The Ghana Knowledge and Skills Centres (KSC) PPP

A case study by Tom Harrison on behalf of the Partnering with Governments Programme.

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List of Acronyms
AGI  Association of Ghana Industries
BPD  Building Partnerships for Development in Water and Sanitation
DGIS  Dutch Ministry of Foreign Affairs Directorate-General for International Cooperation
JICA  Japan International Cooperation Agency
GES  Ghana Education Service
GISDC  Ghana Industrial Skills Development Centre
KSC PPP  Knowledge and Skills Centres PPP
MOESS  Ministry of Education, Science and Skills
PPP  Public-Private Partnership
PUM  Netherlands Senior Experts organisations
PWC  PriceWaterhouse Coopers
RNE  Royal Netherlands Embassy
SQA  Scottish Qualifications Authority
STEG  Stichtung (Foundation) for Technical Education Ghana
TTI  Tema Technical Institute
TVET  Technical and Vocational Education and Training
Background and context

Project context

It is recognised by the Government of Ghana that Technical and Vocational Educational and Training (TVET) in Ghana is not fulfilling the needs of the large-scale private processing and production companies. In particular, the TVET sector is not producing engineers and technicians with skills learnt working with modern automated processing machinery. Some of the weaknesses include few meaningful links to the private sector, old and obsolete equipment to train on, shortage of skilled, motivated trainers and a perception that TVET institutions and the graduates from them have a lowly status. The curriculum is also academic in nature rather than building practical, experience based skills.¹

On the other hand, the industries that need these skills are less productive than they could be, because of their inability to recruit employees with the skills they need. They are forced to recruit staff with lower levels of skills and provide them with training. This can mean that employees have very long journeys to training centres, if they exist at all, and long periods away from the workplace.

When employees do have the skills required, they find a ready market and can move to a company that is prepared to pay them more. Many companies agree that it is in their joint interest to address the prevailing under-supply of skilled staff.

It does not appear that the public sector will be able to address this situation quickly. A process to draft a new TVET qualifications framework was started in 1995 but is currently stalled. JICA is supporting piloting of some new approaches and attempts at greater coordination.

However responsibility for different aspects of TVET can be found in eight different ministries, with main responsibility split between the Ministry of Education, Science and Skills and the Ministry of Manpower. Imperfections in the relationship between these two Ministries also hinders progress.

There are also major plans to produce a comprehensive qualifications framework for Ghana. This is a major task, and against the current picture where education policy development is fractured and under resourced, it would seem to be a very long-term goal.

¹ Draft ‘TVET Policy Framework for Ghana’ published by the Ministry of Education, Youth and Sports in 2004

“Despite a high awareness among training providers, training agencies, differing Ministries in Ghana ... and the industries, the existing gap between the demand of industry and the graduates of technical institutes is large. The training providers are not able to change the situation with the present resources, due to a structural lack of funds, different political priorities, low quality of the teaching staff and lack of professional facilities and equipment. In order to stay competitive the gap in the educational system must be filled.”

-Project proposal of 15 November 2005
Partnership roots

In April 2004, management of TexStyles Ghana Ltd. (TSG), and Vlisco Helmond B.V. of the Netherlands, the parent company of TexStyles Ghana, decided to take action to address the difficulties they were experiencing in hiring Ghanaian personnel with the skills they needed. They commissioned a feasibility study for the establishment of a technical school in Ghana. This established that there is a significant demand for technical vocational education from large companies across a number of different sectors, and that the existing educational system seems unable to meet this need.

Vlisco staff held discussions with a number of other organisations in both the public and private sectors with support from consultants. From this, it was apparent that there were a number of options for how a private technical school could be set up and structured. However, whilst there was confidence that there would be sufficient demand to pay running and maintenance costs for a technical school from self-generated fee income, it was assessed that there would not be sufficient seed capital available from the private sector to set up such a training institution. The possibility of getting additional funds from the Dutch Government through the 2003 ‘Call for Ideas’ for Public-Private Partnerships (PPPs) by the Ministry of Foreign Affairs, Directorate-General for International Cooperation (DGIS) was therefore investigated.

