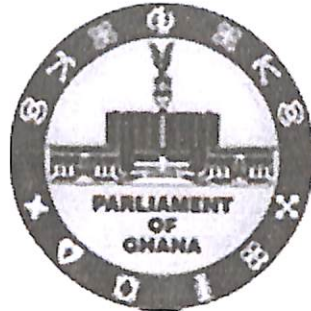


IN THE THIRD SESSION OF THE SEVENTH PARLIAMENT OF THE FOURTH REPUBLIC OF  
GHANA



REPORT OF THE  
**FINANCE COMMITTEE**

*ON THE*

**MASTER FRAMEWORK AGREEMENT (MFA) BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF EDUCATION) AND PLANET ONE EDUCATION LIMITED FOR AN AMOUNT OF FOUR HUNDRED AND SEVENTY-EIGHT MILLION, TWO HUNDRED AND SIXTEEN THOUSAND, TWO HUNDRED AND TEN UNITED STATES DOLLARS (US\$478,216,210.00) FOR THE ESTABLISHMENT OF THIRTY-TWO (32) STATE-OF-THE-ART TECHNICAL AND VOCATIONAL TRAINING INSTITUTES OF EXCELLENCE IN GHANA IN THREE PHASES**

AND THE

**EXPORT CREDIT FACILITY AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF GHANA (REPRESENTED BY THE MINISTRY OF FINANCE AS BORROWER) AND ING BANK (A BRANCH OF ING-DIBA AG), BNP PARIBAS FORTIS SA/NV, ING BANK N.V. AND ING BANK N.V. BEIJING BRANCH FOR AN AMOUNT OF ONE HUNDRED AND SIXTY-SEVEN MILLION, SIX HUNDRED AND TWENTY-FIVE THOUSAND, FIVE HUNDRED AND SEVENTY-SEVEN EUROS AND NINETY-SEVEN CENTS (€167,625,577.97) FOR THE CONSTRUCTION OF NINE (9) STATE-OF-THE-ART TECHNICAL AND VOCATIONAL TRAINING INSTITUTES IN GHANA**

**DECEMBER 2019**

## 1.0 INTRODUCTION

The

- i. **Master Framework Agreement (MFA)** between the **Government of the Republic of Ghana** (represented by the Ministry of Education) and **Planet One Education Limited** for an amount of *Four Hundred and Seventy-Eight Million, Two Hundred and Sixteen Thousand, Two Hundred and Ten United States Dollars (US\$478,216,210.00)* for the Establishment of **Thirty-Two (32) State-of-the-Art Technical and Vocational Training Institutes of Excellence in Ghana in Three Phases; AND**
- ii. **Export Credit Facility Agreement** between the **Government of the Republic of Ghana** (represented by the Ministry of Finance as Borrower) and **ING Bank** (a Branch of ING-DIBA AG), **BNP Paribas Fortis SA/NV**, **ING Bank N.V.** and **ING Bank N.V. Beijing Branch** for an amount of *One Hundred and Sixty-Seven Million, Six Hundred and Twenty-Five Thousand, Five Hundred and Seventy-Seven Euros and Ninety-Seven Cents (€167,625,577.97)* for the Construction of **Nine (9) State-of-the-Art Technical and Vocational Training Institutes in Ghana**

were *presented* to the House on Thursday 19<sup>th</sup> December, 2019.

Pursuant to Article 103 of the 1992 Constitution and Orders 169 and 171 of the Standing Orders of the House, the Agreements were *referred* to the Finance Committee for consideration and report.

The Committee subsequently met and discussed the Agreements with the Leadership of the Committee on Education, the Minister for Education, Hon. Dr. Matthew Opoku Prempeh and a Deputy Minister for Finance, Hon. Abena Osei-Asare as well as officials from the Ministries of Finance and Education.

The Committee hereby submits this report to the House pursuant to Order 161(1) the Standing Orders of the House.

The Committee is grateful to the Minister for Education, Deputy Minister for Finance and the officials for attending upon and assisting the Committee in its deliberations.

## **2.0 REFERENCES**

The Committee referred to and was guided by the following documents *inter alia* during its deliberations on the Agreements:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)

## **3.0 BACKGROUND**

Ghana aims to transition to upper middle income country. The appropriate level of skills in the workforce is required to meet the growing demands. The proportion of high skilled working population would have to increase as well as the middle skilled levels. The present proposed intervention is to develop world class training centers thereby creating the skills and training infrastructure to the level required, towards attaining the skills goals.

The Government of Ghana has, in recent times given renewed recognition to the TVET sub-sector and has identified it as one of the priorities for achieving poverty alleviation. Government also recognizes the strengthening of TVET as a means of developing the technical and skilled human resource base which is needed urgently as a key strategy for rapid economic growth.

In order to facilitate Ghana's competitiveness, the goal is to build a broad spectrum of highly trained and skilled workforce to support the growing sectors of the economy. To be able to achieve this objective requires a policy framework and direction as well as radical shift in the design and delivery of the TVET curriculum at all levels especially at the Polytechnic level.

