1. Introduction and Acknowledgements

1. A joint World Bank (WB) and DANIDA mission visited Ghana from June 17-27, 2013 to conduct a technical review of the Ghana Skills and Technology Development Project (GSTDP). The mission focused on preparing the Government of Ghana (GoG) and the Bank for the upcoming mid-term review (MTR) scheduled for early to mid-September 2013 as per the Statement of Mission Objectives (SMO) issued on June 13, 2013. The mission reviewed the current state of implementation of the project and also agreed on the key steps to be taken prior to the MTR.

2. The team is grateful for the cooperation and support provided by the Government counterparts, especially the Minister of Education, Hon. Naana Opoku-Agyemang; Hon. Samuel Okudjeto Ablakwa, Deputy Minister of Education, Mr. Enoch H. Cobbinah, Chief Director, Ministry of Education; Dr. Mohamed Alfa, Deputy Minister of Environment, Science, Technology and Innovation (MESTI), Dr. Yawsa Gomda, Director, Science, Technology and Innovation Directorate, MESTI, Mr. Lars Joker, Program Coordinator, DANIDA, Mr. Torsten Schlink and Mrs. Jeanette Burmeister, GIZ Skills Development Initiative, Ms. Efua Amissah-Arthur, Social Development Specialist, AfDB.; Mr. Sampson Damptey-Tettey, Ag. Executive Director Council for Technical Vocational Education and Training (COTVET); Mr. Charles Cofie, Chairman, Skills Development Fund (SDF) Committee; Mr. Matthew Dally, Coordinator, Project Support Unit; Mr. Ato Simpson, Fund Manager SDF; Mr Akilagpa Sawyer, Director, External Resource Mobilisation (Multilaterals), MOFEP; Mrs. Stella Williams, Head, World Bank Unit, Ministry of Finance and Economic Planning (MOFEP) and Mr. Lawrence Nyanor, Economic Planning Officer of the World Bank Unit, MOFEP. The list of persons met is attached as Annex 2.

3. Mission members included the following World Bank staff: Peter Darvas (Senior Education Economist), Eunice Ackwerh (Senior Education Specialist), Deborah Newitter Mikesell (Senior Operations Officer), Bernardo da Cruz Vasconcellos (Monitoring and Evaluation (M&E) Consultant); Sangeeta Goyal (Senior Economist, SASED), Anders Jensen (Senior M&E Specialist, AFTDE), Richard Johanson (Skills Development Fund Consultant), Susan Cáceres (Senior Education Specialist, IEGPS) Adu-Gyamfi Abunyewa (Senior Procurement Specialist), Robert Wallace De-Graft Hanson (Financial Management Specialist), Stephen Tettevie, Team Assistant, Accra and Rose-Claire Pakabomba, Program Assistant, Washington DC.  

4. The GSTDP-P118112 (US$70 million) was approved in March 2011 and became effective in November 2011. It is approaching the mid-term point in the project life as it is scheduled to close June 30, 2016. The project objective is to improve demand-driven skills development and increase adoption of new technologies in selected economic sectors. The main vehicle to achieve this objective is grant financing through the Skills Development Fund (SDF), a US$45 million competitive fund to provide skills training through strategic partnerships between firms, service providers and industry associations. To date, the project has disbursed US$7.986 million. About US$15.5 million is additional commitment under the SDF is planned to be disbursed by end July 2013.

1 The Bank team members also participated in the National Education Sector Annual Review (NESAR) meeting and the pre-NESAR workshop from June 24-27. The Bank made presentations on recent analytical work focusing on basic education and at these fora.
5. The COTVET under the Ministry of Education is responsible for project implementation. The total project costs are US$80 million of which US$70 million is provided by the International Development Association (IDA) and US$10 million by the Borrower. The project is also co-financed by DANIDA. Additional financing is being provided by African Development Bank (AfDB), GIZ and KfW to support COTVET and the technical vocational education and training (TVET) reform agenda.

Findings and Key Issues for the Technical Review

6. Overall, the implementation of the project has continued to improve with significant progress achieved in the SDF (Component 3) and more moderate progress under the first two components. It appears that the number of applications as well as the rate of submission and approval of SDF grant applications has continued to increase as is the rate of disbursement. Progress has been achieved in the selection of the consultant agency for Component 1 while ownership strengthened under Component 2. Capacities have improved within the Project Support Unit (PSU) and a stronger Monitoring and Reporting system is expected to be in place for the overall project by the project’s MTR. The appointment of a substantive Executive Director for COTVET is imminent and a new Director for the Science, Technology and Innovation (STI) directorate of the MESTI was also appointed. A number of the recommendations and findings of the Implementation Support Mission held last February are still relevant.