The role of the Netherlands Government

In 2002 the Dutch minister for development cooperation believed that a good way to discover whether partnerships could deliver on their promise was to ‘learn by doing’. The Ministry thus joined several Type-2 partnerships launched at WSSD, driven primarily by the public sector. In addition, through a Call for Ideas issued in late 2003, the minister invited private sector companies to submit ideas for PPP’s that would contribute to poverty reduction and sustainable development in developing countries. At the time these arrangements were loosely defined as:

‘voluntary cooperation agreements between public and private actors working together towards a common goal or a specific task, sharing responsibilities, competencies, financial means and benefits, and allocating risks to the partner best positioned to influence these.’

DGIS supported at least 50 PPP’s, partly resulting from the 2003 Call for Ideas, partly from other initiatives. One such partnership was the Knowledge and Skills Centres (KSC) PPP in Ghana.

The partnership

The KSC PPP is a partnership between the public sector in Ghana, and Ghanaian and Dutch companies. The Government of Ghana is represented by the Ministry of Education, Science and Skills (MOESS). There is also close working relationship with the Tema Technical Institute (TTI), an institution within the Ghanaian public sector. The new Ghana Industrial Skills Development Centre (GISDC) is the institution resulting from the partnership, and it shares a campus with TTI. TTI will also benefit from direct contact with GISDC.

GISDC is a private, not-for profit training institution with minority public sector representation on its governing Board. The Government of the Netherlands provided grant funding from its pilot PPP programme to help cover the costs of establishing and equipping GISDC, after which the centre runs
on income generated by fees from its training activities. GISDC started operations in June 2008, but it has not been able to offer a full range of services nor invest in marketing, and so by December 2009 it was in need of significant re-investment.

The partnership development process

Stakeholders & partnership negotiations

The partnership development process was oriented towards developing a viable proposal for the DGIS call for ideas. A consultancy company was initially heavily involved, building on a concept that they had developed for a multi-country project. Following a suggestion from DGIS, the decision was taken to invite the Ghanaian public sector to participate.

DGIS was keen that the PPP should include a direct collaboration with an existing public sector TVET institution. From the work that had been done to-date, TTI seemed the best option. At one stage the proposal contained a provision for the GISDC Board to report to the MOESS rather than be an independent private institution. However the Government of Ghana was content to move away from this position in order to ensure that the strengths of the private sector were fully utilised.

A proposal that was developed enabled DGIS to approve a grant in November 2005. The prospective partners came together in December 2005 and signed an MoU to establish the KSC PPP.

There were three public signatories to the MoU: DGIS on behalf Dutch Government, MOESS as the lead agency for the Government of Ghana, and TTI. There were eight private signatories to the MoU, with Vlisco B.V. from the Netherlands and its subsidiary in Ghana, Tex Styles Ghana Ltd as the lead companies.

In the MoU partners expressed ‘...commitment and support to the KSC programme.’ Central to this was the establishment GISDC as a ‘...centre of excellence, providing relevant post-primary vocational skills training programmes to students and employees based on the needs of the private-sector partners in Ghana.’

The resources committed in the MoU were 50% funding from DGIS and 50% from the private sector, on a collective basis. The business plan contained a ‘reliable but draft’ budget that laid out a two year development phase. All of the costs included were for the establishment of GISDC on the site of TTI, but with its own, purpose-built building and separate staff and administration. Although the MoU refers to ‘centres’ only one was envisaged at this stage.

The MoU note that the DGIS contribution would be provided to the Stichtung for Technical Education in Ghana (STEG), a Foundation established for this purpose in the Netherlands by Vlisco. This was a condition of DGIS funding, apparently to protect the funds should the Vlisco cease trading, which was assessed as being a real possibility at that stage.

2 In the end this company was not involved in implementation of the KSC PPP.
Establishing the partnership

The resource contribution as agreed in the MoU (and in brackets as it has actually happened) was:

- 50% of costs from DGIS (although they ended up contributing a higher proportion – both because of significantly lower than expected private contributions, and because they added further funds to those originally committed);
- 50% of costs from companies in Ghana (both those who were partners having signed the PPP MoU, and others who it was hoped would ‘join in’ at a later date. Most, but not all partners contributed, and some other companies added further contributions, but overall this was less than was required);
- An ‘in kind’ contribution’ by the Government of Ghana comprising 25 years use of land without any charge. This has never been ‘costed’ in financial terms.

