COUNCIL FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

SDF DIVISION

SKILLS DEVELOPMENT FUND
MANUAL
FOREWORD

Ghana’s prosperity must be powered by knowledge, skills and innovation. This vision is realised where workers and industry are committed to lifelong learning; businesses are characterised by their ability to innovate, prosper and compete; communities cooperate to improve their regions; young people make sound career decisions based on relevant and current information and continue their careers in Ghana; and public policy, including funded programmes, is strategically aligned and responsive to resolving workforce, education and economic issues.

For Ghana to compete and prosper in the 21st century, economic success is dependent upon the creation and sustainability of a knowledgeable and skilled workforce that will support not only the growth of existing businesses, but the addition of new, high wage industries. The systems that create the policies and implement the strategies that connect workers and the workplace must be both agile and innovative in their responsiveness to market driven demands and shifts in the country’s economy and demographics.

Ghana will be prosperous in the 21st century because our people and firms will have a competitive level of education and training, accessed through a delivery system that aligns all resources, public and private, to provide the right skills and technology, at the right time.

There are five key factors in the success equation. First and foremost is the enabling system that creates the environment and provides the resources, support and services that facilitate success for employers, adults and youth. The second factor is the employers who create jobs; invest their own resources in facilities, technology and training; and who drive the skills of the workforce through high expectations and financial rewards for meeting those expectations. The third factor is the competent adult workforce. Presently and for the next few decades, the workforce is and will comprise primarily of individuals who have not been engaged in education or training since leaving school or college. Their willingness and ability to participate in lifelong learning and skill acquisition will largely drive the ability of employers to innovate and compete. Another factor in the equation is the emerging workforce (youth). Additionally, it is recognised that access to technology and/or innovation increases a firm’s competitiveness or capacity to hire additional skilled labour.

The Skills Development Fund (SDF) is an important tool in this context. It is a challenge fund providing a demand–driven response to three critical challenges encountered by the productive sectors of Ghana: an adequately qualified labour force; the urgency of training institutions providing up-to-date skills training; and access to state-of-the-art technology. The SDF caters to the skills needs of the formal and informal sectors of the economy; it will be available for pre-employment initiatives and address the needs of continuous skills upgrading. The Fund will also support partnerships between science and technology providers and industry targeting productivity improvements, product diversification, and growth through technology development or organisational innovations.

Charles Cofie
SDF Committee Chairman
001 LIST OF CONTENTS

Foreword by SDF Committee Chairman

001 List of contents
002 Abbreviations and acronyms

100 INTRODUCTION
101 Objectives of the Skills Development Fund
102 SDF: AN Overview
103 Purpose and Structure of the SDF Manual system

200 GOVERNANCE AND MANAGEMENT
201 Governance of the SDF
202 Management of the SDF
   - Annex 200A: ToR for SDF Committee
   - Annex 200B: ToR for GSTDP Steering Committee

300 SDF GENERAL PRINCIPLES OF OPERATIONS
301 Transparency and Accountability
302 Gender Equity Policy
303 Safeguard Measures
304 Complaints and Grievances
305 Communication Policy and Strategy
306 Fraud and Anti-corruption Clauses
   - Annex 300A: Format for Complaints

400 SDF CORE BUSINESS AREAS
401 SDF Focus Areas
402 Window 1: Training for the Formal Labour Market
403 Window 2: Training & Entrepreneurships Development in the Informal Sector
404 Window 3: Innovative Training
405 Window 4: Science & Technology

500 DEVELOPMENT AND APPROVAL OF PROPOSALS
501 SDF Grant Cycle
502 Project Identification and Screening
503 Role and Selection of Intermediaries
504 Guidelines for Preparation of Proposals
505 Evaluation and Approval of Proposals
506 Approval Procedures for the SDF Committee
507 Role and Selection of Evaluators and Peer Reviewers
   - Annex 500A: Sample Call for Proposals
   - Annex 500B: Format for Concept Notes
   - Annex 500C: Score Sheet for Concept Notes
   - Annex 500D: Preliminary Due Diligence
   - Annex 500E: Format for Project Proposals
   - Annex 500F: Guidelines for Evaluation of Project Proposals
   - Annex 500G: Financial System Requirements for SDF Grantees
   - Annex 500H: Guidelines for Elaborated Due Diligence:
   - Annex 500I: Guidelines for Technology Development Training
   - Annex 500J: Project Recommendation Memorandum
- Annex 500K: Grant Agreement (for applicant companies)
- Annex 500L: Grant Agreement (for training providers)
- Annex 500M: ToR for Intermediary Service Providers
- Annex 500N: ToR for Evaluators
- Annex 500O: ToR for Peer Reviewers
- Annex 500P: Timesheet for Intermediaries/Evaluators/Reviewers

600 SDF FINANCIAL MANAGEMENT AND PROCUREMENT

601 Grant Start-up
602 Grant Disbursement Procedures
603 Grant Management Database
604 Grant Budgets
605 Grant Obligations
606 Grant Amendments Procedures
607 Grant Suspension and Termination Procedures
608 Project Monitoring
609 Grantee Reporting
610 Grant Remediation
611 Grant Closure
612 Accounting Procedures
613 Auditing procedures
614 Procurement procedures
  - Annex 600A: Grant Disbursement Request
  - Annex 600B: Accounting Guidelines
  - Annex 600C: Guidelines for Field Audits
  - Annex 600D: ToR for External Audits

700 MONITORING & EVALUATION

701 Monitoring and Evaluation Guidelines
  - Annex 700A: M&E Reporting
  - Annex 700B: M&E Reporting Format
## List of abbreviations and acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AOC</td>
<td>Advice of Charge</td>
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<tr>
<td>AOC</td>
<td>Advice of Credit</td>
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<tr>
<td>API</td>
<td>Annual Performance Indicator</td>
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<tr>
<td>COTVET</td>
<td>Council for Technical and Vocational Education and Training</td>
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<tr>
<td>CQS</td>
<td>Consultants’ Qualifications</td>
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<tr>
<td>Danida</td>
<td>Danish Development Assistance</td>
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<tr>
<td>DEO</td>
<td>Data Entry Officer</td>
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<td>DP</td>
<td>Development Partner</td>
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<tr>
<td>EOI</td>
<td>Expression of Interest</td>
</tr>
<tr>
<td>ESMF</td>
<td>Environmental &amp; Social Management Framework</td>
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<tr>
<td>FBS</td>
<td>Fixed-Budget Selection</td>
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<tr>
<td>FMS</td>
<td>Financial Management Specialist</td>
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<tr>
<td>FO</td>
<td>Financial Officer</td>
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<tr>
<td>FSO</td>
<td>Formal Sector Operators</td>
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<tr>
<td>GA</td>
<td>Grant Analyst</td>
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<tr>
<td>GAP</td>
<td>Grant Award Package</td>
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<tr>
<td>GET</td>
<td>Ghana Education Trust (fund)</td>
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<tr>
<td>GHC</td>
<td>Ghanaian Cedi</td>
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<tr>
<td>GNP</td>
<td>Gross National Product</td>
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<tr>
<td>GOG</td>
<td>Government of Ghana</td>
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<tr>
<td>GSTDP</td>
<td>Ghana Skills and Technology Development Project (World Bank funded)</td>
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<tr>
<td>ICB</td>
<td>International Competitive Bidding</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<tr>
<td>ICT</td>
<td>International Competitive Tendering</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>IRS</td>
<td>Internal Revenue Service</td>
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<tr>
<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<tr>
<td>ISO</td>
<td>Informal Sector Operators</td>
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<tr>
<td>ITC</td>
<td>Instruction to Consultants</td>
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<tr>
<td>LCS</td>
<td>Least Cost selection</td>
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<tr>
<td>LERB</td>
<td>Lowest Evaluated Responsive Bidder</td>
</tr>
<tr>
<td>LIB</td>
<td>Limited International Bidding</td>
</tr>
<tr>
<td>LOI</td>
<td>Letter of Invitation</td>
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<tr>
<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
</tr>
<tr>
<td>MBA</td>
<td>Master of Business Administration</td>
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<tr>
<td>MDAs</td>
<td>Ministries, Departments and Agencies</td>
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<tr>
<td>MEST</td>
<td>Ministry of Environment, Science and Technology</td>
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<tr>
<td>MESW</td>
<td>Ministry of Employment and Social Welfare</td>
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<tr>
<td>MIS</td>
<td>Management Information System</td>
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<tr>
<td>MLGRD</td>
<td>Ministry of Local Government and Rural Development</td>
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<tr>
<td>MOD</td>
<td>Miscellaneous Obligation Document</td>
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<tr>
<td>MoE</td>
<td>Ministry of Education</td>
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<tr>
<td>MoTI</td>
<td>Ministry of Trade and Industry</td>
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<tr>
<td>MS</td>
<td>Microsoft</td>
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<tr>
<td>MSEs</td>
<td>Micro and Small Enterprises</td>
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<tr>
<td>MSMEs</td>
<td>Micro, Small and Medium-sized Enterprises</td>
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<tr>
<td>NBSSI</td>
<td>National Board for Small Scale Industries</td>
</tr>
<tr>
<td>NCB</td>
<td>National Competitive Bidding</td>
</tr>
<tr>
<td>NCT</td>
<td>National Competitive Tendering</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organisation</td>
</tr>
<tr>
<td>NQF</td>
<td>National Qualification Framework</td>
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<tr>
<td>NTVETQF</td>
<td>National TVET Qualification Framework</td>
</tr>
<tr>
<td>PAD</td>
<td>Project Appraisal Document</td>
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<tr>
<td>PAST</td>
<td>Project Amendment, Suspension &amp; Termination (Sub-Committee)</td>
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<tr>
<td>PAYE</td>
<td>Pay As You Earn</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>PO</td>
<td>Project Officer</td>
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<tr>
<td>PPA</td>
<td>Public Procurement Authority</td>
</tr>
<tr>
<td>PRC</td>
<td>Proposal Review Committee</td>
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<tr>
<td>PS</td>
<td>Procurement Specialist</td>
</tr>
<tr>
<td>PSC</td>
<td>Project Steering Committee</td>
</tr>
<tr>
<td>PSU</td>
<td>Project Support Unit</td>
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<tr>
<td>QBS</td>
<td>Quality Based Selection</td>
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<tr>
<td>QCBS</td>
<td>Quality and Cost-Based Selection</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research &amp; Development</td>
</tr>
<tr>
<td>RFP</td>
<td>Request for Proposal</td>
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<tr>
<td>RTTC</td>
<td>Regional Technology Transfer Centre</td>
</tr>
<tr>
<td>S&amp;T</td>
<td>Science and Technology</td>
</tr>
<tr>
<td>SBD</td>
<td>Standard Bidding Document</td>
</tr>
<tr>
<td>SDF</td>
<td>Skills Development Fund</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
</tr>
<tr>
<td>SSNIT</td>
<td>Social Security and National Insurance Trust</td>
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<tr>
<td>TET</td>
<td>Technical Evaluation team</td>
</tr>
<tr>
<td>TNA</td>
<td>Training Needs Assessment</td>
</tr>
<tr>
<td>TOR</td>
<td>Terms of Reference</td>
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<tr>
<td>TVET</td>
<td>Technical, Vocational Education and Training</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDB</td>
<td>UN Development Business</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United Nations' Organisation for Industrial Development</td>
</tr>
<tr>
<td>USD</td>
<td>US Dollars</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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</table>
101 OBJECTIVES OF THE SKILLS DEVELOPMENT FUND

In 2006, by Act 718, the Government of Ghana established the Council for Technical and Vocational Education and Training (COTVET). The objective of the Council is to ‘coordinate and oversee all aspects of technical and vocational education and training in the country’. One of the Council’s functions is to ‘source funding to support technical and vocational education and training (TVET) activities’.

The establishment of the Skills Development Fund (SDF) is seen as one of a series of new mechanisms to improve efficiency and effectiveness of the TVET system and ensure sustainable sources of funding for TVET. To achieve this objective the SDF is designed to include responsive policy, governance structures, institutional arrangements, institutional capacities, systems and procedures to support life-long learning in TVET.

The SDF is embedded in the Government’s (draft) TVET policy which has as its mission to “improve the productivity and competitiveness of the skilled workforce and raise the income-earning capacities of people, especially women and low-income groups, through the provision of quality-oriented, industry-focused, and competency-based training programmes and complementary services”.

Currently, the SDF receives funds from the Ghanaian government and development partners, including the World Bank and DANIDA, for setting the SDF up as a pilot project. The scheme is expected to provide COTVET with the opportunity to monitor, evaluate and develop a model for the expansion of the SDF to cover sectors of the Ghanaian economy in which skills and technological development are required to increase the competitiveness of Ghanaian enterprises and provide employment.

