

In case of reply the number and date of this letter should be quoted

Our Ref.: ERM-B/JCK/CHN/UPNP/VOL.1

Your Ref.:

Tel. No. 0302-747197



REPUBLIC OF GHANA

MINISTRY OF FINANCE

P. O. BOX MB 40

ACCRA

21st March, 2018.

PARLIAMENTARY MEMORANDUM ON THE CREDIT FACILITY BETWEEN GOVERNMENT OF GHANA AND EXIM BANK OF THE PEOPLE'S REPUBLIC OF CHINA FOR A CONCESSIONAL LOAN OF RMB754,000,000.00 TO FINANCE POLYTECHNICS AND TECHNICAL AND VOCATIONAL TRAINING CENTRES UPGRADING PROJECT

We forward, herewith, **three hundred (300) copies** of the Draft Concessional Loan Agreement in respect of the implementation of the Polytechnics, Technical Universities and the Technical and Vocational Training Centres Upgrading Project for consideration and approval by Parliament.

2. We should be grateful if you could arrange to present the following attached documents to Parliament for consideration and approval:
 - a. Memorandum to Parliament
 - b. A copy of the Cabinet Approval Letter
 - c. A copy of the Draft Loan Agreement
3. We count on your excellent co-operation.


KEN OFORI-ATTA
MINISTER

THE CLERK OF PARLIAMENT
PARLIAMENT HOUSE
ACCRA

cc: The Chief of Staff, OoP
Secretary to The Vice President, OoVP
Hon. Minister, MoE
Hon. Deputy Ministers, MoF
Chief Director, MoF
Chief Director, MoE
Director, ERM (B), MoF
Director, DMD, MoF
Director, Legal, MoF

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My Ref. No OPCA.3/3/080817

Your Ref. No.....



REPUBLIC OF GHANA

OFFICE OF THE PRESIDENT
P.O. BOX 1627
ACCRA
TEL: 0302-201000/2

164

8 August, 2017

CONFIDENTIAL

AGREEMENT BETWEEN THE GOVERNMENT OF GHANA AND EXIM BANK OF
THE PEOPLE'S REPUBLIC OF CHINA FOR A CONCESSIONARY LOAN OF
RMB 754,000,000.00 TO FINANCE POLYTECHNICS, TECHNICAL AND
VOCATIONAL TRAINING CENTRES UPGRADING PROJECT

Cabinet at its Thirteenth meeting held on Thursday, 3rd August, 2017, discussed the report of the Cabinet Committee on Economic Matters on the above Memorandum submitted jointly by the Minister for Education and the Minister for Finance.

2. Cabinet approved the Agreement between the Government of Ghana and Exim Bank of China for a concessionary loan of Seven Hundred and Fifty-four Million RMB (RMB754,000,000.00) from Exim Bank of China to finance the proposed Technical Universities, Polytechnics and Technical and Vocational Training Centres. Cabinet further recommended same to Parliament for ratification.

3. I should be grateful if you could take requisite action on the decision by Cabinet..

MERCY DEBRAH-KARIKARI
SECRETARY TO THE CABINET

THE MINISTER FOR EDUCATION

THE MINISTER FOR FINANCE

cc: Chief of Staff
Secretary to the President
Secretary to the Vice President
Chairman, Cabinet Committee on
Economic Matters

JOINT MEMORANDUM TO PARLIAMENT

BY

**HON. KEN OFORI -ATTA
MINISTER OF FINANCE**

AND

**HON. DR MATHHEW OPOKU PREMPEH
MINISTER OF EDUCATION**

ON THE AGREEMENT BETWEEN

THE GOVERNMENT OF GHANA

AND

**EXIM BANK OF THE PEOPLE'S REPUBLIC OF CHINA FOR A CONCESSIONAL
LOAN OF RMB754,000,000.00**

TO FINANCE

**POLYTECHNICS AND TECHNICAL AND VOCATIONAL TRAINING CENTRES
UPGRADING PROJECT**

MARCH, 2017

1.0 ACTION REQUIRED

1.1 Honourable Members of Parliament are respectfully requested to consider and approve a Concessional Loan of RMB754,000,000.00 from EXIM Bank of the People's Republic of China to finance the proposed Technical Universities, Polytechnics and Technical and Vocational Training Centres Upgrading Project.

1.2 Cabinet has given Approval for the Agreement between the Government and the EXIM Bank of the People's Republic of China in a letter dated 8th August 2017 (copy of Cabinet Approval attached).

2.0 BACKGROUND

2.1 Introduction

In 2010, Government of Ghana (GoG) requested for financing from the People's Republic of China to finance the rehabilitation and development of 10 technical institutions, 5 polytechnics and the technical examination unit of the Ghana Education Service (a detailed list is attached as annex I). The proposed intervention is part of the on-going interventions by the sector to expand equitable access and quality of Technical and Vocational Education and Training (TVET), in response to overwhelming social demand.

2.2 Rationale and Strategic Fit of the Project

The project is designed to support government's effort within the context of the human capital development priorities and to resolve key development challenge of low quality of skills produced by the technical, vocational education and training subsector in the country. The project objectives are aligned to the Ghana's Development Strategy and Goal 4 of the Sustainable Development Goals referred to as "Education 2030" which emphasizes Skills Development and the enhancement of the competitiveness of goods and services produced in the country through improved production of human capital critical for growth and poverty reduction. At the sectoral level, the project objectives resonate with the objectives of the Education Sector Development Plan (ESDP) (2016-2020) which emphasizes improving the equitable access and quality of TVET.