The aim of COTVET is to establish the Technical Vocational Education and Training System (TVET) to improve the productivity and competitiveness of Ghana's skilled workforce and raise their income generation capabilities, especially those of women in low-income communities. Through the project, the Government will cater for the demands of the job market by empowering the youth with requisite industry specific skills leading to excellent job opportunities.

In view of the Government's commitment to reform and improve the TVET system which has wide social and economic benefit, especially to the youth of Ghana, the Project will result in bridging the skills gap in the youth of Ghana, leading to the creation of large talented pool of skilled human resource.

To help establish two State-of-the-Art Technical and Vocation Training Institutes of Excellence in each of the 16 Regions of the country, the Government of Ghana is entering a Master Framework Agreement (MFA) with Planet One Education Limited for the provision of a total amount of US\$478,216,210.00 to implement the project in three (3) phases, the First Phase of which is covered by the €167,625,577.97 Export Credit Facility from ING Bank and BNP Paribas Fortis relating to the construction of nine (9) of the State-of-the-Art Technical and Vocational Training Institutes in Ghana.

### **3.1 PROJECT OBJECTIVES**

The objectives of the Project is to increase youth employment and productivity in Ghana through TVET skills acquisition to develop the high-quality middle and high-level manpower needed in the Ghanaian economy.

The project has eight (8) specific key objectives as follows:

- i. Improving youth employment especially in the rural areas;
- ii. Expanding equitable access in public TVET institutions targeting females and rural poor;
- iii. Improving relevance and quality of TVET delivery;
- iv. Building technical and management capacity of COTVET and other skills training centers;
- v. Equipping the youth with entrepreneurship skills;
- vi. Adopting the cooperative approach to skills training for the youth to create their own jobs;
- vii. Retraining current workers who have skill gaps; and
- viii. Imbuing in master craftsmen the aptitude for productivity and credibility.

### **4.0 TERMS AND CONDITIONS OF THE LOAN**

The phase 1 of the project will be financed with an Export Credit type facility with ING bank and China Export Credit Insurance Corporation (SINOSURE) as the insurer. The total facility amount is €167,625,577.97. This is made up of a Sinosure Guaranteed Facility of €142,481,741.27 and a Tied Commercial Facility of €25,143,836.70 to finance government counterpart obligation.

The terms and conditions of the Credit Facility are as shown in the table below:

Terms and Conditions	Sinosure Guaranteed Facility	Tied Facility Agreement
Finance Amount	€142,481,741.27 (o/w €135,066,082.05 is for 85% of the Contract Amount and €7,415,659.22 is for 85% of the Sinosure premium)	€25,143,836.70 (o/w €23,835,190.95 is for 15% of the Contract Amount and €1,308,645.75 is for 15% of the Sinosure Premium)
Grace Period	3 years	0.5 years
Repayment Period	10 years	7 years
Maturity Period	13 years	7.5 years
Interest Rate	6M Euribor + 2.0% p.a. (currently 0+2.0=2.0% p.a.)	6M Euribor + 5.5% p.a. (currently 0+5.5=5.5% p.a.)
Commitment Fee	0.3% p.a.	0.5% p.a.
Arrangement/Mgt Fee	1.0% flat	1.0% flat
ECA Insurance Premium	Approximately 5.49% flat (financed as part of loan)	
All-in-Cost	3.01%	5.88%

## 5.0 PROJECT DESCRIPTION AND SCOPE

The scope of the project includes the establishment of 32 state-of-the-art TVET centers of excellence across all sixteen (16) Regions of the Country in three (3) phases. It will comprise

1 National Center of Excellence

16 Category A Centers of Excellence

15 Category B Centers of Excellence

In all, the project will deliver infrastructure development, administration and accommodation facilities, common area, playground, furniture, fittings and external works. It will also provide training tools and equipment including ICT equipment for 33 Trades across 11 sectors.

**The First Phase of the Project will comprise 9 state-of-the-art Centers of Excellence as follows:**

- 1 Center of Excellence: offering 26 Courses with an intake capacity of 780 per year
- 6 Category A state-of-the-art Centers of Excellence, offering an average of 10 courses with an average intake capacity 300 trainees per year in each center
- 2 Category B state-of-the-art Centers of Excellence, offering an average of 6 courses with an average intake capacity of 180 trainees per year in each center
- Training of a total of 310 master trainers to run these centers

## **6.0 OBSERVATIONS**

### **6.1 Inclusion in 2020 Budget**

The Committee noted that phase 1 of the Project forms part of the projects approved to be financed in the 2020 financial year as indicated in Appendix 10C of the 2020 Budget Statement and Economic Policy of the Government of Ghana.