The SDF is a challenge fund providing a demand-driven response to three critical challenges encountered by the productive sectors of Ghana: (i) an adequately qualified labour force; (ii) the urgency of providing new entrants to the labour market with gainful, employable skills; and (iii) inadequate access to new technologies and innovations. The SDF caters to the skills needs of the formal and informal sectors of the economy; it will be available for continuous skills upgrading and, to a limited extent, pre-employment initiatives. The Fund will also support partnerships between science and technology providers and industry targeting productivity improvements, product diversification, and growth through technology development or organisational innovations.

The Fund will support the following types of training needs and activities:

- Upgrading the skills of employees for productivity improvement and to enable employees adopt emerging new technologies
- Enabling current employees to earn higher technical and vocational skills qualifications and incomes
- Upgrading the skills of master crafts-persons and self-employed graduate apprentices
- Industrial attachment for students in training, and
SDF Manual  

Objectives of the SDF Section 101

- Retraining workers displaced by economic and organisational restructuring.

The SDF is currently managed by the Secretariat of COTVET with funding from Government and development partners. At the outset, the SDF is funded by three sources: The World Bank (IDA) through the Ghana Skills and Technology Development Project (2011-2015), DANIDA through the Support to Private Sector Development Programme (2010-2014) and the Government of Ghana.

The SDF is expected in the medium term to be mainstreamed and become the Government’s principal instrument for providing financial support to skills and technology innovation through collaboration between key stakeholders such as Government, development partners, industry-specific operators.

The SDF provides equal opportunity for public and private training providers to access funding support on a competitive basis; a commitment to greater cost-sharing through private sector and learner contributions to the cost of training and technological development; and facilitates the establishment of Ghanaian national quality assurance mechanisms to improve the quality of delivery and the confidence of beneficiaries in the training and skills they acquire.

The SDF supports proposals in selected sectors aiming to improve productivity, revenues or earnings through improved skills or improved technologies, and to create jobs. Within the selected sectors, the selection of proposals will be competitive; it will be based on the relevance, realism and sustainability of the planned outcomes and partnerships. The SDF will finance programmes under four funding windows.

The beneficiaries of the SDF will include micro, small, medium and large industries and businesses, labour unions and trade associations, public and private training institutions, universities, polytechnics and other agencies engaged in technology development. In the short and medium term, the SDF is supposed to benefit employers and employees of designated economic sectors who gain additional skilled employment, higher earnings and improved productivity. In the medium to long term, it is supposed to benefit a larger group of economic actors through better access to modern, relevant training and technology services through improved facilities and more adequate institutional structures.
102 SDF: AN OVERVIEW

1. Guiding principles for the SDF

The SDF mechanism is expected to assure some key governmental priorities in skills and technology development:

- **Demand driven skills and technology development**: It will assure that support to skills and technology development is demand driven as it will require setting up partnerships between firms, service providers and industry associations.

- **Focus on enterprise development, stimulating demand and cost-sharing**: It will assure that the key outcomes are focused on the economic agenda and demand for skills and technology increases. This in turn also leads to more relevant supply of skills and technology services as well as cost-sharing between employers and training providers.

- **Policy and incentive based government financing**: Government financing focuses on desired policy outcomes, rather than on inputs. Consequently, the Government can focus on coordination and quality assurance instead of being a provider itself. Financing is also more transparent and is competitive, and helps set up a framework for harmonized donor support.

The SDF supports aspects of the government’s STI Policy Development Plan (2011-15) which has as its medium-term objective: “to restructure the entire science and technology set-up, infrastructure and programs in order to make them more responsive to national needs and priorities in all sectors of the economy with special attention to restructuring of the national science and technology advisory system, improving basic and applied research infrastructure, revitalizing the teaching of science and mathematics in the education system, promoting the training of a critical mass of middle-level technical personnel to address the provision of basic needs, acquisition of skills in high technology areas and their integration into known technologies, and promoting mastery of known technologies and their application in industry”.

The SDF is expected in the medium term to be mainstreamed and become the Government’s principal instrument for providing financial support to skills and technology innovation through collaboration between key stakeholders such as Government, development partners, industry-specific operators.

In establishing the SDF, it is assumed that better skills and technological development will increase Ghanaian enterprises’ efficiency and competitiveness. Hence, the SDF will support training and technological development activities that lead to improved productivity and competitiveness in the formal and informal sectors, hereby creating new employment and income opportunities.

The Fund is expected to provide funding primarily for the improvement of the quality and relevance of existing skills systems and, if relevant, the expansion of these. In addition,
the Fund will give priority to innovative new approaches to skills development and employment creation, especially in micro and small enterprises, and to partnerships between industry and technology providers introducing new technologies and innovations into companies’ business practice.

In general, the Fund does not support the acquisition of equipment. However, where the lack of equipment constitutes a constraint, equipment relevant for the training may be included in the proposal. This is particularly the case for applications under Window 3, Development and Piloting of New Training Concepts. Also in relation to Window 4, Partnerships between Industry and Technology Providers, investment in equipment and even minor infrastructural investments, if critical for the success of the project, will be eligible for support. As a matter of principle, basic operational costs of existing programmes will not be eligible for support.

2. Priority sectors

Based on an assessment of employment and income prospects, the Project Steering Committee is expected to advise the COTVET Board on sectors, industries, value chain target groups, etc., that should be given high priority in funding. The target areas for support will have to be revised regularly as the economy develops and on the basis of ongoing monitoring and evaluation routines. Initially the SDF will encourage applications from five sectors:
   - Construction & housing
   - ICT
   - Tourism & hospitality
   - Livestock
   - Horticulture.

3. Focus areas

Through its four windows, the SDF will provide support to projects within the following areas (more details concerning the funding windows can be found in Sections 402, 403, 404 and 405):

**In-service, employer-based skills upgrading**
Under this heading the SDF will support employer-based skills upgrading by private and public training providers. The training will have to be based on an in-company training needs assessment (TNA) which can cover a single enterprise or a group of enterprises. A corporate strategic plan for increasing productivity and competitiveness will be a necessary addition to such proposals.

**Training for MSEs and the informal sector**
Training for this sector is a core business area for the SDF. It focuses on people working in the informal sector, registered micro and small enterprises, master crafts-people and trade associations. It will be implemented in close cooperation with local (district-based) training institutions. Examples of projects that qualify for support include short theoretical
and practical training courses for employers and employees in the informal sector, innovative apprenticeship schemes, upgrading of theoretical, practical and pedagogical skills of master craft-persons, and strengthening of capacity of informal sector trade associations to provide training for their members.

**Pre-employment skills training**

Pre-employment skills training is the domain of a number of public and private training providers that offer courses leading to various forms of certificates. However, this is a low priority area of the SDF and will only be supported on special occasions as large scale support to the formal training system is not within the scope of SDF and is beyond the means of the Fund. In the short term, the SDF will support innovative initiatives, such as a revised apprenticeship system that involves collaboration between learner, employer and training institution. Internships in industry can enhance the graduates’ chance of employment. Post-graduate training in entrepreneurship can improve the success rate for graduates who start their own business.

**Partnerships between industry and technology providers**

The link between technology providers and industry in Ghana is very weak. A number of research outcomes remain on the shelves of the universities and research institutes and not accessible to industry. There is often a mismatch between R&D activities and national industrial development goals and objectives. Universities and research are often focused on fundamental research at the expense of technology adaptation and diffusion. Funding will focus on financing partnerships between science and technology providers and industry targeting productivity improvements, product diversification, and growth through technology development and organisational innovations.

### 4. Indicative grants size

The SDF is a challenge fund providing funding to skills and technology development through four ‘windows’, each catering for a particular target audience.

The Ghana Skills and Technology Development Project document has proposed the following indicative grant size and co-financing requirements for the four windows of the Fund (further information on the windows can be found in Sections 4002, 4003, 4004 and 405):

<table>
<thead>
<tr>
<th>Window</th>
<th>Upper ceiling for each grant</th>
<th>Maximum grant element</th>
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<tbody>
<tr>
<td><strong>Window 1:</strong> Formal Sector Enterprises</td>
<td>USD 350,000</td>
<td>80%</td>
</tr>
<tr>
<td><strong>Window 2:</strong> Informal Sector/MSEs</td>
<td>USD 60,000</td>
<td>90%</td>
</tr>
<tr>
<td><strong>Window 3:</strong> Training Innovation</td>
<td>USD 500,000</td>
<td>75%</td>
</tr>
</tbody>
</table>
5. Grant award process

Projects to be funded under Window 4 will pass through a two-stage selection and formulation process. As the first step interested companies and technology providers are invited to submit a concept note (pre-qualification application) for consideration by the SDF. Applicants meeting the criteria of the Fund will subsequently be requested to prepare a full project proposal in accordance with the guidelines of the SDF Manual. The proposals will be subject to an evaluation by external evaluators and an assessment by one or more peer reviewers for applications exceeding [GHC$] under Window 3 and all applications under Window 4. The final decision on which projects to fund rests with the SDF Committee. The grant agreement to be prepared on the basis of the approved project proposal will spell out the details of the project including the details of the implementation. More details on the grant cycle can be found in Section 501.

Comment [DNM1]: What is this threshold? Why not just say that all proposals will be subject to evaluation and assessment by peer reviewers over a certain amount for all windows?
103 PURPOSE AND STRUCTURE OF THE SDF MANUAL SYSTEM

1. Purpose
This section describes the function and organisation of the SDF Manual and the policies and procedures for maintaining and revising it. It also describes an interim system for introducing and implementing policy changes in between revisions of the SDF Manual. The SDF Manual systematically sets forth the regulations, policies, and guidelines governing the activities of the SDF.

The purpose of this manual is to provide guidance and information for the management of the SDF to persons directly involved in the implementation of the Fund such service providers and evaluators. Separate information material and guidelines will be prepared for the potential beneficiaries of the Fund.

The manual have been prepared to ensure effective and efficient use of the funds through:
- Guidelines for implementation
- Segregation of duties
- Allocation of funds to applicants that meet the funding criteria specified in the window grant eligibility criteria and grant procedures set out in this manual
- Adherence to accounting policies and procedures
- Safeguard of assets
- Accuracy and reliability of the accounting records
- Facilitation of reporting, monitoring and evaluation.

2. Format and structure
The SDF Manual consists of the principal parts:
(i) an outline of governance and management structure of the SDF
(ii) a description of the SDF core business areas and the modalities of the four windows of the Fund,
(iii) an outline of the different steps of the grant cycle, and
(iv) an overview of administrative principles and procedures.

Each of these parts is subdivided into sections providing detailed information and guidance on management and administration of the Fund.

The manual can be accessed from the COTVET website (www.cotvet.org). The website version takes precedence over other versions of the manual.

3. Revisions of the manual
The SDF Manual is prepared by the SDF Division in consultation with the funding agencies providing financial assistance to the Fund. The COTVET Board may amend
the provisions of the operative manual upon recommendations made by the SDF Committee.

The manual is a living document supposed to be revised frequently on the basis of the experience obtained from implementation of the various support facilities of the Fund. It is expected that drafting of new sections or revision of existing ones takes place through a consultative process in order to ensure that those affected by the changes feel ownership to the new procedures and practices. Hence, all major changes to the SDF Manual must be endorsed by the COTVET Board, the World Bank, Danida and other development partners providing support to the SDF.

4. Exceptions from rules and procedures of the manual

Regulations, policies, and procedures appearing in the SDF Manual must be adhered to, except where specific exceptions are authorised in advance. The SDF Committee (after consultations with the stakeholders), subject to exceptions mandated by resolution of the Board of COTVET, has the sole authority to issue, revise, and when applicable, waive an SDF policy or procedure contained in the manual.

The SDF Committee may (after consultations with the stakeholders) waive any part of this manual in order to facilitate the Fund’s operations provided that such waiver is in writing and is not inconsistent with applicable laws and regulations.

It may sometimes be necessary to prescribe and implement policy changes or new policies before it is possible to record them in the SDF Manual. A system of interim policy memoranda is in place to facilitate such situations. All policy changes or new policies will be issued by means of this system and only these documents should be considered authoritative.

Policy memoranda will be consecutively numbered in each fiscal year. The Grants Administrative Assistant will be responsible for assigning numbers and maintaining a log of all policy memoranda. Policy memoranda will remain in effect until they are superseded by a subsequent policy memorandum or are incorporated into an SDF Manual section. Where a policy memorandum changes only the contents of a previous policy memorandum on the same subject, it will retain the same number and be identified with a revision number. Manual sections, which supersede earlier policy memoranda, will explicitly identify those policy memoranda, which are superseded or modified. Policy memoranda should be maintained with copies of the SDF Manual. The SDF management will, on a quarterly basis, distribute a listing of current policy memoranda.
201 GOVERNANCE OF THE SDF

1. Governance structure

The Skills Development Fund (SDF) has been established as a Division of the Council of Technical and Vocational Education and Training (COTVET) to ensure sustainable financing of the technical and vocational education and training (TVET) system in Ghana. COTVET is mandated by the Council for Technical and Vocational Education and Training Act, 2006 (Act 718) to "co-ordinate and oversee all aspects of technical and vocational education and training in the country". Among other things, the mandate also requires the Council to "source funding to support technical and vocational education and training in the country" and "facilitate collaboration between training providers and industry to promote demand driven curriculum development and placement, and national internship programmes".