7. The key purpose of this technical mission was to identify the most important issues to focus on and to prepare for the mid-term review. At the request of the GoG, the was postponed to September 2013. The mission agreed on the steps to be taken by the GoG to prepare the Mid-Term Review (MTR). This will include a report to be shared with the Bank before the MTR process begins. The mission also reviewed the current state of project implementation and those findings are attached in Annex 1.

Key Issues for the Mid-Term Review Report

8. The Mission and GoG identified and agreed on the key issues to be addressed in the MTR and to be sent to the Bank by end August 2013. The Bank will also prepare an issues paper to review the project and make recommendations regarding the design and the implementation to date. During the MTR, the GoG and the Development Partners (DPs) will discuss issues in both of these reports with key TVET stakeholders and make recommendations for any adjustments as needed. The Mid-Term Review will focus on the following key issues which are further discussed below: (i) relevance of the project objective; (ii) relevance of the project design; (iii) efficacy (effective implementation and activities sufficiently leading to the expected project outcomes); (iv) efficiency (value for money, cost-effectiveness and sustainability of the project activities beyond the project’s lifetime); and (iv) governance (project steering, project management, key project processes including review of and support to the SDF, inter-sectoral coordination donor coordination and harmonization).

9. Relevance of Project Development Objective and Project Design: By mid-term, the Government in their MTR report needs to assess the continued relevance of the original project objective which is to improve demand-driven skills development and increase adoption of new technologies in selected economic sectors. Specifically, it should be decided not only whether the objective is relevant, but is realistic, measured adequately through the key performance indicators (KPIs), and whether there are any additional or alternative objectives and indicators that could be used to strengthen the relevance of the project. Once the objective and the indicators are confirmed, the MTR needs to evaluate and reaffirm the relevance of the project design, including the key components, activities, their realism as well as the linkages between the activities, the objective and the outcomes.
10. **Strategic Leadership and COTVET strengthening**: The Project Steering Committee (PSC) which consists of senior members of the Government and private sector representatives is responsible for overseeing the relevance of the project, its alignment with government priorities, progress, and approval of the work-plans and financial plans. COTVET is the implementing agency according to the subsidiary agreement agreed between the MOFEP (IDA Recipient) and COTVET. However, following the elections, the PSC membership has changed and its strategic role needs now to be reaffirmed. COTVET has also had an interim executive director for over seven months and has limited staffing capacity to oversee project implementation and donor coordination. COTVET does not have a role or technical capacities for implementing Component 2 and window 4 of the SDF. MESTI’s capacities and ownership over these two activities were also limited. The Government needs to address both the strategic ownership of the project activities, reaffirm the role of the PSC, strengthen COTVET, and the Science, Technology and Innovation (STI) Directorate of the MESTI.

11. **Value for Money**: The project is designed to develop new modes of financing TVET and technology innovation in Ghana with improved effectiveness and cost-efficiency. As part of the GoG report in preparation for the MTR, the Government needs to review the unit costs of the new operation, including (i) how much it costs to provide demand driven training under SDF, (ii) what is the ideal content and duration of sponsored training activities, (iii) how efficient it is to support demand driven research, and (iv) is counterpart financing by the private sector effective in generating non-governmental resources for training and research. Also, the Government needs to determine if procurement of goods and services, various project inputs and outputs are cost-efficient provide good value for money.

12. **Sustainability**: The MTR report needs to reflect on the sustainability of the project. The key issues include the implementation of TVET strategy, sustaining the TVET information system, mainstreaming and financing the Skills Development Fund, implementing the STI strategy and establishing a sustained capacity at COTVET for managing and coordinating externally financed TVET programs. The mission recommended greater clarification on what institutional and budget plans are being considered for sustaining and mainstreaming these areas, especially SDF.

13. **Project Support Unit (PSU)**. Three development partners, AfDB, IDA and DANIDA, agreed that one PSU under COTVET will coordinate their activities in terms of project implementation, especially financial management (FM), Procurement, and M&E. This is in line with COTVET’s responsibility to coordinate among donors and with the expectation that COTVET will eventually develop sustained government financed capacities for project management and implementation. In addition, IDA and DANIDA agreed to provide the initial financing for the PSU. The PSU was set up by a Cabinet directive in September 2011 for multiple donors. The PSU now has a total of 44 consultancy-based staff which includes support staff, fully equipped premises and vehicles.

