will help to better understand the expectations, the underlying objectives of the project and the scope of the service.

During this meeting, the Contractor will make proposals, discuss with the DES and agree on important elements of the Action such as the scope for policy reform in the FET and Higher Education system, the level of data granularity to be included in the models and the expected scope of the macroeconomic forecasting. The Contractor will fine-tune the work plan accordingly.

Furthermore, the meeting will also be an opportunity to plan the project’s organisational aspects, covering, as a minimum the system of communications, the contacts list for the project, and the structure of project’s reports.

At the kick-off meeting, the beneficiary institution will provide the Contractor with all the relevant legislations, documents and publications related to the Irish context.

The Contractor will develop a detailed project work plan, which will include, at least, the following:

i. Proposed timeline for completion of the project within the deadline;

ii. Detailed description of the content of the deliverables;
iii. Methodological approach.

Tasks:

- Organise a kick off meeting.
- Present a detailed work plan at the kick-off meeting.
- Submit the final detailed work plan to the beneficiary and SRSS.

In order to achieve **Outcome 1** - “**A policy proposal to adapt Higher Education and FET provisions to address the current disparity between student outputs and qualifications and the perceived skills need of the Irish labour market, and provide the country with the right set of skills to ensure inclusive, smart and sustainable growth**”, the contractor shall produce the following deliverables by implementing the tasks listed below:

**Deliverable 1.1:** A draft report on the analysis of the variance between the qualifications and skills provided by Higher Education and FET in Ireland and the skills’ demand of the labour market.

Working in close collaboration with the beneficiaries, the contractor will carry out a desk research to draw a picture on the scope and level of variance between the current provisions of skills and qualifications in Higher Education and FET in Ireland and the labour market demand. This could also relate to the economic projections regarding emerging sectors and technologies.

The desk research will include data on the current level of participation in Higher Education and FET in Ireland and employment figures by economic sectors. The desk research will also identify relevant databases that help mapping the demand of skills and the existing structures enabling the coordination between the education sector, the labour sector and the innovation and economic sector.

The Desk research shall be complemented by up to 10 interviews to relevant people in the above-mentioned structures, which will have been determined at the kick-off meeting as to ensure a representative sample. The Contractor shall agree the list of questions and target group with the DES and SRSS before organising the interviews.

The findings of the desk research and of the interviews will feed into a draft report that will be presented to the DES and SRSS. The draft report will include a concise diagnosis and state of play and preliminary draft recommendations to improve the coordination and the match between the skills demand and supply.

**Tasks**

- Carry a desk research on skills shortages and surplus and relevant coordination structures
• Carry out interviews with stakeholders
• Produce a first draft report (finalise under 1.3)

Deliverable 1.2: A final report with policy recommendations to provide a Higher Education and FET system that will respond to and address the Irish labour market’s demand to ensure inclusive, smart and sustainable growth.

The analysis under deliverable 1.1 will provide information on the skills shortages and surplus that can inform the potential for transformations of the Higher Education system, such as adapting university programmes and modalities to the needs of emerging sectors, and the development and expansion of vocational options in Higher Education (e.g. apprenticeships), further education and training system in Ireland. The analysis will also assess the potential to create new pathways between Further and Higher Education in Ireland and to strengthen existing ones.

This analysis will be complemented by the analysis of between 3 and 5 relevant international practices, including from EU Member States that have met similar challenges regarding the skills mismatch between Higher Education and the skills demand. The tenderer is expected to make proposals in his offer on the number of case studies and possible relevant Member States.

Those International case studies will be presented to the DES to animate a policy discussion and test them as regards the Irish context.

The results of this broad analysis and the review of international practices will feed into the draft report produced under Deliverable 1.1 and will underpin recommendations to adapt Higher Education and FET provisions to meet Irish labour market’s demand. This final report will be presented to the Steering Committee for discussion.

Tasks
• Identify and analyse between 3 and 5 international relevant practices (including EU practices) in addressing similar challenge
• Stir policy discussion at Ministry level
• Produce final report with recommendations

In order to achieve Outcome 2 “A new model to test cost implications of different policy decisions regarding the funding and design of Higher Education programmes, the economic and social impact in the short-term and their macroeconomic impact in the medium and long term”, the contractor shall produce the following deliverables by implementing the tasks listed below:

Deliverable 2.1: Development of a model to test the cost implications of policy decisions regarding the funding and the design of Higher Education programmes and to assess the macroeconomic impacts of these policy decisions. This deliverable will include the report on the assumptions and features of the model and on the results of the background analytical work.
The modelisation will allow the DES to test the impact of different funding decisions and policy options regarding the design of higher education programmes, by providing two different outputs:

1. The cost estimation of different funding options and policy decisions;
2. The macroeconomic impact of funding measures in medium and long term in order to eventually provide a feedback loop to the funding decision.