The statutory objects of COTVET provide a framework through which SDF-allocated funds from the Government of Ghana and grants and loans from development partners are expected to constitute the bulk of funding during the first years of the Fund’s existence. In order to ensure that the funds are applied for the specific purposes for which the government requests funding, it is necessary to ensure that competent bodies are set up within COTVET legislation for the successful implementation of the pilot scheme.

The SDF is not a legal entity on its own. COTVET is the legal entity for signing SDF-related contracts. Under the COTVET Act, 2006 (Act 718), the Fund is organised as follows:

- Under section 7 of Act 718 of the COTVET legislation, the Board is given the power to "establish committees consisting of members of the Board or non-members or both to perform its functions, except that a committee composed entirely of non-members may only advise the Board"
- Under the provision for the establishment of designated standing committees, an SDF Committee has been established as an additional standing committee under the Board of COTVET.

As a body for dialogue between the Government of Ghana and the development partners, a Project Steering Committee has been established with the mandate, among other things, to coordinate the support to skills and technology development and oversee the implementation of the SDF.

2. The SDF Structure

SDF Committee

The SDF Committee is a standing committee of the COTVET Board. The overall function of the SDF Committee is to ensure that the Fund becomes an efficient and acknowledged instrument for strengthening the skills and competence base of the
Ghanaian labour force, hereby making the Ghana private sector more competitive and improving access to gainful employment.

The specific functions of the SDF Committee are to:
- Establish a detailed policy and plan for dissemination of information regarding the procedures and operation of the SDF, ensuring that all potential target audiences have access to the required information
- Establish an action plan on how to address skills shortages of trainees within the structured apprenticeship system and the formal and informal sector, including upgrading of informal apprenticeship training
- Establish detailed procedures for screening and approval of applications to the SDF
- Establish basic quality assurance procedures for skills development initiatives supported by the SDF
- Monitor and regularly evaluate the relevance and quality of the skills training supported by the SDF
- Recommend to the COTVET Board and the Project Steering Committee possible changes of the scope and operation of the Fund
- Investigate and act on complaints received from learners, parents/guardians, employers and other stakeholders regarding the quality of training, assessment and the award of qualifications of training initiatives supported by the SDF.

The SDF Committee consists of:
- The chairperson, an industry practitioner with considerable knowledge of TVET issues confronting the private sector
- One member of the COTVET Board
- One person nominated by the Ministry of Finance and Economic Planning
- One person nominated by the Ministry of Education
- One person nominated by the Ministry of Environment, Science and Technology
- Two experts in skills development and adoption of technologies by businesses leading to job creation
- The COTVET Executive Director (in a non-voting capacity)
- One person designated by, and representing, the contributing DPs.

The nominated persons must have proven commitment, knowledge and experience relevant to skills and technology development. The Board of COTVET appoints the chairperson of the SDF Committee and approves the nominated members. The Board aims at a fair gender balance of committee members.

The SDF Committee meets at least once every three months. The general rules and procedures of COTVET apply to tenure of office for the members of the Committee, disclosure of interests, allowances etc. The SDF Committee reports to the COTVET Board.
The SDF Committee and the COTVET Board will conduct an annual joint meeting to discuss issues of common interest such as the Fund’s achievements and focus areas calling for special attention.

The Fund Manager designates an officer of the division to act as secretary to the SDF Committee.

The ToR for the SDF Committee are attached to this section.

The Project Steering Committee
According to the Project Appraisal Document for the World Bank “Ghana Skills and Technology Development Project” (GSTDP), a Project Steering Committee (PSC), comprising high level policy makers from the Ministries of Trade, Education, Environment & Science and Technology, Communication and Finance, will provide cross-sectoral strategic oversight of overall project implementation. The PSC will include the Chief Directors of these ministries together with private sector/industry associations as well as a representative for the “Private Sector Development Strategy II” Board. The PSC will review progress and monitoring reports, advise on key implementation issues, strategic priorities including the validation of priority economic sector to be targeted through the SDF. It is furthermore the responsibility of the PSC to oversee the implementation of the GSTDP, of which the SDF is one component. However, the PSC plays more of an advisory role vis-a-vis the SDF through the COTVET Board.

The PSC is expected to meet at least twice a year to review progress reports to be submitted to the Government and to the funding development partners, and once a year to set strategic priorities. ToR for the Project Steering Committee can be found in an annex to this section.

3. Reporting

The SDF will have to report on its activities through two channels, one following the COTVET structure and one related to the IDA financed GSTDP.

As regards the COTVET structure, the SDF Committee must submit six-monthly progress reports to the COTVET Board summarising achievements and challenges in relation to the functions assigned to it. The progress report will be shared with all relevant stakeholders and made available on the COTVET website.

The SDF Committee progress reports will be expanded to include status on use of IDA credit, updates of KPIs and status of expenditures before being submitted to the Project Support Unit (PSU) Coordinator as the Coordinator is responsible for preparation and consolidation of all required periodic Implementation Progress Reports detailing the implementation status/progress, financial status, and management issues concerning the GSTDP, and submitting these regularly to the World Bank, DANIDA and other relevant authorities, as required.
The PSU will prepare the following types of reports:

(i) Implementation Progress Reports (IPRs) every six months that detail implementation progress, status on use of IDA credit, progress of financing plan with detailed financial tables, updates of KPIs and any project management issues;

(ii) Annual Audit Reports each year (independent financial audit);

(iii) Quarterly Interim Financial Reports (IFRs) for the project covering all the components;

(iv) Annual Financial Statements (AFS);

(v) A mid-term review report with recommendations and lessons learned; and

(vi) An Implementation Completion Report (ICR) at the end of implementation with an appraisal of the project’s economic, financial, social and environmental impact.

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**SDF GOVERNANCE STRUCTURE**

[Diagram showing the governance structure, with nodes labeled Minister of Education, COTVET Board, PSU, and SDF Division.]
202 MANAGEMENT OF THE SDF

1. Management

The SDF Fund constitutes a separate division in the COTVET Secretariat; see Figure 1 below. The overall function of the SDF Division is to serve as the operational base of the SDF, the SDF Committee, its sub-committees and other related bodies.

Figure 1. Skills Development Fund Management Structure

2. Organisation of the SDF Division

The SDF Division will be kept lean and contract necessary expertise for effective and efficient implementation. External specialists will be contracted to undertake specialised assignments such as information campaigns, assistance with preparation of applications as well as evaluation and peer review of projects submitted for funding.

The SDF Division will consist of the following technical staff:
- A Fund manager who is also head of the SDF Division
- A grant specialist and grant analysts, dealing with assessment of the relevance and quality of proposals
- A financial officer, dealing with disbursement, accounting, financial reporting, logistics, etc.
A procurement specialist, dealing with screening of quotations and bids, overseeing all procurement to be financed by the SDF
- An M&E specialist
- An administrative officer responsible for compliance and grant support services; and
- An environmental/social specialist on a retainer basis to ensure safeguard compliance of subprojects financed by the SDF.

In addition, the SDF Division will draw on the technical staff of the COTVET Secretariat, for instance in the field of communication & outreach and procurement. Furthermore, the SDF will share support staff with the COTVET Secretariat. The SDF may draw on the expertise of other government institutions, as required.

All appointments of persons holding office in the SDF Division are governed by the rules for the appointment of persons in the Public Service.

The management of the SDF Fund is divided into two overall functions, namely financial/administrative and technical. The technical function will have positions for persons with expertise in skills, private sector and science & technology development.

The financial/administrative functions include
- Managing the Fund’s resources as agreed with the Fund contributors
- Preparing financial reports on a monthly and an annual basis
- Receiving invoices from Fund beneficiaries and preparing financial payments
- Assessing quotations for material purchases and tender processes where necessary
- Updating and reviewing procurement practices where relevant
- Updating disbursement records and ensuring that Fund beneficiaries submit their reports as per contracts
- Verifying that application of funds is in conformity with the contracts.

The technical functions include
- Initiating and maintaining the planning cycle of the SDF Fund in collaboration with the SDF Committee
- Conducting outreach and sensitisation activities as needed
- Preparing an annual activity plan for SDF-related activities
- Receiving and reviewing ideas and proposals from potential applicants
- Conducting the technical evaluation of requests for funding according to the criteria defined by the SDF Committee
- Developing contracts for successful applicants
- Monitoring and evaluation of ongoing projects according to the guidelines stipulated in the SDF Manual.

The SDF Division will provide administrative, secretarial, and logistical support to the SDF Committee, communicate and disseminate information on the Fund’s operations,
be responsible for the implementation and reporting of the Committee’s decisions, deal
with the monitoring of the operation of the SDF and bring significant issues to the
attention of the SDF Committee.

The SDF Division will prepare quarterly progress reports and financial statements for
approval by the Executive Director. The reports should be submitted to the COTVET
Board and the Project Steering Committee for information and, if required, follow-up
action.

SDF Management
The SDF management comprises the following functions (see detailed job descriptions
for the SDF core staff attached to this section of the SDF manual):

Fund Manager
- Overall in charge of SDF operations
- Responsible for the efficient and effective use of available resources and
financial management of the Fund
- Ensures that the Fund is transparent, accountable and protects the interests of
the key stakeholders by developing appropriate strategies, policies and
procedures for the Fund in collaboration with COTVET to ensure that the Fund is
safeguarded
- Is in charge of the involvement of external intermediaries and evaluators
- Responsible for promoting the Fund to all potential contributors
- Key contact person for issues regarding the Fund.

Financial Officer
- Prepares the SDF annual budget
- Tracks utilisation levels and patterns as per established budget lines per window
- Prepares monthly and annual status reports on Fund resources
- Prepares disbursements for approval by the SDF Manager
- Assesses budgets and financial management capacity of grantees and other
recipients of Fund resources
- Controls expenditure throughout the year
- Suggests measures to ensure optimum and proper utilisation of the Fund’s
resources
- Implements audit recommendations for improving the financial systems and
accounting procedures.

Procurement Specialist
- Develops detailed guidelines and procedures for procurement to be conducted
with funds from the SDF
- Guides beneficiaries of the SDF on existing procurement rules and procedures
- Supervises all relevant procurement by SDF beneficiaries
- Organises purchases of services and equipment on behalf of the Fund
- Keeps proper records of all procurement conducted or submitted
- Conducts field visits to SDF clients
- Prepares annual procurement report.

**Grant Specialist**
- Develops and implements guidelines to be followed by potential beneficiaries of the Fund. This involves developing appropriate selection criteria of beneficiaries for each funding window of the Fund
- Reviews strategic plans, business plans and proposals submitted by beneficiaries of the Fund against the guidelines for each window
- Provides guidance and feedback to beneficiaries of the Fund
- Technical supervision of supported TVET and technology activities
- Coordinates the work of external evaluators
- Guides the work of grant analysts.

**Grant Analyst**
- Implements guidelines to be followed by potential beneficiaries of the Fund. This involves developing appropriate selection criteria of beneficiaries for each funding window of the Fund
- Reviews strategic plans, business plans and proposals submitted by beneficiaries of the Fund against the guidelines for each window
- Provides guidance and feedback to beneficiaries of the Fund
- Technical supervision of supported TVET and technology activities.

**M&E Specialist**
- Establishes effective M&E mechanism, with baselines, that systematically addresses the various initiatives supported under the SDF
- Develops an annual M&E plan and ensures that activities are conducted as stipulated in the plan
- Develops M&E indicators and related outputs for projects supported by the Fund
- Collects and collates relevant information for planning purposes and to establish levels of success against project objectives, best practices and lessons learnt
- Monitors on a periodic basis, activities of investment and recurrent funded projects
- Conducts final evaluations of concluded projects
- Participates in the development of selection criteria of beneficiaries of the Fund.
- Makes preliminary recommendations on applicants’ submissions for further evaluation
- Prepares an annual M&E report.
200 ANNEXES
Governance & Management
TERMS OF REFERENCE FOR SDF COMMITTEE

1. Background

In 2006, by Act 718, the Government of Ghana established the Council for Technical and Vocational Education and Training (COTVET). The objectives of the Council are to coordinate and oversee all aspects of technical and vocational education and training (TVET) in Ghana. Among its functions, the Council is enacted to 'source funding to support technical and vocational and training activities' and “facilitate collaboration between training providers and industry to promote demand driven curriculum development and placement, and national internship programmes”.