“The problem was the process of establishing GISDC. Most stakeholders wanted it, but the full implications of contributing weren’t clear. This needed to be clearer.”

AGI respondent

In addition, some partners contributed through employing staff to undertake feasibility studies, project management support (beyond those that were financed through project funds), either through STEG or as a pro bono contribution. The Director of STEG worked for some time on a voluntary basis. DGIS also contributed to building GISDC through the provision, on a direct contract not drawing on project funds, of PWC services to help develop certain aspects of GISDC’s capacity. Individuals from the partners and other supportive organisations (e.g. AGI) also contributed to KSC through activities such as serving as Board members.

No resources were set aside for establishing and supporting effective partnership working. Partners were implicitly willing to provide members for a partnering committee, but this was never set up. Some of the partners later believed that an opportunity was missed to draw on wider resources and goodwill available from the partners. This is both implicit in the fact that some of the partners were barely engaged after they had signed the MoU, but also (as the quote to the right shows) in terms of the skills, knowledge and capacity that they could have offered to help develop GISDC.

‘A key learning point for the future is to arrange the composition of the Board to put fire into the whole project - with people who are dedicated – from the companies who contributed financially. They will be made to be responsible and tap other resources that they can bring to bear from their own company, such as providing expertise in dealing with personnel issues. Companies must be actively engaged.’

Private sector contributor
Partnership characteristics

This following diagram captures design of the KSC PPP. The institution is the long-term output of the project that the partnership was formed to deliver. The partnership is a temporary arrangement, albeit one that might last for some time until the partners perceive it has fulfilled its purpose.

The following sections look at different aspects of characteristics and dynamism of the KSC PPP through the lens provided by this structure.

Governance and accountabilities

The KCS PPP had the following governance arrangements:

**Partnership** level: a ‘Partnership Committee for KSC programme’ comprising representatives from the Government of Ghana, the Dutch Government, and TTI and Vlisco as the ‘implementing partners’, was legislated for in the MoU but not implemented.

**Project** level: the funding from DGIS allowed the project to take place, this project being the design and inception of GISDC. The grant accountable and budget holding organisation was STEG, working closely with Vlisco.

**Institution** level: GISDC is the long term institution that is the output from, and purpose of the project. It is a legally constituted entity under Ghanaian law (in the form of a Company limited by guarantee) and has a Board of Governors and operational staff.
A partnership committee was provided for in the MoU between partners in the KCS PPP. This was never set up, and neither was an alternative form of governance for the partnership established. This was a unilateral decision of the project management team. Other partners, such as the public sector partners, wanted the partnership committee.

“The partnership committee in the MoU was never set up because I thought it was useless.”
- STEG respondent

This decision – which would potentially weaken the partnership – was a result of the ‘dominance’ of the people and organizations directly accountable to DGIS for the project from the start of the KSC PPP. It also allowed this dominant position to continue, without the checks and balances that exist in other partnerships.

As a consequence, many partners did not engage to any great degree with the partnership, which as noted above may have led to missed opportunities in terms of a greater contribution from these partners. It is also likely to have hindered the way that the partnership could respond effectively to challenges, as we will see later. This also meant that the project managers could not be held to account by other partners.

This powerful position of the project within the KCS PPP was partly a result of the way that accountability for the DGIS grant was structured. Staff of Vlisco controlled the grant funding, and de facto the financial contributions made by other partners. The letter from DGIS that specified the conditions on which the original grant was made, stated that the grant recipient is ‘Vlisco on behalf of STEG’. This meant that, while the money was ring fenced by being given to STEG rather than Vlisco, accountability was given to Vlisco for how it was utilised.