14. It is now critical that one consolidated work plan and budget cover all DPs so that financing by source is clearly demarcated and evident for all stakeholders. This consolidated work plan would also help to ensure greater coherence among the various interventions and encourage alignment of how these activities are implemented. COTVET will need to take the lead in more effectively harmonizing and managing all of the various activities/projects. This means not imply on presenting various technical assistance (TA) activities in one framework, but also dealing with content consistency, timing and other logistical issues. A consolidated work plan and budget should be developed for the second half of 2013 for greater clarity even though most
work plans have by now been approved. The DPs expressed their commitment to use a consolidated plan for 2014.  

15. **Donor Coordination:** There are over US$242 million external funds being provided for TVET in Ghana by AfDB (US$125 million), IDA (US$70 million), DANIDA (US$13 million), KFW (Euro 20 million), GIZ (Euro 6 million) and other DPs are also providing support. Whereas this is reassuring for the country’s TVET sector, it also poses risks regarding sustainability, absorption, parallel activities, inconsistencies in technical advice and various modalities of financing TVET. The DPs have reaffirmed their willingness to improve harmonization and there are several options for minimizing these risks but the Government needs to strengthen its commitment and efforts to improve DP harmonization.

16. **Component 1.1 Building TVET systems:** COTVET has established 23 various policies and manuals under the TVET strategy. The key challenge remains the implementation of these policies as very few previous TVET policies were implemented or financed during the last decade. The Government needs to review the most effective way to implement these policies—calling for increased selectivity, implementing the most critical ones, first with appropriate sequencing, and applying a greater sense of realism and stronger consistency across projects, programs and modalities. The mission suggested that the GoG use the consulting agency to assist in the implementation of the strategy as needed. Also, there remains a risk of parallel TA activities supporting TVET reform up to approximately US$12-15 million. The GoG and the DPs can improve synergies by harmonized procurement, co-financing consultants and other means. The Technical Advisory Group that will be established based on agreement reached last February can also assist this process.

17. **Component 1.2 TVET Institutional Strengthening of Providers:** This sub-component is designed to improve accountability and institutional effectiveness of formal public and private non-profit TVET providers in priority economic sectors to deliver demand-driven training. The mission recommends realigning the implementation activities with the original objectives before issuing an expression of interest for possible beneficiaries. It also recommends providing a better sequence of these activities, including using a more limited number of criteria for selection, and establishing institutional development plans before engaging in the procurement of goods and equipment to benefit TVET providers.

18. **Component 2:** Given the delays associated with activities within this sub-component, the mission recommended that the MESTI/STI Directorate reassesses how the envisioned activities are aligned to the project’s development objective, original design and KPIs. In order to achieve this, the mission highlighted the importance of having strategic leadership and ownership, a clear work-plan, solid M&E arrangements for the component, and regular communication with the COTVET/PSU. The GSTDP provides the resources for hiring an STI advisor with global expertise to help the MEST/STI Directorate in institutional development. The mission recommended that the MESTI/STI Directorate consider preparing a short-list of candidates for filling this position.

19. **Component 3:** The mission is pleased to see the increased implementation of and high demand for the SDF which just completed its third call for proposals and is experiencing a significant rise in applicants and approved grants. Although the monitoring system is still not fully functional, the initial lag in calling for proposals served the Fund well as it allowed for a sound and rigorous system to be established to both solicit

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2 After the mission, the Bank team noted that the PSU expressed its disagreement on this issue whereas the Development Partners maintained that such consolidated work-plan is necessary even if a 2013 work-plan has already been approved by the Development Partners separately. The absence of such consolidation increases the risk for the efficiency and sustainability of the externally financed TVET programs in the country.

3 At current exchange rate of Euro 1 = US$ 1.34.
and review grant applications. The team recommended focusing on improving the monitoring system to ensure that the data required are collected, analyzed and utilized for determining impact of SDF funding. Moving forward the SDF should also strengthen implementation support to grantees during grant implementation. A fiduciary and value-for-money audit of grantee firms is planned to be carried out, findings from which will become available by the end of August 2013, and shared during the MTR.