The establishment of the SDF is seen as one of a series of new mechanisms to improve efficiency and effectiveness of the TVET system. The SDF will ensure a sustainable financing of the TVET system. In order to achieve this objective the SDF is designed to include responsive policy, governance structures, institutional arrangements, institutional capacities, systems and procedures.

Currently, COTVET has received support from Government of Ghana and development partners (DPs) to set up the SDF as a pilot project. It is expected that this pilot scheme would provide COTVET with the opportunity to monitor, evaluate and develop a model for the expansion of the SDF to cover identified and prioritised sectors in which technical and vocational skills are required to provide employment and increase the competitiveness of Ghana’s labour market. As the disbursements from DPs constitute loans and grants to the Government of Ghana, the Fund must operate within the confines of Law with clear procedures and guidelines for the use of funds.

The SDF provides equal access for public and private providers to public training and technology development funds on a competitive basis; a commitment to greater cost-sharing through private sector and learner contributions to the cost of training and access to technology, and the establishment of Ghana national quality assurance mechanisms to improve the quality of delivery and the confidence of beneficiaries in the training and skills they acquire, and the technologies they access.

2. The Skills Development Fund

The SDF is a challenge fund. The SDF mechanism is expected to assure some key Governmental priorities in skills and technology development:

- **Demand driven skills and technology development**: It will assure that support to skills and technology development is demand driven as it will require setting up partnerships between firms, service providers and industry associations.

- **Focus on enterprise development, stimulating demand and cost-sharing**: It will assure that the key outcomes are focused on the economic agenda and demand for skills and technology increases. This in turn also leads to more relevant supply of
skills and technology services as well as cost-sharing between employers and training providers.

- **Policy and incentive based Government financing:** Government financing focuses on desired policy outcomes, rather than on inputs. Consequently, the Government can focus on coordination and quality assurance instead of being a provider itself. Financing is also more transparent and is competitive and helps set up a framework for harmonized donor support.

The SDF supports proposals in selected sectors aiming to improve productivity, revenues or earnings through improved skills or improved technologies. Within the selected sectors, the selection of proposals will be competitive; it will be based on the relevance, realism and sustainability of the planned outcomes and partnerships. The SDF will finance programmes under four funding windows.

3. **Composition of the SDF Committee**

The statutory objects of COTVET provide a framework through which SDF-allocated funds from the Government of Ghana and grants and loans from development partners are expected to constitute the bulk of funding during the first years of the Fund’s existence. In order to ensure that the funds are applied for the specific purposes for which the government requests funding, it is necessary to ensure that competent bodies are set up within COTVET legislation for the successful implementation of the pilot scheme.

The SDF is a semi-autonomous unit within the COTVET framework. Under the COTVET Act 2006, the SDF is organised as follows:

- Under section 7 of Act 718 of the COTVET legislation, the Board is given the power to ‘establish committees consisting of members of the Board or non-members or both to perform its functions, except that a committee composed entirely of non-members may only advise the Board’. Under the provision for the establishment of designated standing committees, an SDF Committee has been established as a standing committee under the Board of COTVET.

- The SDF Fund constitutes a separate division in the COTVET Secretariat. The SDF Division is headed by the SDF Manager, who reports to the governing Board of COTVET through the Executive Director. The SDF Division will be kept lean, and external specialists contracted to undertake specialized assignments such as sensitisation/outreach about the SDF and other information campaigns.

The SDF Committee consists of representatives from relevant public and private stakeholders as well as one person representing the contributing development partners. One of the members of the SDF Committee has to be a member of the COTVET Board. The COTVET Executive Director is ex-officio member of the SDF Committee. The Board of COTVET appoints the chairperson of the SDF Committee and approves the members. The Board aims at a fair gender balance of committee members.

The COTVET Board has approved the composition of the SDF Committee as follows:
• The chairperson, an industry practitioner with considerable knowledge of TVET issues confronting the private sector
• One member of the COTVET Board
• One person nominated by the Ministry of Finance and Economic Planning
• One person nominated by the Ministry of Education
• One person nominated by the Ministry of Environment, Science and Technology
• Two experts in skills development and adoption of technologies by businesses leading to job creation
• The COTVET Executive Director (in a non-voting capacity)
• One person designated by, and representing, the contributing development partners.

The SDF Committee is entitled to appoint sub-committees according to identified needs. It is anticipated that for each funding window a sub-committee will be established. The principal task of the window-specific sub-committees is to evaluate the recommendations made by the SDF Secretariat. The number of members should not exceed three persons who should have approved relevant experience.

4. Responsibilities of the SDF Committee

The overall function of the SDF Committee is to ensure that the Skills Development Fund becomes an efficient and acknowledged instrument for strengthening the skills and competence base of the Ghanaian labour force, hereby making the Ghana private sector more competitive and improving access to gainful employment. The specific functions of the SDF Committee are to:

• Establish a detailed policy and plan for the dissemination of information regarding the procedures and operation of the SDF, ensuring that all potential target audiences have access to the required information;
• Establish an action plan on how to address skills shortages of trainees within the structured apprenticeship system and the formal and informal sectors, including upgrading of informal apprenticeship training;
• Establish detailed procedures for the screening and approval of applications to the SDF;
• Establish basic quality assurance procedures for skills development initiatives supported by the SDF;
• Monitor and regularly evaluate the relevance and quality of the skills training supported by the SDF;
• Investigate and act on complaints received from learners, parents/guardians, employers and other stakeholders about the quality of training, assessment, and award of qualifications of training initiatives supported by the SDF.

5. Qualifications

Persons nominated to serve on the SDF Committee must have proven commitment, knowledge and experience relevant to skills and technology development.
ToR for GSTDP Steering Committee

Project Background

The Government of Ghana is committed to enhancing private sector competitiveness to assist the private sector led growth strategy of the Government; and to support that, a strong commitment to providing relevant skills and technology development demanded by small- and medium-sized enterprises (SMEs) in the formal and informal sectors to improve labor productivity in the form of broad skills and competencies training. In this context it proposes to implement a Ghana Skills and Technology Development Project (GSTDP) to be partially financed by a World Bank credit. The GSTDP is a national project reporting to multiple ministries and agencies responsible for skills and technology development and implemented by the Council for Technical and Vocational Education and Training (COTVET) over five years starting in 2011 and managed by the GSTDP’s Project Support Unit (PSU).

The Project

The GSTDP Project will: (i) provide institutional strengthening to key agencies and ministries; (ii) target demand-driven skills/technology investments in economic priority areas; and (iii) support an innovative mechanism (competitive fund) to enhance the market for relevant training and provide a platform for other donors (i.e., DANIDA, AfDB, Germany, JICA) to support skills and technology development in Ghana.

The proposed operation is a five-year investment complementing on-going government reforms and programs. The GSTDP will combine interventions to improve the institutional framework and overall capacities of the TVET and STI systems while promoting demand-driven training and technology development opportunities and improved linkages between private sector employers and training and technology institutions through a competitive fund. The project will target programs to provide skills and technology to selected industries. These industry-focused programs would be designed so that they could be replicated in other industries as needs and priorities evolve over the medium and long term, including beyond the duration of the project.

The project will consist of four (4) main components

- **Component 1 (Part A): Institutional Strengthening of Skills Development (estimated base cost US$4 million).** The objective of the component is to strengthen Government institutional capacities in planning, coordination, quality assurance and service delivery towards improved quality, relevance, accountability and effectiveness in skills development.

- **Component 2 (Part B): Institutional Strengthening of Science and Technology Development (estimated base cost US$4 million).** The objectives of this component are to (i) strengthen the planning, management, and coordination of national science, technology and innovation (STI) policies and programs in order to make efficient use of resources and complement the national economic development plan; and (ii) support technology development and diffusion that is more responsive to the needs of the economy by enhancing interactions between selected research institutes, university departments, and their external clients (e.g., private sector), thereby encouraging domestic innovation.

- **Component 3 (Part C): Financing of Skills and Technology Development Programs through the Skills Development Fund (estimated base cost US$50 million).** The objective of this component is to provide a mechanism that catalyzes investments in skills and technology development in the informal and formal sector, and in Sri Lanka’s priority economic sectors.
The objective of this component is to finance skills and technology development programs in prioritized economic sectors through a demand-driven Skills Development Fund (SDF) managed by COTVET. The SDF is an established mechanism with funding from the Education Sector Program (IDA), DANIDA and Ghana Education.

**Component 4 (Part D): Project Management and Monitoring and Evaluation (estimated base cost US$5 million)**: The objective of this component is to provide effective implementation of the project by establishing a project support unit embedded within COTVET and reporting to the Project Steering Committee. The PSU will be a small group of dedicated staff assisting COTVET and all participating ministries for effective coordination and monitoring and evaluation, as well as the implementation of an information and communications strategy. The PSU will also be responsible for overseeing and managing all skills development donor support managed by COTVET. This would ensure harmonization among development partner activities. The technical support for implementation includes a team of short and long-term consultants, specializing in project implementation (including project management, financial management, procurement, environmental and social management, and M&E), resident in COTVET, and providing regular support to all participating ministries, agencies and industry associations. For the monitoring and evaluation, COTVET will continue to update data to facilitate accurate reporting on the key progress indicators identified in the results framework. Most of the data for monitoring project outcomes will come from regular project reports, key surveys and a labor market observatory. This data will be supplemented by project preparatory studies in key economic sectors and a baseline survey undertaken during the first year of implementation.

**Role of the Ghana Skills and Technology Development (GSTD) Steering Committee**

A group of high level policy makers from the Ministries of Employment and Social Welfare, Trade and Industry, Education, Environment and Science and Technology, Communication and Finance and Economic Planning referred to as the Singapore Plus + group has taken a key role during the preparation of the project. Upon effectiveness, the Project Steering Committee (PSC) will provide cross-sectoral strategic oversight of project implementation, and will play a lead role in steering the project towards successful completion according to the set objectives of the project, including resolving any issues that would risk project failure, and that may be directly beyond the control of the implementation team.

Given the inter-sectoral nature of the project, the PSC will include the Chief Directors of the affected ministries (as listed above) and it will also include representatives from the private sector/industry associations. The PSC will also include a representative from the PSDS II Board to ensure linkages with PSD national strategy. The PSC would review progress reports, advise on key implementation issues, strategic priorities including the priority economic sectors to be targeted through the Skills Development Fund and ensure that agreed performance targets and timelines for activities under the different components are met. New priority sectors will be included upon the completion of economic sector strategies (funded under Component 1.1 of the project, and validated by the Project Steering Committee) that identify skills and technology demand and supply factors, market failures and opportunities. The PSC will also oversee implementation more broadly of the other donor-supported activities relating to skills and technology development (e.g., DANIDA, JICA, African Development Bank) to ensure harmonization among all agencies. The PSC will be assisted by a project support unit (PSU) located within COTVET and responsible for supporting the coordination, fiduciary management and monitoring and evaluation of project.
activities (see below for responsibilities and staffing of the PSU). The PSC is expected to meet twice a year to review progress reports to be submitted to the Government and to the funding Development Partners and once a year to set the strategic priorities.

The role of the Ghana Skills and Technology Development (GSTD) Project Steering Committee is as follows:
- Ensures project is aligned with national priorities and strategies for education and training, and national economic development.
- Oversight role and responsibility of the PSC to approve annual work plans and budget for the Project.
- Ensures project makes good use of assets.
- Assist with resolving strategic level issues and risks.
- Approve or reject changes to the project with a high impact on timelines and budget.
- Assess project progress and report on project to senior management and higher authorities.
- Oversees the Monitoring and Evaluation Process and monitors the progress according to the project results framework.
- Makes itself available for discussions with the Development Partners at key implementation support activities including World Bank missions.
- Provide advice and guidance on issues (challenges, obstacles and/or opportunities) facing the project generally, or within specific components.
- Use influence and authority to assist the project in achieving its outcomes.
- Validate new priority sectors for SDF focus.
- Review and approve final project deliverables.

Responsibilities of the Steering Committee Chair
The Project Steering Committee shall be chaired by Ministry of Education, with a Vice Chair appointed from the private sector, and nominated by Ministry of Education/Ministry of Employment.

The responsibilities of the Steering Committee Chair are as follows:
- Sets the agenda for each meeting.
- Ensures that agendas and supporting materials are delivered to members in advance of meetings.
- Makes the purpose of each meeting clear to members and explains the agenda at the beginning of each meeting.
- Clarifies and summarizes what is happening throughout each meeting.
- Keeps the meeting moving by putting time limits on each agenda items.
- Encourages broad participation from members in discussion by calling on different people.
- Ends each meeting with a summary of decisions and assignments.
- Follows up with consistently absent members to determine if they wish to discontinue membership.
- Finds replacements for members who discontinue participation.