The letter also stated that PPP partners “…will make every possible effort to ensure timely and full implementation of the PPP...[and] provide their share of the budget”. However other partners in the KSC PPP were not co-recipients of the grant nor was there any mechanism to hold them to account in the way that is suggested in the grant letter.

The Board of GISDC was established in its full form to serve the long term needs of the institution while the project to establish GISDC was still far from complete. This in itself caused a lack of clarity around what were the respective responsibilities of the project management team and the Board. This was made worse by the unwillingness of the project team to fully hand over control in any meaningful aspect of GISDC affairs, and their lack of transparency in the decisions they were making.
On the other hand, having been appointed to a Board of Governors for GISDC, members of that Board were aware that they can be held to account by the regulatory authorities for the sustainability and performance of GISDC.

To compound this difficult situation further, because there was no effective governance at partnership level, partners not directly involved in managing the project, turned to the Board to fill this vacuum. Whilst in the long-term the Board was designed to fulfil this role, the Board was unable to do so in the short term because of the powers retained by project management.

The MOESS at first wanted to have a Board that reported to them, but they ceded this point on the grounds that an independent Board with a private sector majority would be more likely to bring the strengths of the private sector to bear in the way it could understand, and meet, demand for its services. The 11 member Board has six private members nominated by the private sector (including one from STEG), four from the Government of Ghana and the Chair.

The nomination process for Board members was also disempowering in that some representatives from the companies who signed the PPP MoU and contributed funds feel that the Board did not represent their interests adequately. According to project management there was a nomination process. This elicited only four offers for the four places available for the private sector, and therefore did not result in an election. However some of the partners now cannot recall that any nomination process took place, and feel that the Board does not represent them.

This also impacted on GISDC management, who were caught between their nominal position of reporting only to the Board, with the day to day reality that they are also receiving instructions direct for the project management team. The Board were not able to hold project management to account either. There was, therefore, at one stage great tension between the Board and project management because of the very difficult position that Board members found themselves in.

"At this point the Board was set up and [responsibility] was handed over. This is when the problems started. We were still in the project start up phase and some decisions were made directly by [Vlisco managers]. Under Ghanaian law these were supposed to be made by the Board! I was told that "XYZ" have been awarded a contract and so I sign...sometimes the contracts were awarded directly. In my view the Board was set up too soon.”

-Board chair

"AGI had a representative on the Board but he pulled out...and we have not been able to persuade him to go back. There appears to be something fundamentally wrong with the governance of the place. The Board is supposed to provide policy guidance and its role should be recognised. There should be a 'proper location of power' but in this case it is not clearly defined who is in charge.”

"In the future – we have yet to set a date exactly – in 2-3 years time – the Ghanaian Board should take over fully from the Foundation”.

-Director of STEG speaking to private sector partners, February 2008

"I am tossed by three elephants.”

GISDC Operations Manager

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There were also some aspects of the environment of the KSC PPP that impacted on governance and decision making, including:

- differences between the legal, regulatory, governance and customary practices of the Netherlands and Ghana;
- differences between attitudes to risk, working practices and organisational culture between the private sector and the public sector in each of the Ghanaian and Dutch environments.

**Partnering challenges**

**The landlease agreement**

It was known at an early stage, and certainly before building started, that an agreement of some kind was required to ensure that GISDC has assured long-term access to their building which is on the TTI campus. Representatives from MOESS and TTI agreed to get their legal team to draft a landlease agreement.

Building commenced, and the project began to incur cost overruns. The launch of fee-earning courses was delayed. When this was coupled with a short-fall in hoped for private sector contributions, DGIS was asked for additional support. This was agreed in December 2006, but with the proviso that this was not to be released until there was a landlease agreement in place.

“The public input [to the partnership] was the land at no cost. We were going to offer them the land and didn’t think there was anything to worry about. The land is owned by the Tema Development Corporation in trust for all government organisations. From our point of view ‘government is government’. The Dutch were insisting on a legal document for the land. Very early on [before the change on Ministers] there was a meeting where the Minister said a lease was not possible. He said ‘you can’t give what you don’t have!’. [The fact that DGIS was making extra money conditional on a landlease agreement] was not communicated to anybody. We heard by hearsay only. [The GISDC Chair] found a link to the Minister and used his personal links well with to get the document. Even TTI doesn’t [have] any documentation – GISDC is now better off than them!”