20. **Monitoring and Reporting on Project Results:** Monitoring and reporting on the project results has remained one of the key challenges in the project. Inadequate reporting weakens external and internal accountability of resources used and results achieved even if implementation and disbursement of the project improves. The mission agreed on a number of steps regarding updating the M& Paper including the logical framework, results framework, baseline data collection instruments and monitoring instrument, and adjustments to the results matrix (suggested recommendations are in table in Annex 1). The mission also agreed that the COTVET/PSU will share baseline data and progress to date for each indicator in the updated project Results Framework by end-August 2013. These findings will be shared both with the Bank and the consultants carrying out the MTR report on behalf of the GoG. The Government now needs to closely monitor the extent to which these agreements are followed-up on and how the monitoring and reporting of the project improves.

21. **Procurement and Financial Management Issues for the MTR:** The Bank will provide the Government feedback and recommendations for the evaluation of procurement and financial management systems and performance within the MTR Report.

**DISCLOSURE**

22. The Bank and GoG confirm their understanding and agreement to publicly disclose this aide-mémoire. The disclosure of this aide-mémoire was agreed to with project counterparts led by Mr. Enoch Cobbinah, Chief Director, Ministry of Education, at the wrap-up meeting held on Thursday, June 27, 2013. In addition it was agreed that the aide mémoire would be classified as Public.

**Key Next Steps**

<table>
<thead>
<tr>
<th>Action</th>
<th>Date Due</th>
<th>Current Status and Responsible Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terms of Reference (TORs) for Mid Term Review Report Consultant</td>
<td>July 30, 2013</td>
<td>COTVET, PSU, WB, DANIDA,</td>
</tr>
<tr>
<td>Finalize ToR for value for money audit of beneficiaries</td>
<td>July 30, 2013</td>
<td>Head of Finance, PSU</td>
</tr>
<tr>
<td>Hiring of Consultant to carry out Sector Baselines for the SDF</td>
<td>July 30, 2013</td>
<td>COTVET, PSU</td>
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<tr>
<td>Component 2.2 Submissions evaluated and presented to PSC/COTVET/PSU</td>
<td>July 30, 2013</td>
<td>PSU</td>
</tr>
<tr>
<td>Hiring of Mid-term Review Consultants completed.</td>
<td>July 30, 2013</td>
<td>COTVET, PSU</td>
</tr>
<tr>
<td>TVET specialist is hired for the PSU to monitor the implementation of</td>
<td>August 1, 2013</td>
<td>PSU</td>
</tr>
<tr>
<td>Component 1.</td>
<td>Date</td>
<td>Organization</td>
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<td>---------------------------------------------------------------------------</td>
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<tr>
<td>Evaluation of the Component 1 TA Proposals completed</td>
<td>August 15, 2013</td>
<td>COTVET, PSU</td>
</tr>
<tr>
<td>Government Draft MTR Report Completed</td>
<td>August 31, 2013</td>
<td>COTVET, PSU</td>
</tr>
<tr>
<td>Consolidated Annual Work Program is provided to all development partners detailing sources of funding for all activities planned and budgeted for this year. (See paragraph 14 and the footnote inserted under it)</td>
<td>August 31, 2013</td>
<td>COTVET, PSU</td>
</tr>
<tr>
<td>STI specialist is hired for the PSU to monitor the implementation of Component 2.</td>
<td>August 31 , 2013</td>
<td>PSU</td>
</tr>
<tr>
<td>STI Advisor shortlist is submitted to IDA</td>
<td>August 31, 2013</td>
<td>PSU</td>
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Annex 1: Key Project Implementation Issues by Component

Introduction

The technical review identified key implementation issues for each of the four components of the project. These issues need to be systematically addressed in a timely manner by all stakeholders so that project implementation can take place at a pace that is in keeping with project objectives.

Component 1: Institutional Strengthening of Skills Development (estimated base cost US$4 million)

The key to implementation of Component 1 is the recruitment of the technical assistance consultant, now underway. The component has experienced substantial delays, but consultant firms have been short listed and will shortly be notified.

- It is essential that there be no delay in assessing and approving applications so this vital technical assistance can commence as soon as possible.
- The technical assistance team should be located within COTVET to ensure close working collaboration and institution building in COTVET.
- The technical assistance consultancy should not overcrowd the COTVET and should be commensurate with COTVET’s absorption capacity.

Sub-Component 1.1:\ Development of COTVET technical capacity, strategic systems and policies (Estimated cost US$2.0 million.)