Responsibilities of Steering Committee Members
Individual Steering Committee members have the following responsibilities:
- Understand the goals, objectives, and desired outcomes of the project.
- Understand and represent the interests of project stakeholders.
- Actively evaluate progress, assess performance and make recommendations on improving implementation or leadership of the GSTDP.
- Act on opportunities to communicate positively about the project.
- Check that the project is making sensible financial decisions – especially in procurement and in responding to issues, risks and proposed project changes.
- Check that the project is aligned with the organizational strategy as well as policies and directions across government as a whole.
- Actively participate in meetings through attendance, discussion, and review of minutes, papers and other Steering Committee documents.
- Support open discussion and debate, and encourage fellow Steering Committee members to voice their insights.

**Membership**

Membership on the committee will be for the duration of the project, with replacements as needed and as agreed with the Chair, and indicated in writing. The proposed membership of the Committee shall consist of:

1. Deputy Minister, Ministry of Education (Chair)
2. Industry (Ghana Employers Association, Association of Ghana Industries ) Representative (Vice Chair)
3. Representative, Ministry of Employment and Social Welfare
4. Representative, Ministry of Finance and Economic Planning
5. Representative, Ministry of Communications
6. Representative, Ministry of Environment, Science and Technology
7. Representative, National Development Planning Commission
8. Representative, Ministry of Trade and Industry
9. A member of COTVET Board
10. A representative from Private Sector Development Strategy II
11. Executive Director of COTVET
12. Representative, Training Institute (public or private)
13. Representative, Research Entity/Institution

Representative from the Ministries will ideally be at the level of the Chief Director. However, where this is not possible due to other commitments, a member of the senior management staff within the Ministry can be nominated by the Chief Director of the relevant MDA. The elected representative however should not be below the position of Director.

**Quorum**

At least eight (8) members including the Chair and/or the Vice Chair are required to constitute a quorum for meetings to be held.
300
GENERAL PRINCIPLES
OF OPERATIONS
301 TRANSPARENCY AND ACCOUNTABILITY

The resources will be managed in an open and transparent manner that provides for checks and balances. For instance, all decisions which do not compromise applicant confidentiality as well as relevant minutes of SDF Committee meetings will be made available on the SDF website.

A member of the SDF Committee who has an interest in a matter for consideration by the Committee must disclose in writing the nature of that interest and will be disqualified from participating in the deliberations of the Committee in respect of that matter. A member who contravenes this ceases to be a member of the Committee. This is in line with disclosure requirement of the COTVET Act for members of the Board of Trustees.

The Board is required to set out the conditions under which members of the SDF Committee are appointed and their terms of contract. Under section 8 of the COTVET Act, members of the Committee will be paid allowances approved by the Minister in consultation with the Minister responsible for Finance. Under the provisions of the COTVET Act section 14(3), COTVET may engage the services of advisers and consultants on the recommendation of the Board. This provision enables COTVET to outsource some services to advisers and consultants on the recommendation of the Board.

Arm’s length principle
The arm’s length principle is the condition or the fact that the parties to a transaction are independent and on an equal footing. It is used specifically in contract law to arrange an equitable agreement that will stand up to legal scrutiny, even though the parties may have shared interests (e.g. board member-beneficiary) or are too closely related to be seen as completely independent.

Access to information
In order to facilitate transparency, all relevant decisions by the SDF Committee will be made available at the COTVET website. This includes information on approved applications, including size of the grant and its intended use, and on rejected applications and the reason for the rejection.

Expediency
The SDF will ensure that the approval and settlement of financial amounts is within as short a time as possible, without compromising accountability or prudence. This is particularly important not only for outputs to be delivered as per the planned schedule but also for the building of trust of both recipients and Fund sponsors.

Accountability
Accurate and timely reporting will be available to all stakeholders in line with an approved reporting format and plan. The reporting will include both progress of the implementation of supported activities as well as financial statements. The M&E system will assess the efficiency and effect of the SDF. Development partners will receive audit
reports in respect of the disbursement of their funds and be entitled to information to verify compliance with sponsors' conditions for funding.
302 GENDER EQUITY POLICY

Chapter five, section 17 (1) in Ghana’s constitution formally guarantees that ‘all persons shall be equal before the law. (2) A person shall not be discriminated against on grounds of gender, race, colour, ethnic origin, religion, creed or social or economic status’. These universal rights are not yet reflected in a gender equity policy or gender guidelines by COTVET or the SDF. However, the Government’s draft TVET Policy as well as the Project Appraisal Document of the Ghana Skills & Technology Development Project both suggest measures to increase the gender sensitivity of support to skills development. In addition, clear guidelines for improving gender equality have been developed by development partners, including DANIDA’s Gender Equality Rolling Plan, which is applicable for project implementation. These documents will guide the Fund’s gender practice until COTVET has developed a detailed gender strategy.

Draft TVET Policy
The mission of Ghana’s TVET system is to improve the productivity and competitiveness of the skilled workforce and raise the income-earning capacities of people, especially women and low-income groups, through the provision of quality-oriented, industry-focused, and competency-based training programmes and complementary services. In pursuit of this mission, the TVET system will provide open access to education and training without prejudice to gender, emotional, sensory, mental or physical disability, religious, ethnic, or socio-economic background. Special measures shall be taken at all levels of TVET delivery to ensure equity regarding gender, disability, and regional balance in the availability of resources and opportunities for TVET.

According to the draft TVET policy, COTVET is supposed to develop, publish, and periodically review a Gender Equity Guidelines/Resource Manual for instructors, textbook writers, career counsellors, instructional material developers, administrators and training agencies. The guidelines should cover such issues as career choices for boys and girls, gender equity in learning materials development, gender equity in the classroom, laboratory and workshop, and application of gender equity in broad fields such as agriculture and computing. It is not know when COTVET will be able to develop and publish such guidelines.

GSTDP Project Appraisal Document
There are several references to equal opportunities for women and men in the PAD. It is mentioned that special attention should be paid to social groups vulnerable to exclusion from project benefits (rural populations, women, and youth) by monitoring participation rates and undertake beneficiary assessments throughout the project. If specific groups seem to benefit significantly less than others, the project should put in place mechanisms to address this. In order to provide the required information monitoring data will be gender (and age) disaggregated in order to allow assessment of the social impact of the support activities.
Concerning outreach and communication, the PAD states that these activities will pay particular attention to ensure message access to women through, for example, tapping into women’s group and women trade associations and it will also target less advantaged districts to ensure that geographic inequalities are addressed.

**SDF gender specific initiatives**

In order to observe the above principles, the SDF will take the following specific steps to optimise the gender sensitivity of its activities:

(i) As part of its outreach and sensitisation programme undertake activities specifically targeted at women

(ii) Encourage training institutions and companies to consider the need of women for skill upgrading when preparing project proposals

(iii) When reviewing concept notes and project proposals to consider the training needs of women

(iv) Include gender sensitive monitoring indicators

(v) Include gender consideration in the reporting to the COTVET Board and Project Steering Committee.
303 SAFEGUARD MEASURES

World Bank support to the SDF has triggered the Bank’s procedures for environmental impact assessment as the SDF may attract proposals for sub-projects requiring minor construction (such as upgrading wiring in computer labs). However, it is expected that those works will take place in existing facilities and that the SDF will not finance any sub-projects resulting in the involuntary acquisition of land, loss of physical and economic assets, and/or loss of livelihoods.

Hence, there may be some minor refurbishment of existing buildings and installation of laboratory equipment, work that will be guided by applicable local and national laws and regulations. The project will also finance training equipment, technology and consulting services. SDF is not expected to fund construction of new infrastructure. To ensure proper assessment and mitigation of the potential adverse environmental and social impacts of activities under the Fund, an Environmental and Social Management Framework (ESMF) will guide the implementation agency on how to address any environmental and social impacts of project investments. The government has updated the ESMF to detail the safeguard procedures that would apply to the proposed GSTDP and thus the SDF. The SDF Manual also includes a negative list of items that may not be funded by the World Bank and DANIDA, especially those items that would cause environmental issues and/or trigger additional safeguards. Close monitoring by the PSU will ensure that activities comply with ESMF and if necessary, an Environmental Management Plan is developed. Additionally, an environmental/social specialist has been recruited to provide support to the SDF Division when applications are screened and to ensure that decisions taken adequately consider any safeguard issues.

Missions will include field visits to grant recipients including those whose sub-projects have environmental or social issues. Missions will ensure that technical assistance activities and/or SDF subprojects are adhering to the ESMF and that civil works do not have adverse environmental and/or social impacts.
COMPLAINTS AND GRIEVANCES

The SDF will aim to minimise the risk of fraudulent practices as well as other forms of financial malpractices. A system for filing and processing of complaints will be developed by the SDF Division.

Although the SDF Division will do its utmost to make transparent and fair decisions, the risk always exist that a prospective beneficiary finds that unjust has been made to his or her application. Therefore, formal procedures for complaints and grievances will be established.

Complaints should be address to the COTVET Executive Director. Complaints concerning the outcome of the screening of concept notes will be dealt with by the Chairman of the SDF Committee, who will conclude whether the grievance is warranted and possible consequences of the complaint. The SDF Division will make all relevant documentation available for the SDF Committee Chairman.

Complaints concerning the outcome of the approval/rejection of applications by the SDF Committee will be considered by the Chairman of the COTVET Board, who will conclude whether the grievance is warranted and possible consequences of the complaint. As in this case, the SDF Division will make all relevant documentation available for the COTVET Board Chairman.

Dissatisfaction with the decision by the above bodies should be referred to the ordinary legal system and will be dealt with according to the laws of Ghana.

A format for complaints is attached to this Section. It will be made available on the COTVET/SDF website.

Furthermore, COTVET will open a hotline separate from the SDF helpdesk inquiries concerning decision by the SDF Committee and for filing of grievances. The hotline may also be used for reporting grievances and of fraudulent practices.
COMMUNICATION POLICY AND STRATEGY

This section summarises the SDF communication policy and strategy with special attention to outreach activities in relation to the target groups of the Fund.

1. Communication challenges

In general, it is assumed that enterprises do not have clear perceptions of how skills development can contribute to increased productivity. However, a general training needs assessment will show that part of the challenge for increased productivity can be enhanced by training solutions whereas others can only be solved by managerial or logistical changes. It seems that a too narrow focus on training may not have the desired effect unless training is seen as one among other tools to increase productivity.

A positive contribution from the SDF is expected to increase the awareness about skills development, setting the tone for a continuous training effort and expanding training practices.

Direct consultations and brainstorming with key actors in industry indicate that there is no valid reason to assume that managers, engineers and technicians are not aware of the need for up-skilling the work force (despite the fact training does not appear as a high priority issue in some Ghanaian surveys) as well as the need to invest in technological innovation.

Communication on skills and technology development should, therefore, be seen in this context and although the link between skills development, technology, productivity and ultimately revenue may be stressed by management, it is important to be aware that skills and technology development will not necessarily lead to increased productivity unless other factors are considered.

2. Communication objectives

The main communication goal of COTVET is to create awareness and knowledge of the role and functions of the Council and its services including the SDF. The specific communication objectives of SDF are to create awareness and information on the requirements and opportunities of the SDF among selected stakeholders.

Target groups
The key stakeholders of SDF are the formal and informal industries, including relevant associations, the public and private training providers and technology centres. The SDF stakeholders are divided into three main categories: (1) Beneficiaries (groups benefitting from the grant); (2) Facilitators (groups facilitating the interaction with the beneficiaries); and (3) Partners (Policy and regulatory bodies, ministries, development partners).
**Communication needs**

It must be assumed that the public image of the SDF will be strongly associated with COTVET and there is a strong need to clarify how the relationship between COTVET and SDF should be presented to the public.

COTVET is a relatively new organisation created with a clear mandate and many enterprises are going to benefit from its services. The public image of COTVET is not only determined by response from clients but also by a strong corporate identity and its exposure in the national mass media. COTVET holds a high profile in the press and at present, the COTVET website is the main channel of communication. Other communication activities are limited, and are awaiting the development of an overall communication strategy.

In order for the SDF to be used effectively and contribute to demand driven training activities, it is important that relevant information is distributed to the stakeholders and that effective and regular communication among the stakeholders are facilitated. Thus, there is a need for information and communication initiatives on a large scale from the overall information on the role and functions of the SDF to factual information and communication on opportunities provided by the Fund, criteria for funding, application procedures, guidance on how to apply, etc. And there is a need for establishment of communication platforms between representatives of the formal and informal industries and public and private training providers.