- GES respondent

However, the land in question is actually owned by a separate arm of the Government of Ghana, the Tema Development Corporation. There was also a new Minister in place, and it became very difficult to get the attention from him required to find a solution to this issue. There were sufficient funds to complete the building in May 2007, but GISDC ran short of money to pay staff salaries. Finally, in June 2007, an MoU was signed by partners that were deemed to be acceptable by DGIS. However a change in personnel in DGIS meant that the extra funding was not released until October 2007.

It appears that, had the partnership governance and individual relationships between individuals within the three main stands of the KCS PPP been stronger, that either this issue would have been avoided, or would have been resolved much more quickly.

Had the partnership been more empowered then DGIS could have been comfortable to ask them to find a solution to the risks they perceived, rather than concluding that a landlease was necessary. Stronger voices from across the partnership might have persuaded DGIS that these risks were being exaggerated by the project management team, who appear to believe that the Government of Ghana may have contemplated an ‘asset grab’ at some stage.
From an early stage, there were views within the KCS PPP that the ‘Ghanaian’ solution to this issue—an MoU—was the only realistic option. These individuals included the Chair of the Board, at least one private sector Board member, and MOESS representatives. However these voices were not heard by DGIS, who fixed their hopes on a legally binding landlease agreement. This became discouraging and disempowering to these individuals, although some of them were very instrumental in finally reaching a solution.

In the end, there was a concerted effort from different organisations in the partnership that led to a resolution—including the Royal Netherlands Embassy (RNE), which acted here on behalf of DGIS despite never having agreed to take an active role in the PPP.

The landlease issue had a very significant impact on the KSC PPP. There were direct consequences in terms of further delays to starting operations, loss of the majority of staff, and escalating costs. It exposed the fault-lines that have been discussed between the partnership, project and institution.

Partners became disengaged, because those who were not directly involved in the Board simply had no idea what was happening. Some of the representatives of these partners responded to a meeting to meet the review team during a visit only because they were keen to find out what was going on.

At institution level, most Board members also disengaged. There was a Board meeting in January 2007, but none of the planned follow-up activities to agree long term plans and policies took place. A Board meeting was called in November 2007, but only the Chair and one other Board member appeared and so it was abandoned.

It seems that there was a loss of confidence among wider stakeholders. The AGI representative was reported to have left the Board in mid-2007, telling AGI colleagues that he could not continue in a situation where the Board was not able to function. It is reported that he did not feel that there was any purpose even in calling a formal meeting to air his concerns, given the perceived lack of responsiveness and lack of clarity over accountabilities.

**Shortfall in contributions from the private sector**

The funding need for establishing GISDC was to come from a combination of the DGIS grant and contributions from companies in Ghana. From the beginning there was a ‘funding gap’ in the latter, both in terms of companies who agreed in principle to contribute but did not commit to terms, and additional companies that it was hoped would be attracted to participate. The KCS PPP fell short of its funding requirement in both respects, with DGIS agreeing to contribute additional funds to cover this and more.

However the funding gap had very significant long term impacts on GISDC. By the time, in 2009, that Vlisco disengaged, GISDC was only partly equipped, and many items necessary to meeting the highest areas of demand from the private sector were not yet present. Neither was there any

> “The Ghanaian Board was made to feel that “if this was in the Netherlands it would have taken a week” [to resolve the landlease issue]...and that we were being punished because of the Government of Ghana’s “unreasonable attitude”. But even after the MoU was signed it still took four months before the money was received”.

-GISDC Board respondent
budget to cover salaries of staff or marketing costs to allow the institution to establish its place in the market and gain a positive reputation. It also turned out that many—but not all—of the companies that had contributed financially had seen this as a one off social donation rather than having a sense of ongoing ownership for GISDC. While some companies were supportive, and sent their staff to courses and helped in other ways, this was not enough to get the operation off the ground.