Strategic plan

A clear possibility exists for donor overlap, with DANIDA, the World Bank and the AfDB all providing financing for strategic planning in TVET. The need for coordination and donor harmonization is essential. It is also important to coordinate the work with the National Development Planning Commission (NDPC) which has and is undertaking skills gap analyses.

- The scope of the strategic planning will have to be carefully delimited to ensure feasibility.
- COTVET needs to prioritize and sequence the activities in the strategic plan in line with decisions about what is realistically possible within the remaining project period.
- Donor harmonization will be essential not only in terms of funding source and procurement processes followed but also translating of the technical aspects of the consolidated work plan covering all COTVET managed activities funded by donors.

\*Note: One of the outputs stated in the text of the appraisal report, “(ii) development of sector-specific skills development strategies including assessments of supply and demand for skills…” (p.8) was not included among the intermediate results for component 1 (p.26). Therefore, it is not covered here.
The development of a TVET Management Information System (MIS)

The tendency in similar efforts elsewhere has been to over-design TVET MIS. COTVET appears to have high expectations about what can be achieved, and at least in concept, expects the TVET/MIS to cover formal, non-formal and informal training supply as well as labor market demand. The mission advised the GoG to begin the MIS design process with an analysis of information requirements for decisions, set priorities and collect the essential information in practical ways, taking due account of costs and staff requirements. Efforts should also be made to benefit from the the global design of TVET/MIS systems, with adaptation to the existing national system.

- Starting with a systems analysis, the TVET MIS should concentrate on providing in a practical way a limited set of information essential for TVET decision making and system development.

Guidelines on quality assurance

An impressive number of guidelines (23) related to quality assurance and implementation of Competency Based Training (CBT) has been produced by COTVET with the assistance of a CBT expert financed under the project. These include guidelines on the National TVET Qualifications Framework, registration and accreditation, recognition of prior learning. However, it is not clear in what systems the guidelines are supposed to work and how they will be implemented. The technical assistance team, rather than starting from scratch, can benefit from the work accomplished and concentrate on helping to refine and implement these guidelines.

- As with the previous two components, everything cannot be done at once and a limited number of priorities will need to be established.

Component 1.2 Support to TVET Providers (estimated cost US$2 million.)

The original plan called for selection of 5-10 institutions on such criteria as innovative leadership, following which TA would be provided to prepare institutional development plans (IDPs). The funds would then be used to finance the investment requirements of the IDPs. Current plans in COTVET, however, are to issue imminently the expression of interest (EOI) based on procurement and works before preparation of the IDPs. This places the emphasis on hardware rather than institutional development.

- The PSU should defer the advertisement for the EOI on sub component 1.2 until agreement can be reached with the Bank on alignment of the proposal with the original plan, and on the criteria for evaluation of the proposals.
- If the major technical assistance package is delayed under sub component 1.1, COTVET should seek DANIDA financing for technical assistance to help the selected institutions prepare Institutional Development Plans.

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5 The title of the draft evaluation criteria does not mention institutional development, instead using the phrase “… selection of technical and vocational institutes to benefit from minor works and equipment under component 1.2.”
Component 2 Institutional Strengthening of Science and Technology Development (estimated base cost US$4 million)

The key factor that will determine the successful implementation of this component is strategic leadership and ownership by MEST/STI Directorate.

- Given the delays in the implementation of this component, MEST/STI Directorate needs to determine how the provisions made under the project can be best utilized in the remaining project period to achieve project objectives. This may require a reassessment of the relevance of activities, and how they will contribute to strengthen the MEST/STI and demand-driven investment in technology in priority economic sectors.

Component 2.1 Strengthening national STI planning, management, and coordination (estimated base cost $1.5 million)

The project provides funding for bringing on board an STI advisor with global expertise who can help the MEST/STI with institutional building and developing capabilities and systems for developing and implementing evidence-based STI policies and implementing priority activities in the national STI Development Plan.

- MEST/STI Directorate is still considering whether they need an STI advisor and whether or not they can provide similar expertise in-house. The role of the STI advisor can be critical in helping the MEST/STI Directorate jump the learning curve. It will not be to substitute in-house capacities but to supplement these with knowledge of good and successful global practices.
- The MEST/STI Directorate can reconsider the terms of reference of the STI advisor and include in its scope a set of tasks that respond to specific needs.