3. **Design and implementation standards**

The SDF communication interventions will only be effective if they are target oriented, i.e. all public information must be clearly targeted to the different audiences that the fund will be serving, clearly differentiating the different funding windows, and eligibility criteria. It is important to find out, and not to assume, what target groups themselves feel about needs for training, in terms of resistance and interest to change for the better in terms of increased productivity. Further, the media habits and communication patterns of the target groups must be investigated. This can be done through questionnaires or interviews with representatives of the relevant stakeholders.

An effective communication strategy would observe the following quality checks for each event or activity and the overall programme:

**Proper timing**

Preferably, implementation should take place on a continuous basis. Regularity is more effective than just a few high profile events with too much silence in between. As a principle, all tangible achievements should be communicated internally and, sometimes, at the public level.

Completion of major milestones (such as the launch of the SDF) should mark the beginning of high profile events and publicity. Other suitable milestones could be the signing of the first contract for training. However, it is strongly advised to postpone high
profile campaigns until the SDF organisation can deliver its services. The first impact of training activities takes place in a pilot phase. Here the communication initiative can make its own pilot start before going public at a large scale.

Means of communication
A combination of face-to-face communication and relevant media produces the best results in general. Each mode of communication has different benefits, and the choice will depend on the communication and media habits of the target groups.

Face-to-face communication is very effective but also the most expensive mode of communication in terms of price per contact. Face-to-face has a high participatory potential and is normally used to create a deeper understanding of an issue. Personal face-to-face communication by COTVET/SDF staff, bilateral and in groups should be included in all events to confirm managerial commitment. Ultimately, personal presence and advice are always the decisive factor in behavioural change.

Mass media such as posters, newsletters, radio/television/newspapers, bill boards, etc. can reach a much larger amount of audiences, but are less participatory and are normally used for creating awareness on specific issues or providing factual information. Other media, e.g. theatre, road shows, mobile phones, the internet are both interactive and cheap and should be considered as part of a media mix.

Communication formats
The text and visual components of COTVET deserve some improvement in terms of communicative strength. Texts (e.g. the SDF Manual) are usually aimed at highly educated readers who are familiar with technical and managerial jargon, understatements and intellectual phrasing. For COTVET/SDF texts in campaigns and courseware it is suggested to apply readability check-up software, use professional text writers and arrange for pre-tests with representative sample persons of intended target groups. Pre-tests can also help to avoid the use of drawings and illustrations which, unintentionally, confuse the message rather than support it.

Realistic content
The contents of disseminated messages and presentations should avoid promises and long term solutions. Key target groups are only responsive to information which is technically valid, which relates to recognizable problems and offers interesting solutions.

Style
Per event, serious thought should be given to the style and tone of communications. There are many options to choose from and the choice should be made consciously for each event. In speeches, narrations, textbooks and courseware it is possible to select a coercive approach, warning style, intimidating, convincing, informative, selling, negotiating, facilitating etc.
The selected style should match with the best assumption one can make on why enterprises should start to change and sustain expected staff development practices. This assumption will be somewhere on the scale from submission of applications to finalisation of the contract, which is best served with a more informative and facilitating style in communications. Communication styling should be consistent with the results of those training sessions devoted to the pros and cons of specific management styles.

4. Campaign events

Call for proposals
Prior to every call for proposals, the SDF will launch a sensitisation campaign in order to make all potential beneficiaries aware of the funding opportunities provided by the Fund. The campaign is supposed to combine various different outreach strategies including adverts in the printed media, radio and TV spots, road shows and dissemination of information through associations and other relevant channels. In collaboration with COTVET, SDF will prepare a campaign programme indicating the details of the campaign and the sensitisation activities must start at least two months prior to a call.

National policy workshops
For information campaigns about Window 1, industry leaders and principals from training providers should be invited to a series of 1-2 day workshops. A minimum of three workshops are required:
- one to inform about the SDF, supportive policies and guidelines;
- one to inform about the role of training in productivity-enhancing initiatives;
- one or more for monitoring and evaluation purposes.

Experience sharing groups
For a period of one year, COTVET may promote experience sharing groups for partnerships funded from the SDF. Experience sharing across sectors creates powerful new insights for network members helping them to innovate, make better decisions, invest wisely and increase revenue. The format could be a series of special monthly and short weekly work meetings to define and monitor progress during implementation. Typical points for the agenda would include: problem inventories, priority setting, concrete action plans, budgeting, staff and unit performance indicators, planning review methods, human resource development (training, awards, and assessments), internal and external publicity, customer relations.

COTVET’s role would be to facilitate the meetings and the network groups could after one year decide, if they would continue with the sharing of experience.

General publicity
In areas where higher productivity has been achieved in demonstrated improvements, COTVET (with the permission of the firms) could go public with the facts. This can be
done in many ways such as press conferences, advertising, company brochures, and policy workshops for next phases etc.

5. Campaign resources

The productivity awareness campaign covers initially the GSTDP pilot phase. Although not all events and supporting events are necessarily covered by COTVET resources, some provisions must be secured to make a quick start and keep momentum. At present only limited in-house capacity exits for media design and production and COTVET will have to rely to some extent on external sources.

Production resources
Most production steps can be subcontracted to local designers, printers and producers. However, for a quick start some facilities should be available, including office space, equipment, software, staff and provisions for sub-contracted production services.
It is the World Bank’s policy to require that Borrowers, bidders, suppliers, contractors
and their agents (whether declared or not), sub-contractors, sub-consultants, service
providers or suppliers, and any personnel thereof, observe the highest standard of
ethics during the procurement and execution of Bank-financed contracts. In
pursuance of this policy, the World Bank:

A. Defines, for the purposes of this provision, the terms set forth below as follows: “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party; “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation; “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party; “obstructive practice” is

(i) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

(ii) acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for below.

B. Will reject a proposal for award if it determines that the bidder recommended for award, or any of its personnel, or its agents, or its sub-consultants, sub-contractors,

Comment [DNM3]: This section is already included on page 222, so I would remove it from here.
service providers, suppliers and/or their employees, has, directly or indirectly, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;

C. Will declare misprocurement and cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a recipient of any part of the proceeds of the loan engaged in corrupt, fraudulent, collusive, coercive or obstructive practices during the procurement or the implementation of the contract in question, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur, including by failing to inform the Bank in a timely manner at the time they knew of the practices;

D. Will sanction a firm or individual, at any time, in accordance with prevailing Bank’s sanctions procedures, including by publicly declaring such firm or individual ineligible, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; and (ii) to be a nominated sub-contractor, consultant, supplier or services provider of an otherwise eligible firm being awarded a Bank-financed contract;

E. Will require that a clause be included in bidding documents and in contracts financed by a Bank loan, requiring bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers or suppliers, to permit the Bank to inspect all accounts, records and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank; and

F. Will require that, when a Borrower procures goods, works or non-consulting services directly from a United Nations (UN) agency in accordance with paragraph 3.10 of these Guidelines under an agreement signed between the Borrower and the UN agency, the above provisions of the paragraph regarding sanctions on fraud or corruption shall apply in their entirety to all suppliers, contractors, service providers, consultants, sub-contractors or sub-consultants, and their employees that signed contracts with the UN agency. As an exception to the foregoing will not apply to the UN agency and its employees. In such cases the UN agencies will apply their own rules and regulations for investigating allegations of fraud or corruption subject to such terms and conditions as the Bank and the UN agency may agree, including an obligation to periodically inform the Bank of the decisions and actions taken. The Bank retains the right to require the Borrower to invoke remedies such as suspension

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6 A firm or individual may be declared ineligible to be awarded a Bank-financed contract upon: (i) completion of the Bank’s sanctions proceedings as per its sanctions procedures, including inter alia cross-debarment as agreed with other International Financial Institutions, including Multilateral Development Banks, and through the application the World Bank Group corporate administrative procurement sanctions procedures for fraud and corruption; and (ii) as a result of temporary suspension or early temporary suspension in connection with an on-going sanctions proceeding.

7 A nominated sub-contractor, consultant, manufacturer or supplier, or service provider (different names are used depending on the particular bidding document) is one which has either been: (i) included by the bidder in its pre-qualification application or bid because it brings specific and critical experience and know-how that allow the bidder to meet the qualification requirements for the particular bid; or (ii) appointed by the Borrower.
or termination. UN agencies shall consult the Bank’s list of firms and individuals suspended or debarred. In the event a UN agency signs a contract or purchase order with a firm or an individual suspended or debarred by the Bank, the Bank will not finance the related expenditures and will apply other remedies as appropriate.

With the specific agreement of the Bank, a Borrower may introduce, into bid forms for contracts financed by the Bank, an undertaking of the bidder to observe, in competing for and executing a contract, the country’s laws against fraud and corruption (including bribery), as listed in the bidding documents. The Bank will accept the introduction of such undertaking at the request of the Borrowing country, provided the arrangements governing such undertaking are satisfactory to the Bank.

The above principles are a direct quote from the World Bank Guidelines on procurement. As the World Bank is the principal source of funding for the SDF, the principles will apply to all projects and activities funded by the Fund.

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8 As an example, such an undertaking might read as follows: “We undertake that, in competing for (and, if the award is made to us, in executing) the above contract, we will strictly observed the laws against fraud and corruption in force in the country of the [Purchaser] [Employer], as such laws have been listed by the [Purchaser] [Employer] in the bidding documents for this contract.”
300 ANNEXES
General Principles of Operations
FORMAT FOR COMPLAINT

If you disagree with the decision by the Skills Development Fund concerning your application for support, you are welcome to submit a formal complaint to the COTVET Executive Director. Complaints regarding rejection of concept notes will be dealt with by the Chairman of the SDF Committee, while complaints regarding application for funding of project proposals will be dealt by the COTVET Board Chairman.

COTVET Logo

<table>
<thead>
<tr>
<th>Council for Technical and Vocational Education and Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>P. O. Box MB651</td>
</tr>
<tr>
<td>Accra -Ghana</td>
</tr>
<tr>
<td>Tel +233-302682950</td>
</tr>
</tbody>
</table>

COMPLAINT

Organisation:

Name of representative:

Address:

File number (if any):

Date of concept note/application:

Brief description of the reason for the complaint:

Date:

Signature: ________________________________
400

SDF CORE BUSINESS AREAS
401 SDF FOCUS AREAS

1. Introduction

In Ghana, the TVET policy environment is driven by two different but often related agendas: poverty reduction and competitiveness. “A responsive TVET system is essential for Ghana to realise its goal to become a more productive and competitive middle-income country. At the same time, TVET can be a useful tool – as part of a wider approach – for raising the productivity in the informal economy, where poverty levels are highest”.

In establishing the SDF, it is assumed that better skills and technological development will increase Ghanaian enterprises’ efficiency and competitiveness. According to a 2008 World Bank study, Ghanaian firms are less productive than firms in comparable countries, mainly because they are less capital- and skills-intensive and relatively small in size. Therefore they do not account for the bulk of the economy’s job creation. The small size of most firms explains the concentration of job creation among the self-employed. In this context, a business climate favourable to investment will promote employment by allowing large and labour-intensive firms to grow and create more jobs in the formal sector.

The SDF will support training and technological development activities that lead to improved productivity and competitiveness in the formal and informal sectors, hereby creating new employment and income opportunities. The Fund is expected to provide funding primarily for the improvement of the quality and relevance of existing skills systems and, if relevant, the expansion of these. In addition, the Fund will give priority to innovative new approaches to skills development and employment creation, especially in micro and small enterprises. The training institutions supported will be encouraged to align their programmes to the emerging National TVET Qualifications Framework (NTVETQF), although this is not at present a precondition for support. Moreover, partnerships between industry and technology providers will contribute to enterprise development in prioritised economic areas.

2. SDF strategy

The SDF was established as the primary vehicle for support to skills and technology development for the following reasons:

- Potential to sustain skills and technology investment in the long term: Skills and technology are relatively new areas of investment in Ghana. The SDF can catalyze additional resources from the government and donors in the long term, through demonstration effects during the lifespan of the Bank’s and Danida’s support. The SDF thus reduces the risk of discontinuity, and increases longevity of investments, which is essential because the stock of skills and technology
accumulates over time to reach a critical mass needed to have a measurable impact on productivity and growth.

- **Priority-driven funding, through a focus on high-potential sectors.** The SDF as an instrument allows flexible and opportunistic targeting of high-impact areas, so as to optimise limited resources, get measurable results, and create a potential spill over effect on other economic sectors. A phased approach, i.e. targeting selected sectors in a time release manner, allows lessons to be passed on from one sector to another.

- **Skills and technology under one operational fold, as complementary inputs to productivity and growth.** There is a broad understanding that long-term structural improvement in productivity occurs with increases in technological innovation and accumulation of human capital (along with other factors such as capital accumulation). The SDF design allows the two inputs to be treated as complementary.