3.0 PROJECT OBJECTIVES

The development objective of the project is to improve the employability of Ghanaians, particularly the youth, by providing them with the relevant skills and competencies for self and formal employment. This is with the view not only to help reduce unemployment among the youth, but also to encourage indigenous entrepreneurship and further provide Ghanaian industries with the requisite manpower to make them globally competitive.

4.0 SCOPE OF THE PROJECT

The project originally involved the following, among others:

- a. Upgrading of five (5) Polytechnics in the country with modern equipment;
- b. Upgrading ten (10) Technical Institutes with modern equipment;
- c. Construction of laboratories and equipping laboratories of five (5) Polytechnics and ten (10) Technical institutes;
- d. Construction and equipping the Technical Examinations Unit of the Ghana Education Service;
- e. Provision of standby diesel-powered generators to all five (5) Polytechnics and 10 Technical Institutes in Ghana;
- f. Training of selected lecturers of the Polytechnics and Technical Institutes in China;
- g. Chinese teachers to carry out trainer-of -trainers training in Ghana;
- h. Provision of after sales service and maintenance of equipment; and
- i. Provision of boreholes for all five (5) Polytechnics and ten (10) Technical Institutes.

Due to the efforts and recent dissuasions among Ministry of Education, Ministry of Finance and AVIC International Holding Corporation in April, 2017, the following revisions were made:

- i. The scope of work has been increased from five (5) Polytechnics and ten (10) Technical Institutions to ten (10) Polytechnics and thirteen (13) Technical Institutes, thus increasing the number of beneficiary institutions from 15 to 23;
- ii. Shortened the completion period of the work from 36 months to 30 months;
- iii. Extend the Warranty Period of the Equipment from 2 years to five years from the date of commissioning, during which the after-sale and on-site training service will be sustained;
- iv. Moved part of training programme from China to Kenya.

The training of selected lecturers of the Polytechnics, Technical Universities and the Technical Institutes will be done in Ghana and Kenya. Ghanaian facilitators and Chinese teachers will carry out trainer-of -trainers in Ghana.

5.0 CONSULTATION PROCESS

In order to enhance relevance and ownership, the project was developed through extensive consultation with key stakeholders. These included representatives from Ministry of Education, Ministry of Finance, COTVET and all the beneficiary institutions, Civil Society and selected Private Sector stakeholders. In addition, 16 potential beneficiary institutions were visited and needs assessments undertaken with extensive discussions with their management before the selection. During the appraisal mission, the beneficiary institutions and COTVET were involved in the design of the project. A workshop was held with relevant government officials, representatives from COTVET, the Principals and programme heads of the different institutions to discuss and validate the proposed building designs and the components of the project. This participatory approach will be maintained during project implementation.

6.0 IMPLEMENTING AGENCIES AND INSTITUTIONAL ARRANGEMENTS

6.1 COTVET, with oversight from the Ministry of Education, is the Executing Agency (EA). COTVET will be responsible for efficient design, implementation, management and evaluation of all projects activities.

6.2 The existing COTVET Board will be held responsible for policy oversight, while operational and day to day management will be handled by a COTVET Project Implementation Team. The composition of the COTVET Project Implementation Team includes all stakeholders as defined by Act 718 that established COTVET. In order to reinforce stakeholder participation, one (1) representative of Ministry of Finance will be co-opted to COTVET Project Implementation Team.

7.0 EXPECTED OUTCOMES OF THE PROJECT

7.1 Expected Outcomes

The programme is expected to produce highly skilled human capital through:

- i. Improved Teaching and Learning Environment in the beneficiary Public TVET institutions;
- ii. Increased supply of high caliber TVET Graduates;
- iii. Increased participation levels at TVET;
- iv. Increased supply of high caliber TVET instructors

8.0 PROJECT IMPLEMENTATION PERIOD

The Polytechnics, Technical Universities, Technical and Vocational Training Centres Upgrading Project will be implemented over two and half (2 1/2) years. The project is expected to be effective in May, 2018 and close by November, 2020.

9.0 PROJECT COST

The total project cost of US\$119,101,946.00 will be financed by a RMB concessional loan from the EXIM Bank of the People's Republic of China.

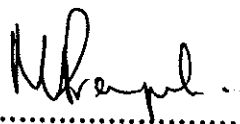
10.1 TERMS AND CONDITIONS OF THE CREDIT

Loan Amount:	-	RMB754,000,000.00
Maturity Period	-	20 Years (Inclusive of 5 years grace period)
Interest Rate	-	2.0% Per Annum (Fixed)
Grace Period	-	5 years
Commitment Fee	-	0.25% p.a

Management Fee	-	0.25% flat.
Grant Element	-	24.96%

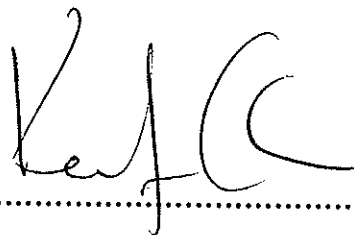
11.0 CONCLUSION

Considering the benefits to be derived from the implementation of the programme, Honourable Members are kindly invited to consider and approve the RMB754,000,000.00 concessional loan from EXIM Bank of the People's Republic of China to finance the implementation of the Polytechnics, Technical Universities and the Technical and Vocational Training Centres Upgrading Project.



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**HON. DR MATHEW OPOKU
PREMPEH
MINISTER FOR EDUCATION**



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**HON. KEN OFORI-ATTA
MINISTER FOR FINANCE**

Dated ^{21st}.....March, 2018