Sub-component 2.2: Strengthening science and technology providers (estimated base cost US$2.5 million)

The project will support up to five research institutes (RIs) to improve the capacities and incentives of selected research institutes, universities, and technology providers to develop, adapt and diffuse technologies to private sector enterprises on a demand-driven basis. This sub-component along with Window 4 of Component 3 is expected to contribute to increase adoption of new technologies in selected economic sectors.

- 21 RIs have submitted EOIs which are currently in the process of being evaluated by a committee constituted by MEST/STI. The evaluation report and the short-list are expected to be submitted to the Bank by mid July 2013. The process of selection of RIs for support should be completed timely.
- The work-plans of the selected RIs should conform to the objectives of support and should not be driven by procurement for its own sake.
Component 3: Financing of Skills and Technology Development Programs through the Skills Development Fund (estimated base cost US$50 million)

Sub-component 3.1: Skills Development Fund (estimated base cost US$45 million)

The implementation of the SDF has gained considerable momentum in the last six months. Appointment of a new SDF Manager and contracting of additional staff for the SDF Division has contributed to the progress. The SDF Division now has a total staff of six of which four are paid by DANIDA. For FM, procurement and M&E purposes, the SDF relies on other PSU units.

The Government noted that this progress has been achieved through the entire PSU collective efforts using the task force approach (all hands-on-deck) instituted by the Project Coordinator last year. The SDF is not treated as a separate entity but as part of the PSU and a component (3) of the GSTDP under the leadership of the Project Coordinator. There has also been massive support and strategic direction from a vibrant SDF Committee and the PSC.

While the SDF Committee approved only six of 195 applications for Call 1 (launched in July 2011), the number of approved proposals increased to 78 out of 428 applications for Call 2. At the close of Call 3, the SDF had received almost 500 applications. The PSU forecasts that up to 100 requests for funding will be approved for Call 3. At present, no known additional resources will be made available for the SDF. Therefore, total disbursement for each call will gradually be reduced for the remaining three calls in order to stretch the available funds. DANIDA contributes 25% of funds to the grants supported by the SDF.

Based on the experience from Call 1, a number of changes have been made to the grant process. Also a number of templates have been modified in order to increase their user-friendliness. Firstly, the concept note phase has been abolished. Currently, applicants submit a full proposal at the outset. Allegedly, this has shortened the grant process by several weeks. Secondly, project intermediaries have been introduced. A roster of intermediaries trained by the project has been made available to prospective applicants. Upon successful approval of the application, intermediaries are paid based on a standard fee set by the SDF Committee. Thirdly, the contracts with non-performing evaluators have been discontinued, and the remaining 40 technical evaluators have undergone intensive training to improve their understanding of the objective and rationale of the Fund. The SDF Committee participated in the training of intermediaries.

Grant applications

The result of these initiatives has been a significant improvement of the quality of the proposals received and forwarded to the SDF Committee for approval, and a marked shortening of the grant approval process. However, at the meeting with the SDF Committee, the Chairman expressed concern regarding the lack of quality proposals for Windows 3 and 4.

- The PSU should intensify effort to increase the number of proposals for these windows. Alternative, funds may be reallocated from Windows 3 and 4 to Windows 1 and 2, where the demand tends to outstrip the resources available.
The mission also noted a tendency for the reviewed applications to vastly over-promise on results of the various impact indicators. Greater realism should be encouraged.

**Technical review of grant proposals**

The Technical Review Team had an opportunity to review a number of applications received under Call 2, approved as well as rejected. The team is quite impressed by the thoroughness of the evaluation process and the quality of the approved proposals. However, there seems to be scope for improvement of the due diligence procedure. Only very basic data are collected. For instance, due diligence does not include an assessment of the beneficiary’s capacity to utilize the competencies acquired as result of the training, nor the capacity of the training provider to provide training of the intended quality.

**Efficiency and value for money**

The mission observed that there are large variations in costs among approved projects with respect to relative cost. This could not be verified or dismissed for lack of information and norms on costs per trainee. The evaluation and approval criteria could be strengthened especially in efficiency. It should be possible to build statistics on the costs of various types of training as an important criterion in the evaluation and approval of proposals. In addition to cost per trainee, cost per “trainee hour” is useful as a standard measure of unit costs across a diversity of fields, mix of short and long courses and different modes of delivery.