- **Demand-driven, merit-based and transparent allocation of resources:** The SDF reduces the risk of channelling funds into ideas that have low demand. Ideas are generated by beneficiaries, and funded on the basis of quality. A transparent review and allocation mechanism builds accountability in the use of funds.

- **Simultaneous support to supply and demand for skills and technology:** The SDF mechanism provides investments that benefit both providers of technology and training services (including universities, training institutes, research institutes, and technology centres) as well as the users of skills and technology (firms and farmers) and provides incentives to match the supply of services with what is demanded by industry.

- **Collaboration between industry and training and technology providers:** The SDF gives industry and the providers of technology and training services (including universities, training institutes, research institutes, polytechnics, and technology centres) incentive to collaborate around shared goals and challenges. This tackles the challenge of weak industry-provider linkages in Ghana. Involving industry in all stages of design and delivery of training will boost the quality of skills and the employability of graduates. The SDF also involves intermediaries such as industry associations to coordinate and sustain the interaction between industry and providers over time.

An important objective of the SDF is therefore to support implementation of government’s STI Policy Development Plan (2011-15) which has as its medium-term objective: “to restructure the entire science and technology set-up, infrastructure and programs in order to make them more responsive to national needs and priorities in all sectors of the economy with special attention to restructuring of the national science and technology advisory system, improving basic and applied research infrastructure, revitalizing the teaching of science and mathematics in the education system, promoting the training of a critical mass of middle-level technical personnel to address the provision of basic needs, acquisition of skills in high technology areas and their integration into known technologies, and promoting mastery of known technologies and their application in industry”.

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Prepared by: SDF Division Updated 2011-07-10 Page 401-2
3. Priority sectors

Based on an assessment of employment and income prospects, the Project Steering Committee is expected to advise the COTVET Board on sectors, industries, value chain target groups, etc., that should be given high priority in funding. The target areas for support will have to be revised regularly as the economy develops and on the basis of ongoing monitoring and evaluation routines. Initially the SDF will encourage applications from five sectors: (i) construction & housing; (ii) ICT; (iii) tourism & hospitality; (iv) livestock; and (v) horticulture.

4. Indicative grant size

The SDF will provide funding to skills and technology development through four ‘windows’, each catering for a particular target group.

The GSTDP project document has proposed the following indicative grant size and co-financing requirements for the four windows of the Fund:

<table>
<thead>
<tr>
<th>Window</th>
<th>Upper ceiling for each grant</th>
<th>Maximum grant element</th>
</tr>
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<tbody>
<tr>
<td>Window 1: Formal Sector Enterprises</td>
<td>USD 350,000</td>
<td>80%</td>
</tr>
<tr>
<td>Window 2: Informal Sector/MSEs</td>
<td>USD 60,000</td>
<td>90% (10% in-kind)</td>
</tr>
<tr>
<td>Window 3: Training Innovation</td>
<td>USD 500,000</td>
<td>75%</td>
</tr>
<tr>
<td>Window 4: Technology Partnerships Technology Centres</td>
<td>USD 200,000 USD 1,000,000</td>
<td>25-50%</td>
</tr>
</tbody>
</table>

(Based on GSTDP Project Appraisal Document).
402 WINDOW 1: Training for the Formal Labour Market

1. Focus of Window 1

The objective of this window is to promote collaborations between industry and training providers. Funding will be provided to co-operation projects between industry from the formal sector and training providers.

Funding will focus on skills development in the formal sector and is expected to focus on higher level skills to be provided by public or private training institutions in collaboration either with larger size employers or associations of a group of smaller size employers. In some cases, the unit-costs of training will be higher, i.e. in ICT related training. While in other cases, though the unit costs of these training activities are not necessarily higher, the scale of training activities are expected to be higher, responding to larger demand, and the duration of programmes may be longer.

The employers and/or employer associations are expected to be in the lead position to define the content and duration of the training. Training can be provided to a single employer with a sufficient number of trainees or to a number of employers with identical training needs. The employers will identify the training provider(s) to provide the training. If required, the SDF Division will assist the employer to identify an adequate training provider. The training providers will be those that have a demonstrable capacity (knowledge, skill, practical experience, training facilities, and necessary machines/tools, the most current technology) to provide the training requested by the employers. While the grant agreement usually is with the employer requesting the training, funds for the provision of such training will be paid directly to the training provider upon completion of the agreed training.

The commitment for providing matching grant as well as other conditions applying to the grant will be specified in the grant agreement between COTVET and the enterprise.

2. Eligible training activities

Priority will be given to short and medium-term, skills upgrading initiatives aiming to increase the competitiveness of applying enterprises. Priority will be given to training activities that are aligned to the National TVET Qualification Framework, but this is not a pre-condition for support. The trainee must be a permanent employee of the applying company or the company must have notified the trainee that it intends to employ him or her on a permanent basis. Both skilled and semi-skilled workers are eligible for attending SDF sponsored skill upgrading courses. Supervisory staff constitute another potential target group for Window 1.

While the SDF does not support longer term apprenticeship training under Window 1, specific shorter intensive technical or theoretical training activities focusing on specific
subjects are in principle eligible for support. Priority will be given to such training activities that form part of a formalised training programme.

Training activities sponsored through Window 1 will primarily focus on the practical skills of the trainee, but relevant theoretical training may be sponsored as well. In rare cases, short basic management training can be funded as well.

It is expected that the training usually is provided by an accredited training institution, but also in-company training can be supported provided the instructor (trainer) has adequate professional qualifications.

Only in rare cases where no relevant training programmes are available in Ghana or can be established at a reasonable cost, the SDF will sponsor training taking place outside of Ghana.

3. Grant award process

Projects to be funded under Window 1 will pass through a two-stage selection and formulation process. As the first step, interested companies and technology providers are invited to submit a concept note (pre-qualification application) for consideration by the SDF. Applicants meeting the criteria of the Fund will subsequently be requested to prepare a full project proposal in accordance with the guidelines of the SDF Manual. The proposals will be subject to an evaluation by two external evaluators. The final decision on which projects to fund rests with the SDF Committee. The grant agreement to be prepared on the basis of the approved project proposal will spell out the details of the project including the details of implementation. More details on the grant cycle can be found in Section 501.

4. Ceilings and co-funding requirements

The upper ceiling for SDF grants under Window 1 is GHC 525,000 (USD 350,000); however, it is expected that very few grant contributions will be of this magnitude. The beneficiary company will have to provide a co-funding contribution of the training activities not below 20% of the total cost of the training. The major part of the co-funding must be in cash, but the SDF may occasionally accept the salary of the trainees as part of the co-funding.

SDF does not support acquisition of equipment except in cases where this is vital for the implementation of the approved training activity. Text books and other learning materials acquired under the grant agreement become the property of the grantee upon the completion of the training. The grant agreement will specific the exact conditions under which the support has been given.

5. Companies requirements

Companies to receive support under Window 1 must meet the following criteria:
• The company must be registered with the District Authorities and the Internal Revenue Service
• The company must provide proof of registration with the SSNIT
• The company must provide proof of registration with VAT
• The company must be operating in the formal sector in Ghana
• The employer(s) must demonstrate how the proposed skills requirements will benefit the company and how they will lead directly to increased productivity and competitiveness.

In the event of subsequent funding request, the applicant must submit documentation for the provider’s performance on previous SDF contracts.

6. Training provider requirements

Training providers contracted to undertake training activities in response to the needs of grantees must meet these requirements:

• The training provider must be registered by COTVET or be willing to do so
• The training provider must be a legally registered organisation
• The training provider must possess the equipment and facilities necessary to conduct the training at a level that satisfy the requirements of the company procuring the training
• The training provider must have adequately qualified and experienced teaching staff at its disposal
• The training provider must have the managerial capacity to manage the contract to be entered with the enterprise that receives the SDF grant.

The Fund does not support the following types of training programmes:

• Seminars and conferences designed to stimulate discussions and/or keep participants abreast of the latest trends in skills upgrading
• Induction/orientation programmes
• Absentee payment of staff attending training programmes
• Appreciation programmes of short duration
• Programmes specific to company procedures/policies
• Training for spiritual, cultural and social enhancement, e.g. religious studies and appreciation of music
• Professional-training programmes, involving the upgrading of personnel such as doctors, lawyers, accountants and architects
• Postgraduate training programmes, involving the pursuance of higher education leading to the award of an advanced diploma, graduate diploma, degree or post degree qualification
• Attachment of engineers and senior managers to advance their skills and knowledge in existing or new work areas.
403 WINDOW 2: Training & Entrepreneurship Development in the Informal Sector

1. Focus of Window 2

Funding under this window will primarily be provided to increase the skills level of micro and small enterprises (MSEs) in the informal sector although formally registered MSEs are not excluded from support. Due to the fragmented nature of the MSEs and the informal sector, intermediary institutions, such as trade associations of informal sector enterprises, public and private training and business support institutions involved in vocations skills and apprenticeship training, registered co-operatives, and other such groupings, including private training providers and NGOs, will be engaged to identify and coordinate training for the MSEs in the informal sector.

In order to increase the cost-efficiency of the support, applications benefitting multiple MSEs are encouraged. Therefore, associations or groupings of MSEs are expected to be applying under this window, although individual MSEs may apply as well.

Associations and business organisations seeking support from SDF under this window will be required to satisfy the following criteria:

- The main beneficiaries of the funding window are master crafts persons and artisans from MSEs
- Training must be responsive to the training needs of existing growth-oriented MSEs
- Training must support the acquisition of skills which lead to increased employment and sustainability in MSEs
- Training of the master craftsmen must include pedagogical issues and medium-to-high-level skills upgrading for increased productivity and competitiveness
- The institution must show how the training will lead to increased productivity and competitiveness
- The support will strengthen the capacity of associations to cater for the interests of their members.

The association/organisation of MSEs is expected to identify the training provider(s) to provide the training. If required or requested, the SDF Division will assist to identify an adequate training provider. The training providers will be those that have a demonstrable capacity (knowledge, skill, practical experience, training facilities, and necessary machines/tools, the most current technology) to provide the training requested by the association or organisation of MSEs. While the grant agreement usually is with the association or organisation requesting the training, funds for the provision of such training will usually be paid directly to the training provider upon competition of the agreed training.

The commitment for providing matching grant as well as other conditions applying to the grant will be specified in the grant agreement between COTVET and the enterprise.
2. Eligible training activities

Priority will be given to short and medium-term, skills upgrading initiatives that increase the competitiveness of groups of MSEs and master crafts persons. Priority will be given to training activities that are aligned to the National TVET Qualification Framework, but this is not a pre-condition for support. Training events related to the National Apprenticeship Programme also will be given special attention. The trainee must be an employee of a member of the applying association/organisation. Both workers and enterprise owners are eligible for attending SDF sponsored skill upgrading courses.

While the SDF does not support longer term apprenticeship training under Window 2, specific shorter intensive technical or theoretical training activities focusing on specific subjects are eligible for support.

Training activities sponsored through Window 2 will primarily focus on the practical skills of the trainee, but relevant theoretical training may be sponsored as well. Furthermore, the SDF will provide support to short basic entrepreneurship and management training.

It is expected that the training is provided by an accredited training institution, but also NGOs, business support agencies and advisory centres as well as rural technology facilities with the capacity to provide relevant training are eligible to deliver the training provided the instructor (trainer) has adequate professional qualifications.

3. Grant award process

Projects to be funded under Window 2 will pass through a two-stage selection and formulation process. As the first step interested companies and technology providers are invited to submit a concept note (pre-qualification application) for consideration by the SDF. Applicants meeting the criteria of the Fund will subsequently be requested to prepare a full project proposal in accordance with the guidelines of the SDF Manual. The proposals will be subject to an evaluation by two external evaluators. The final decision on which projects to fund rests with the SDF Committee. The grant agreement to be prepared on the basis of the approved project proposal will spell out the details of the project including the details of the implementation. More details on the grant cycle can be found in Section 501.

4. Ceilings and co-funding requirements

The upper ceiling for SDF grants under Window 2 is GHC 90,000 (USD 60,000); however, it is expected that very few grant contributions will be of this magnitude. The matching grant requirement under Window 2 is limited to in-kind support, internships and work opportunities to be provided to the trainees during the training period. The value of this must constitute at least 10% of the total cost of the training.
For the sake of cost-efficiency, applications by individual MSEs below GHC 3,000 will be administratively rejected and the applicant encouraged to identify other MSEs with related skills upgrading needs and to resubmit the application through an association or as part of a group of MSEs (master craft persons).

SDF does not support acquisition of equipment except in cases where this is vital for the implementation of the approved training activity. Text books and other learning materials acquired under the grant agreement become the property of the grantee upon the completion of the training.