The tested policy decisions on funding will include the three policy options set out in the Expert Group report as well as new proposals that will come out of the debate and the analysis of other EU funding systems (see deliverable 3.1). The policy decision will also include policy recommendations to adapt Higher Education and FET provisions to meet Irish labour market’s demand, coming out of the deliverable 1.2.

The elaboration of the model will be achieved by the Contractor in cooperation with the DES and will be based on the analysis of similar models in other EU Member states. The Contractor is therefore expected to present different options of similar models in different countries and bring an analysis of their strengths, weaknesses and potential in relation to the Irish needs. Simultaneously, the contractor will also analyse how those Member States are using the models to design and adapt their funding system in order to present different funding options to inform the national debate (ref deliverable 3.1).

The tenderer can propose different methodologies that lead to one model or to different tools that provide short-term cost estimations and macroeconomic implications.

Regarding the inputs to the model, there is a range of available data on the costs associated with higher education that are included in the report, “Investing in National Ambition: A Strategy for Funding Higher Education”. The funding model will include those data used by the Expert Group and also additional factors and input data to bring more granularity to the analysis, test different policy scenarios and better inform policy decisions. These additional policy scenarios will refer, for example to the number of students entering higher education taking account of different charging structures that apply, the number of students enrolling in different delivery models (full-time, part-time, distance, flexible learning models, blended learning models, apprenticeships), the cost implications of different disciplines (STEM, business studies, arts and humanities or social sciences) or changes in the levels and/or method of funding provided for higher education by students, the State, employers. The model should be flexible and adaptable to variations in the use of different factors and scenarios.

Regarding the outputs, the estimation to be provided by the contractor will set out for each funding option the economic implications for (i) students, (ii) state, (iii) employers and (iv) Higher Education Institutions.

Regarding the scope for the macroeconomic impact, the analysis will include:

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5 STEM : Science, Technology, Engineering and Maths.
- The macro-economic implications of different funding systems for the state balance sheet, debt, levels, fiscal space to ensure overall compliance with Stability and Growth pact debt and deficit rules.

- The societal impact of the funding policy options presented in terms of, for example, accessibility of higher education, participation and retention rates, potential inter-generational debt transfers, access to labour market, meeting skills needs, research provision, quality of higher education, social mobility, but also on the individual dimension such as on student behaviour and well-being.

The model developed by the contractor should be sufficiently adaptable to be used in the short, medium and long term by DES.

In addition to developing the model itself, the contractor will also produce a report, which will describe the features of the proposed funding model and guidance on how to use it, as well as the results of the background analytical work. This report and the model shall be presented to the MES with the aim of agreeing on a modelling method to identify and quantify the cost in delivering Higher Education and assessing the impact of various policy scenarios. The Contractor will adjust the model taking into account DES feedback and will produce a final version of the model and the final report. The Contractor will also train the relevant people in the DES to operate the model if necessary.

**Tasks:**

- Carry out a desk research on models used by EU countries to test funding decisions in Higher Education, estimate the costs of the programmes and potential transformation in the Higher Education and FET provision, and forecast their medium and long term macroeconomic impact;
- Determine relevant factors and input data needed and analyse available data on the costs associated with higher education in Ireland;
- Provide the DES with proposals to develop the model in Ireland;
- Develop the model and associated tools (depending on the tenderer’s proposal);
- Draft the report;
- Train DES staff in operating the model.

**Deliverable 2.2: Conduct a cost estimation of policy scenarios on higher education in Ireland** and draw a comparative analysis of the three proposed funding options contained in the report “Investing in National Ambition: A Strategy for Funding Higher Education” based on the cost and macroeconomic impact provided by the funding model.

The contractor will first use the model to produce a granular cost estimation of higher education in Ireland. The analysis will include an estimation of the current cost of higher education with a detailed analysis of the factors mentioned above such as costs associated to discipline areas or delivery models.
Second, the contractor will use the model to estimate the cost, societal and macroeconomic impacts (as described above) of various policy scenarios. These policy scenarios will include the three specific policy options presented in the report, ‘Investing in National Ambition: A Strategy for Funding Higher Education’ and the model will provide an estimate of the costs of these scenarios for (i) the student; (ii) the State; (iii) employers; and (iv) Higher Education institutions. Policy scenarios to be tested could also be linked to the policy recommendations provided to address the skills mismatch and could be informed by best practices described under deliverable 3.1. The policy scenarios to be tested will be agreed with the DES and the contracting authority.