- The mission recommended, and the SDF Committee subsequently accepted, to use unit costs (costs per trainee) in the evaluation of proposals. The PSU should also collect data in Call 3 and in future calls on total training hours per program and cost per trainee hour. It should also collect the information retroactively for the second call to help build statistical norms.
- The PSU should prepare indicative unit cost norms for various categories of technical education and training to guide the work of intermediaries and technical evaluators.
- A criterion should be added to the assessment and approval worksheets to examine/evaluate “least cost” alternatives.

**Implementation and monitoring of grant proposals.**

Another area of concern is the grant post-approval routines. This is a new experience to the SDF as disbursement under Call 2 has only started recently, and just a handful of projects were approved in connection with Call 1. To some extent, external monitors are supposed to supervise the implementation; however they are primarily focusing on progress vis-à-vis agreed indicators.

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6 Three sets of data are required: (1) total cost of training, including all proposed expenditures; (2) total number of trainees, and (3) total number of hours in the training course. ‘Hours’ means class periods of 50 minutes length. Calculations can then be made of the cost per trainee [i.e. (1) divided by (2)], and cost per trainee hour [cost per trainee divided by (3).] Costs could be further divided into ‘gross’ and ‘net’ costs. Gross costs would include everything related to the training, such as transport and subsistence allowances of trainees. Net costs would be only the direct costs of training delivery only, such as the cost of trainers, rental of training spaces, rental of training equipment, etc.
• The SDF Division should conduct regular supervisory visits (audits) to ensure that the grant is implemented and funds are spent in accordance with the agreement between the beneficiary and the Fund.
• Data related to Call 1 and Call 2 should be uploaded into the MIS in order to ensure that all relevant information can easily be traced.
• The SDF should develop guidelines and procedures for post-approval quality control and auditing.

The SDF Manual

Following the amendments to the grant procedure, the SDF Manual is no longer in line with the de facto grant process. The manual is approved by the SDF Committee and the legal document guiding the grant process.

• The manual should be updated before the MTR and submitted to the World Bank. The update should reflect current procedures and practices. As part of the revision, it should be made more user-friendly, for instance by separating day-to-day guidelines and format from reference documents. Some revision of the criteria for technical evaluation and approval would also be appropriate, particularly on efficiency.

In order to facilitate the work of the MTR, the SDF should provide the following information:
• Data on average grant amount for each window for Call 1 and Call2
• Data on the distribution on grants between public and private institutions by window
• Estimated average unit costs for training funded under Window 1, 2 and 3
• Updated disbursement figures by call and by window.

Sub-component 3.2: SDF Outreach and Management (estimated base cost US$5 million)

A communications strategy for the SDF was finalized. Based on this, extensive outreach campaigns were conducted in connection with Calls 2 and 3. The outreach and communication effort comprised sensitization workshops, media appearances, targeted bilateral meetings, public relations (conference participation, and speeches at business association events), and articles in the COTVET newsletter, The Skills Advocate.
In addition to these, the project opened a Call Centre to receive queries from interested grant applicants.

Sustainability of the SDF

The mission recommended greater clarification on what institutional plans are being considered for the future of the SDF. The incremental costs of this successful mechanism raise questions and concerns for how the SDF will be sustained beyond the life of the project. The government has not yet indicated how the SDF will be mainstreamed. The mission recommends identifying various options for sustaining the SDF, from mainstreaming or absorbing the PSU to allowing a private or agency managed service arrangement.

• By the MTR the Government should decide as to how it would like to address the issue of SDF sustainability. Agreement should be reached on the plan at the MTR. Thereafter, COTVET should start the process of recruiting expert assistant to help with defining the means to secure the future existence of the SDF, including drafting the required legal instruments.
Component 4: Project Management and Monitoring and Evaluation (estimated base cost US$5 million)

Project Management

COTVET is the implementing agency of the project with a PSU within it carrying out the day-to-day task of implementation.

- The Bank team indicated that the Government needs to review the mainstreaming arrangements. At the moment, the Project Support Unit with 45 consultancy based staff members is responsible for the project implementation whereas COTVET’s capacities continue to be limited. In absence of a consolidated work program, it is unclear which activity, consultant, equipment and facilities are paid by which development partner.
- It is also unclear, what percentage of the project resources are being used for project management. At the appraisal stage, the Bank and DANIDA agreed to cover the bulk of project management costs across DP activities. Thus, the estimates at appraisal stage were that together the overhead costs may initially reach about 17 percent of the total costs. It was also agreed that this will decline as additional DP support comes in and the cost-efficiency of the PSU arrangement improves. Also, at negotiations the Government agreed that over the GSTDP life-time, it will contribute to the costs of project implementation by US$10 million. The Bank also noted that by the end of 2014, the DANIDA project will close and this will cause immediate challenges for sustainability and efficiency.