Lessons learnt from the KSC PPP

Key strengths

Despite the challenges faced by the KSC PPP, there was, in late 2009, still a view among stakeholders of the KCS PPP that the establishment of GISDC was an appropriate and useful way to address the real gap in provision, and that this provision is needed if the private sector is to flourish.

In the design of KCS the plan was to partner with the Dutch education establishment, but because the system in Ghana is closer to that in the UK, it was decided instead to look for support there. This led to the process by which the Scottish Qualifications Authority (SQA) was recruited to undertake a needs analysis and develop a curriculum. This showed flexibility and the ability to understand project needs above other interests, even though in the end this link was severed due to cost.

The partnership has drawn on, and drawn in, a group of strong individuals. They have been willing to act as unofficial advisors, or agreed to serve on the Board, or both. Whilst some of the governance issues noted above may have sapped some of their enthusiasm, they were determined to do their best to see GISDC through to success. There have also been supporters on the sidelines that were very keen to see the project succeed in addressing a significant need in TVET provision, but have been more passive in their support.

The companies which first had the vision for GISDC, Vlisco, and TexStyles Ghana Ltd., showed leadership and ‘stickability’ to support the process for a significant period. They understood the potential for problems and delays of some kind, and were resolute in their desire to see it through. It is probably no accident that many of the companies that have met their commitment and showed solid support have strong links with the Netherlands or are Dutch. This convening power has been ably exercised by Vlisco, but perhaps also indicates a desire to rally around a project supported by the Dutch government and try to ensure that it is successful. It may also have had negative side, however, imposing additional cost through the contracting of Dutch companies to do some of the building works, which was then sub-contracted to a Ghanaian company.

Major challenges

The funding model for KCS has not yet worked sufficiently well to allow GISDC to become fully operational and establish its place in the market. DGIS wanted a 50:50 funding with the private
sector, but did not insist in a governance model that ensured the full commitment from enough private companies make this happen. It could be that tactically, expecting a relatively small contribution from a large number of companies was the wrong model, but in any case by making only one company truly accountable it was not then possible to convert a ‘social’ investment by many companies into a sense of obligation to match the public funding, and more importantly to see the whole project through until GISDC was up and running.

Lesson for Partnering with Governments

The Government of Ghana does not have the resources to address all of the needs in the TVET (and other educational) sectors, and this is a high cost element relative to other initiatives they are planning that could bring far wider benefits, such as the whole TVET reform agenda. Neither did any one company alone have the funds necessary to act alone. It also made sense for a donor such as DGIS to support the development of GISDC, because there will be some public good resulting from the overall increase in the number of people within Ghana with high-level skills. However it is not clear that a PPP structure was necessary to bring all of these elements together, as it is possible that a joint-venture structure between the private partners, leveraging DGIS funding, would have achieved the same results, or possibly even avoided some of the issues that have reduced flexibility and slowed progress with the KCS PPP.

The Government of Ghana would have in any case set the regulatory framework, and it would have made sense for the private JV partners to have consulted closely with the MOESS, and indeed other relevant Ministries. In fact, there could have been additional advantages to having a friendly but ‘arms length’ relationship with Ministries, given the fractured relationships and policy environment. As things stand, it seems that other Ministries are keeping their distance because they feel that GISDC is ‘owned’ by the MOESS.

The lesson is therefore that engaging governments in such initiatives needs to be carefully thought out, perhaps according to the following principles:

- The government has a policy and regulatory function in education whether or not it is a partner in specific initiatives, and so there must be another reason – beyond its normal functions - to engage government more directly in;
- The reasons why the government might be engaged directly can perhaps most usefully be at the political level, such as having the ability to remove roadblocks to progress;
- If government is to be engaged directly then there needs to be an effective governance structure that allows all partners to be properly accountable to each other (‘the partnership’), and also to be able to contribute efficiently to the partnership activities;
- Engaging government in a partnership may not be as simple as getting support from one Ministry or government function where responsibility for the underlying issues crosses between different such functions. This is a necessary complication for a public-private partnership to address;
- Where a public sector body acts as a donor, they should take care that the mechanisms for ensuring accountability for the use of public funds should work through, and not distort, partnership governance.