### **6.2 Relevance to Industry**

The Committee noted that an improved TVET system will promote manufacturing, agro-based industry, mining, oil and gas and industrial sectors so as to enhance Ghana's competitiveness in her participation in the emerging global market economy. It will also provide the critical skills needed to drive the One District One Factory (1D1F) industrialization drive of the country.

### **6.3 Equal Distribution across all Regions of the Country**

The Committee was informed that the Project will result in the establishment of two state-of-the-art Centres of Excellence across all sixteen (16) Regions of Ghana with world class infrastructure for training – classrooms, laboratories, administration area, accommodation, conference rooms and playground. The Centres will be equipped with laboratories and workshops with cutting edge technology and training equipment covering thirty-three industrial trades. The staff will undergo a competency-based training programme to stay abreast with the modern practices in the industry.

The project will also create curriculum and courseware for 33 different industry trades. This will result in creation of world-class training facilities linked to current job market demands.

### **6.4 Accommodation Facilities**

The Committee observed that in a bid to ensure better access to the training centres, provision is being made under the Phase 1 of the Project to provide hostel facilities to cover 1,200 training candidates (Centre of Excellence: 600 beds for males and 300 beds for females; and Category B: 200 beds for males and 100 beds for females). This is expected to provide a secure access to quality TVET for aspiring women candidates in rural and semi urban areas.

Again, a principal and vice principal's quarters with a 24-unit staff quarters would be provided in the Centre of Excellence and 12-unit staff quarters in the category B state-of-the-art TVET Centre.

### **6.5 Expected Outcomes**

The Project is expected to impact positively on youth employment and make available highly skilled human capital through:

- Improved training facilities, teaching and learning environment in all centres;



- Increased supply of competent youth into the economy (paid and self-employment);
- Decreased youth unemployment by equipping the youth with demand-driven employable skills;
- Progressive development of confidence in TVET as a credible and attractive alternative to general/academic education;
- Improved youth capacity and interest in self-employment through the co-operative approach;
- Increased supply and competence of TVET instructors; and
- Efficient and effective policy planning and quality control and assurance for TVET (both formal and informal).

## **6.6 Project Implementation Period**

As to how long the project would take to complete, the Committee was informed that Phase 1 is scheduled to be completed within 30 months. It is expected to commence in February, 2020 and end in August, 2022. Phases 2 and 3 are scheduled to commence in 2021 and 2022 respectively, each with a similar implementation period of 30 months.

## **6.7 Planet One Education**

The Committee noted that Planet One Education (POE) is a company incorporated in Hong Kong with a focus on vocational education and skills development solutions for clients in Africa and develops skills solutions that are relevant, tested and proven to make a real impact to the economic and social factors of a country.

The Company has a team of experts in each trade who are specialised in providing competency-based training.

Under the Master Framework Agreement (MFA), POE will be developing the Technical and Vocational Institutes (TVIs) under the umbrella of COTVET in accordance with the agreed

scope of works. The TVIs will provide modern learning focused infrastructure, world-class training equipment and tools, and implement a comprehensive competency-based training curriculum development to integrate information and communications technology sector in teaching and learning, and also build the capacity of training staff.

POE or its relevant affiliate or sub-contractor shall, pursuant to the MFA, deploy such manpower which is necessary and requisite for the implementation and monitoring of the project.

### **6.8 Financing of the Entire Project**

The Committee noted that POE or its affiliates has a duty under 3.2.2 of the MFA to provide all necessary assistance to the Government of Ghana in identification and arrangement for a bank or financial institution from which the Government may raise the loan/funding for the execution of the relevant phase of the project. POE is further required to facilitate the Government to secure funding from financial institutions for the relevant phases of the project at terms and conditions suitable to Government. The Company is further mandated to submit architectural drawings and plans to Government for approval in relation to project sites for each phase.

### **7.0 CONCLUSION**

In view of the social, commercial and economic benefits to be derived from the Project, the Committee respectfully recommends to the House to adopt this report and approve by Resolution, the

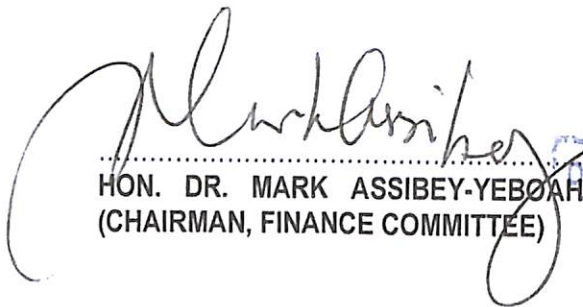
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in accordance with Article 181 of the 1992 Constitution of the Republic of Ghana.

Respectfully submitted.



HON. DR. MARK ASSIBEY-YEBOAH  
(CHAIRMAN, FINANCE COMMITTEE)

PARLIAMENT OF GHANA LIBRARY



MS. EVELYN BREFO-BOATENG  
(CLERK, FINANCE COMMITTEE)

20<sup>TH</sup> DECEMBER, 2019