When conducting the cost estimation, the contractor should report on the cost for the provision of undergraduate higher education and for postgraduate separately.

The results of these simulations and of the comparative analysis of these policy scenarios will be described in a report and shall be presented to the MES.

Tasks:

- Carry out a cost estimation of the current Higher Education system in Ireland at granular level;
- Carry out an estimation of the cost, macroeconomic and societal impacts of three policy options proposed by the Expert Group and of different policy scenarios and the outcomes of the tasks under deliverables 1.1 and 1.2;
- Draft a report including the outcomes of the cost estimation and macroeconomic-societal impact and of their comparison, and present it to the DES for discussion.

In order to achieve **Outcome 3- “A new funding system for Higher Education that would provide equity in access, efficiency in the investment of public resources and sustainability in the face of strong demographic growth”**, the contractor shall produce the following deliverables by implementing the tasks listed below:

### Deliverable 3.1: Analysis of relevant EU practices for funding systems

The Contractor will carry out a desk research on different Higher Education funding systems implemented in other countries, including EU Member states (student’s loans systems, performance based funding, etc). This analysis shall focus on challenges encountered by other EU countries in setting up and implementing different funding models and on their economic impact on the medium and long term. The Contractor will compile relevant practices in a report, describing their possible applicability in the Irish context. The report will be presented to the DES for discussion.

This analysis is likely to be carried out simultaneously to the research on international practices for funding models (Deliverable 2.1) and could also inform policy scenarios to be tested under 2.2.

Tasks:
• Carry out a desk research on international good practice on higher education funding systems.
• Draft a report to be presented and discussed with the DES.

Deliverable 3.2: Proposal for a funding system

Building on both the results of the cost estimation and macroeconomic impact (Deliverable 2.2), and the conclusions of the international case studies (Deliverable 3.1), the contractor will analyse the strengths and weaknesses of each of the three policy options and additional policy scenarios in meeting Government priorities for higher education and in providing sustainable funding model, taking also into account the broader HE/FET analysis in deliverable 1.1 and 1.2. On that basis, the contractor will make a proposal for a funding system. The proposal for a funding system will be presented to the DES for discussion and will support the DES in introducing the proposal to a larger group of stakeholders if necessary.

Tasks:

• Draft a report including proposal to improve the funding system, building on cost estimation and international good practice (including EU). Present the report to the DES for discussion.
• Support the DES in organising a workshop to introduce the proposal for a funding system.

2.2 Submission and approval of deliverables

The deliverables described in section 2.1 shall be submitted by the contractor to the contracting authority within the agreed deadlines. The contracting authority may share the deliverables with Ireland for their comments.

The contracting authority will comment on the deliverables submitted within 30 days after the date of their reception. If the contracting authority has not reacted within this period, the deliverables shall be deemed to have been approved.

In case clarifications or corrections are required, the contractor should respond within 15 working days addressing the input of the contracting authority.

2.3 Work plan

The maximum duration of the execution of the tasks and submission of all deliverables is 14 months. The reference date for the contract is the date of signature by both parties.

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<th>Deliverables</th>
<th>Timetable</th>
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<tbody>
<tr>
<td>Deliverable 1.0: Minutes of the kick off meeting and detailed project plan</td>
<td>Reference date + 1 month</td>
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<tr>
<td>Deliverable 1.1: A draft report on the analysis of the</td>
<td>Reference date + 4</td>
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variance between the qualifications and skills provided by Higher Education and FET in Ireland and the skills’ demand of the labour market.

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<tr>
<th>Deliverable 1.2: A final report with policy recommendations to provide a Higher Education and FET system</th>
<th>Reference date + 6 months</th>
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<tr>
<td>Deliverable 2.1: Model to test the cost implications of policy decisions regarding the funding and the design of Higher Education programmes and to assess the macroeconomic impacts of these policy decisions. Report on the assumptions and features of the model and on the results of the background analytical work.</td>
<td>Reference date + 6 months</td>
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<tr>
<td>Deliverable 2.2: Cost estimation of policy scenarios on higher education in Ireland</td>
<td>Reference date + 9 months</td>
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<tr>
<td>Deliverable 3.1: Analysis of relevant EU practices for funding systems</td>
<td>Reference date + 6 months</td>
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<tr>
<td>Deliverable 3.2: Proposal for a HE and FET funding system</td>
<td>Reference date + 12 months</td>
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2.4 Place of work

Any physical meeting, presentation and/or conference with the national authorities will take place in Ireland.