Monitoring and Evaluation

An updated M&E framework required for tracking project progress which elaborates on (a) the definitions of the key indicators, (b) the instruments that will be used (and their subsequent development), (c) the baseline data provided for relevant indicators, and (d) agreed reporting formats has now been put in place and will be finalized by August 1, 2013. This framework covers plan, personnel and activities in place to cover all project components and sub-components. It has (1) expanded the monitoring in respect of profiling of all grantees, (2) introduced spot checks on all grantees, (3) limited the number of grantees per monitor to 10, and (4) meticulously combed the PAD for additional M&E indicators with a table showing all more or less openly stated objectives in addition to the PDO. The table also indicates ways and means to monitoring these indicators.

- This plan should include orientation of and getting all project agencies and sub-agencies (COTVET, SDF, grantee firms 2.1 and training providers under 1.2) to submit regular reports in standard formats.
- The overall monitoring and reporting system should be kept simple and manageable.
- Complete the collection of the baseline data for the whole project by early August 2013, and share data and findings with the Bank by mid-August for review before the mid-term.
- The table below lists the agreements reached with respect to monitoring, definitions of key performance indicators, and issues to be discussed during the MTR.
<table>
<thead>
<tr>
<th>Issue</th>
<th>Agreed Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suggestions for revision of the GSTDP Results Framework (including definitions of each indicator, the methodology used for collecting data, and finalization of the data collection instruments)</td>
<td>To be finalized based on the discussions with the Bank and shared by early-August 2013.</td>
</tr>
<tr>
<td>Baselines</td>
<td>PSU is in the process of collecting baseline data for the whole project which is expected to complete by end-August.</td>
</tr>
<tr>
<td>Key Performance Indicators – Including definitions</td>
<td>Labor Productivity: time taken to produce one unit of good</td>
</tr>
<tr>
<td></td>
<td>Investment by participating firms: in-kind to be converted to equivalent dollar value using market prices</td>
</tr>
<tr>
<td></td>
<td>Satisfaction with skills by employees and employers: use methodology proposed in the revised results framework document. Change the unit of measurement for satisfaction to categories instead of %.</td>
</tr>
<tr>
<td></td>
<td>Direct project beneficiaries: those who receive support from the project directly, i.e. will include trainees and employees but not association members</td>
</tr>
<tr>
<td>Suggestions for revision of the GSTDP Results Framework Document and Data collection Instruments</td>
<td>To be finalized based on discussions with the Technical Review Mission team and shared by mid-July 2013</td>
</tr>
<tr>
<td>MIS</td>
<td>To be expanded in scope to include all project components and M &amp; E as discussed with the Technical Review Mission team. The finalized data collection instruments will be used to develop the M &amp; E interfaces</td>
</tr>
<tr>
<td>Sector Baselines</td>
<td>Advise the consultant to make an interim report available to the Mid-Term Review mission teams by the end of August 2013</td>
</tr>
<tr>
<td>Other issues for the MTR</td>
<td>• Change cumulative targets to annual targets where appropriate (KPIs pertaining to Component 3)</td>
</tr>
<tr>
<td></td>
<td>• Assess the indicators included in the Results Framework and revise as appropriate (for e.g. the National Strategic Plan under Component 1.1 may no longer be part of GSTDP)</td>
</tr>
</tbody>
</table>
Evaluation

Complete the engagement of the external consultant to carry out the studies related to estimating baselines for the various targeted economic sectors. These sector baseline study will when completed provide benchmarks for performance of institutions and firms supported by the project in the various sectors. The TORs of the consultant should be consistent with this objective. This will be the first level of evaluation carried out in the project.

Project MIS

There has been substantial progress in developing an MIS for the project. Currently it captures descriptive statistics on the SDF applicants (including details of individual applicants and proposals, project ids, grant proposals received, approved, rejected, grant size, by window, economic sector and region).

- The MIS (a) should more fully capture post-approval performance of grantee firms, including monitors’ field reports, and findings from spot checks, and (b) should be expanded to capture relevant information on project components especially Components 1 and 2.
- The financial and performance audit systems should be integrated with the MIS.
Annex 2: List of Persons Met

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