2.5 Reporting & management of Specific Contract

A Steering Committee will be established for the contract. The Steering Committee will be comprised of representatives of the contractor, SRSS and the Irish authorities. The Steering Committee will meet at least quarterly in order to oversee all planned activities, ensuring effective coordination and engagement.

2.6 Budget

The maximum amount of the contract is EUR 300 000.
3 DESCRIPTION OF THE ELEMENTS OF THE SPECIFIC TENDER

In its specific tender, the contractor must provide a technical offer to answer the description of the Request for Service (section 2). In order to do so, the contractor is expected to provide a specific tender that describes the methodology, the organisation of the work and resources (notably team composition, allocation of tasks, roles and responsibilities of the team members) and the quality control measures that he/she/they intend/s to put in place for delivering the service.

In addition, the contractor must submit a financial offer in accordance with the "template for financial offer" in ANNEX II of this invitation to tender.

The specific tender must not exceed 50 pages in length (The CVs of the team members are excluded from the page count). Contractors are invited to use font size 11 point, in the style of Times New Roman, Arial, or similar. All margins should be at least 2.54 cm (the standard default). The text can have one-line spacing. The specific tender may be structured to include:

- The contractor's analysis of the general context of the request and the purpose of the technical support;
- A description of the specific approach of the contractor to technical support and the analysis that prevails in the design of the methodology;
- The presentation of how the tenderer could bring added value to the design and implementation of the respective reform in an EU Member State;
- Team structure: composition and distribution of roles;
- Presentation i) of the proposed profiles of the team members and of the different economic operators; and ii) of the relevance of their experience to the project;
- Elements related to project management;
- Interaction with the Commission and the Beneficiary EU Member State;
- The project supervision; and
- The procedures that the tenderer intends to use for quality control.

4 AWARD CRITERIA FOR A SPECIFIC CONTRACT AND RANKING OF SPECIFIC TENDERS

The contracting authority evaluates the specific tenders and selects the most economically advantageous one based on the award criteria set out in section 5.4 of the Tender Specifications (Annex I to the signed Framework Contract) and following the application of the award formula set out in section 5.5 of it.
5 FINANCIAL OFFER

The financial offer (using - mandatorily and without any modifications - the financial offer template of Annex II to the Invitation to tender) must provide the unit daily rates for each profile. These rates must respect the maximum rates (lower or equal) provided in Annex II to the signed FwC and must include all related costs (project management, quality control, training of the contractor's staff, support resources, management of the firm, secretariat, social security, salaries, etc.) in performance of the services.

Travel, accommodation and daily subsistence allowance expenses of the specific contracts should not be included under the unit daily rates quoted. If deemed necessary for the implementation of this specific contract, such costs must be quoted separately as a lump sum in the financial offer.

Legal services, interpretation and translation services should not be included under the unit daily rates quoted. If deemed necessary for the implementation of this specific contract, the relevant amount must be quoted separately as a lump sum in the financial offer.

The contracting authority will check the financial offers as follows:

- whether the unit rates offered comply with the maximum prices set in the framework contract. In case the offered unit rates exceed the maximum prices set in the framework contract, the specific tender shall be rejected.
- for obvious clerical errors. In case of clerical errors, the contracting authority will ask the contractor for clarification (e.g. request confirmation about the correction of a clerical error in wording or calculation). However, the contractors will not be given an opportunity to provide extra information that may modify the technical offer or the price.

6 CONFLICT OF INTEREST

By submitting a specific tender as a response to this Request for Service, the contractor confirms that the contractor and the staff proposed for this tender are not in a situation of conflict of interest, as defined in Article II.7 of the signed Framework Contract.
7 PAYMENTS

The payment arrangements shall be in compliance with art. I.6 of the Framework Contract.

The contractor (or leader in the case of a joint tender) may request an interim payment in accordance with Article I.6.2 "Interim payment" of the Framework Contract's Special Conditions. In case an interim payment is requested, the deliverable results that must be accompanying the invoice are the following:

**Deliverable 1.1:** A draft report on the analysis of the variance between the qualifications and skills provided by Higher Education and FET in Ireland and the skills’ demand of the labour market.

**Deliverable 1.2:** A final report with policy recommendations to provide a Higher Education and FET system.

**Deliverable 2.1:** Model to test the cost implications of policy decisions regarding the funding and the design of Higher Education programmes and to assess the macroeconomic impacts of these policy decisions. Report on the assumptions and features of the model and on the results of the background analytical work.