5. Associations, organisation and MSEs

In order to qualify for support under Window 2, associations, organisations and MSEs must meet the following criteria:

- The association, organisation, or MSE (master craft person) must be registered with the District Authorities
- The association, organisation or MSE (master craft person) must have existed for at least one year
- The association, organisation or MSE (master craft person) must have a bank account
- The employer(s) must demonstrate how the proposed skills requirements will benefit the company and how they will lead directly to increased productivity and competitiveness.

In the event of subsequent funding request, the applicant must submit documentation for the provider’s performance on previous SDF contracts.

6. Training providers

Training providers and organisations contracted to undertake training activities in response to the needs of grantees must meet these requirements:

- The training provider must be registered by COTVET or be willing to do so
- The training provider must be a legally registered organisation
- The training provider must possess the equipment and facilities necessary to conduct the training at a level that satisfy the requirements of the company procuring the training
- The training provider must have adequately qualified and experienced teaching staff at its disposal
- The training provider must have the managerial capacity to manage the contract to be entered with the enterprise that receives the SDF grant
- The training provider must have a proven track record for implementation of training programmes toward the specified target groups.
• The training provider must provide the methodology for post-training monitoring and evaluation to ascertain the effectiveness or otherwise of the training provided.

**The Fund does not support the following types of training programmes:**

• Seminars and conferences designed to stimulate discussions and/or keep participants abreast of the latest trends in skills upgrading

• Induction/orientation programmes

• Appreciation programmes of short duration

• Programmes specific to company procedures/policies

• Training for spiritual, cultural and social enhancement, e.g. religious studies and appreciation of music

• Professional-training programmes, involving the upgrading of personnel such as doctors, lawyers, accountants and architects

• Postgraduate training programmes, involving the pursuance of higher education leading to the award of an advanced diploma, graduate diploma, degree or post degree qualification

• Attachment of engineers and senior managers to advance their skills and knowledge in existing or new work areas.
404 WINDOW 3: Innovative Training

1. Focus of Window 3

The objective of this window is to develop new innovative models for delivery of training and new training concepts. Funding will be provided to innovative projects with a focus on productivity and competitiveness aligned with national priorities. Funding will focus on innovative proposals from training providers that respond to economic demand. Under this window, SDF may provide financing to training or technology institutes such as public or private training institutes, higher education institutes, incubators, pre-incubators, technology centres, or business advisory centres - that may not have an explicit linkage with a firm - for expenditure on training innovations.

Innovative training is defined as training that is not available in Ghana at the time of application. There are several ways in which training programmes or training concepts can be innovative. They may either cater for groups that have not been catered for before, the mode of training may be new in a Ghanaian context, or the actual content of the training may be novel.

While the applicant must make probable that a demand for the training exists, it is not a prerequisite for support under Window 3 that the applicant has entered a partnership with an enterprise in the private sector. Hence, the grantee in this case is the immediate provider of the innovative training.

2. Eligible training activities

Priority will be given to short and medium-term training programmes that intend to introduce new subjects or modes of training not yet available in Ghana. Priority will be given to training programmes that are intended to be aligned to the National TVET Qualification Framework, but this is not a pre-condition for support. Training activities related to the National Apprenticeship Programme will be given special attention. Provided the content or target group is innovative, pre-employment training can be supported by the SDF.

While the SDF does not support longer term apprenticeship training under Window 3, specific shorter intensive technical or theoretical training activities focusing on new areas of knowledge and subjects are eligible for support.

Training activities sponsored through Window 3 will primarily focus on the practical skills, but relevant theoretical training will be sponsored as well. Innovation ways of providing entrepreneurship and basic management training are eligible for support as well.

Applicants under Window 3 will trigger an independent evaluation of innovativeness of the proposed training programme by one or several peer reviewers.
3. Grant award process

Projects to be funded under Window 3 will pass through a two-stage selection and formulation process. As the first step, interested companies and technology providers are invited to submit a concept note (pre-qualification application) for consideration by the SDF. Applicants meeting the criteria of the Fund will subsequently be requested to prepare a full project proposal in accordance with the guidelines of the SDF Manual. The proposals will be subject to an evaluation by external evaluators and, for Window 3, assessment by peer reviewers for projects with a tentative budget exceeding GHC 50,000. The final decision on which projects to fund rests with the SDF Committee. The grant agreement to be prepared on the basis of the approved project proposal will spell out the details of the project including the details of the implementation. More details on the grant cycle can be found in Section 501.

4. Ceilings and co-funding requirements

The upper ceiling for SDF grants under Window 3 is GHC 750,000 (USD 500,000); however, it is expected that very few grant contributions will be of this size. Window 3 will require a matching grant of at least 25% co-financing for private training institutions and in-kind support for public institutions (for instance through the use of staff-time or the use of existing facilities for additional training programmes).

Under Window 3, the SDF may allow acquisition of equipment in cases where this is vital for the implementation of the approved training programme. Equipment, text books and other learning materials acquired under the grant agreement become the property of the grantee upon the completion of the training.

The grant agreement will specify the exact conditions under which the support has been given.

5. Eligible applications

Criteria for selecting proposals will focus on governance of formal training institutions, their mandate to carry out institutional reform, existing links with industry, particularly in priority economic sectors and their ability to introduce innovations such as new short courses, or set up partnerships with industry as well as the financial or in-kind contribution of the training providers to the new activities.

Hence, in order to qualify for support under Window 3, the application must meet the following minimum requirements:

- The applicant must be registered by COTVET or be willing to do so
- The training provider must be a legally registered organisation
- The applicant must have adequately qualified and experienced teaching staff at its disposal
- The applicant must show how the training will lead to increased productivity and competitiveness of the targeted sectors
The applicant must have conducted an assessment of the expected demand for the training programme to be introduced and of its sustainability prospects.

The applicant must indicate planned follow-up activities intended to ease the trainees entry into the labour market.

The applicant must have the managerial capacity to manage the contract to be entered with the enterprise that receives the SDF grant.

The applicant must provide the methodology for post-training monitoring and evaluation to ascertain the effectiveness or otherwise of the training provided.

The applicant must have a proven track record for implementation of training programmes toward the specified target groups.

Preference will be given to providers and institutions who document good results from their implementation of training programmes for the target groups specified.

In the event of subsequent funding requests, the training provider must provide documentation of performance on previous SDF contracts or their last assignment.

The Fund does not support the following types of training programmes:

- Seminars and conferences designed to stimulate discussions and/or keep participants abreast of the latest trends in skills upgrading.
- Induction/orientation programmes.
- Appreciation programmes of short duration.
- Programmes specific to company procedures/policies.
- Training for spiritual, cultural and social enhancement, e.g. religious studies and appreciation of music.
- Professional-training programmes, involving the upgrading of personnel such as doctors, lawyers, accountants and architects.
- Postgraduate training programmes, involving the pursuance of higher education leading to the award of an advanced diploma, graduate diploma, degree or post degree qualification.
- Attachment of engineers and senior managers to advance their skills and knowledge in existing or new work areas.
405 WINDOW 4: Science & Technology

6. Focus of Window 4

The objective of Window 4 is private sector growth and productivity improvements through support to firms to introduce new technologies and innovations into their business practices. Hence, the window will finance collaboration between science and technology providers and industry targeting productivity improvements, product diversification and growth through technology development or organisational innovations.

Window 4 will provide two forms of support:

(i) Matching grants available to firms or firm-provider partnerships to support the introduction of new technologies or innovations at firms, and

(ii) Institutional “technology centre” grants available to institutions whose mission it is to transfer technology to firms.

Funds provided from this window can be used by grant recipients for expenditures such as goods, works and services that are documented in sub-grant agreements.

7. Grant award process

Projects to be funded under Window 4 will pass through a two-stage selection and formulation process. As the first step, interested companies and technology providers are invited to submit a concept note (pre-qualification application) for consideration by the SDF. Applicants meeting the criteria of the Fund will subsequently be requested to prepare a full project proposal in accordance with the guidelines of the SDF Manual. The proposals will be subject to an evaluation by external evaluators and assessment by peer reviewers selected by the SDF. The final decision on which projects to fund rests with the SDF Committee. The grant agreement to be prepared on the basis of the approved project proposal will spell out the details of the project including the details of the implementation. More details on the grant cycle can be found in Section 501.

8. Support to firms

Matching grants will provide support to firms that want to incorporate new technologies or innovations into their business in order to improve productivity. All firms regardless of size and ownership structure will be eligible. Beneficiary firms will receive matching grants requiring up to 50% co-financing by the firm. The beneficiary must co-finance the actual expenses of the project. There is no minimum grant size but no firm or group of firms under common control may receive more than GHC 300,000 (US$ 200,000) in grants, total. This commitment for providing matching grant will be documented in a Grant Agreement between COTVET and these entities and actual funding so provided reported in project financial reports.
This window will use a broad definition of innovation and technology adoption to include not only the introduction of new or improved products or processes but also new organisational or marketing innovations. These technologies or innovations must be new to the participating firms but not necessarily new to Ghana. Matching grant applications will be assessed based on technical and commercial merit. Firms with pre-identified collaborations with local providers of technology services (e.g. research institutes, universities, polytechnics, private consulting firms, etc.) should receive preference over firms applying without a local collaborating provider.

Eligible expenses under the matching grants would include: outside assessments of a firm’s technology needs, consulting and technical assistance related to the innovation or technology to be introduced, physical technology such as equipment, training of related staff members, and research and development expenses.

9. Support to technology centres

Window 4 will also finance institutionally-based “technology centres” whose declared mission is to transfer existing technology and related training to the private sector. Technology centres could be existing or new organisations that, on an ongoing and proactive basis, assist firms with the adoption of new technologies or innovations. There is no minimum grant size, but no single technology centre may receive more than GHC 1,500,000 (US$ 1,000,000) in grants in total. The organisation wanting to establish the technology centre must provide co-funding of at least 25%. However, some of this may be in the form of salaries or facilities for the operation of the centre.

Technology centres must have an objective of supporting productivity improvements across a sector (e.g. building and construction, horticulture, or other economic sectors) through technology transfer, diffusion of innovation, quality improvements, and related training. All firms operating within the sector must be equally eligible to use the services of the technology centre. Each technology centre must demonstrate its capability to adapt and transfer appropriate, industry relevant technology and innovations to firms. Each technology centre should seek to establish linkages with international centres of excellence operating in the same sector to ensure that technology centres function as conduits of the most current and appropriate technologies and innovations to Ghanaian firms.

Technology centre grants are meant to finance start-up and initial costs rather than ongoing operating expenses. Therefore, technology centre applicants must demonstrate a viable plan for sustainability of the technology centre beyond the period of project funding. Applications demonstrating the availability of additional sources of funding will be strongly preferred. Technology centres that are based in and have the demonstrated support of established institutions (e.g. a university, polytechnic, or research institute) will receive preference. Technology centres with established links to internationally recognised centres of excellence in a relevant field will also receive preference. An initial set of client firms should be identified and consulted by each technology centre during
the preparation of the technology centre application to demonstrate relevance and adequate demand for the technology centre’s services.

The activities of technology centres might include: facilitating the transfer of existing technologies (off-the-shelf) and related training to Ghanaian enterprises, addressing sectoral quality issues including through providing quality certifications (e.g. ISO certifications), identifying bottlenecks and opportunities for further innovation of products and processes at the sectoral level, facilitating R&D to develop new products and processes for firms, and acting as a hub to connect firms with investors and business service providers that can support the adoption of innovations and new technologies.

10. Link to other science & technology innovation initiatives

Through other facilities of the Ghana Skills and Technology Development Project, the World Bank seeks 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. Specifically, the facility will strengthen the capacity of at least 4 selected research institutes and university departments to carry out technology development activities in partnership with private firms.

In order to participate, the selected institutions must agree to governance and incentive reforms designed to encourage outreach and interaction between the institution and the private sector. Incentives are expected to include performance bonuses and accelerated promotion for staff working with and generating revenue from the private sector, additional funding for technology development activities undertaken in partnership with the private sector, and opportunities for international exposure and collaboration for staff working to diffuse international technologies to local enterprises. DANIDA is piloting a similar initiative intended to increase the collaboration between research institutions and private business.

It is expected that the beneficiaries of these other initiatives will approach SDF in order to seek funding for specific projects deriving from their increased interaction with the private sector.

11. Required documentation

As a means to ensure that applications have the required quality, SDF will, after administrative review of the initial application, offer small grants to prospective beneficiaries for the preparation of a technology needs assessment prior to final review of the application by the SDF Committee. If requested, SDF may assist in identifying an appropriate technical expert to assist with the preparation of this technology needs assessment. If necessary, SDF will also assist firms to identify a relevant technology provider with whom they can partner to improve their matching grant application.
The application must clearly indicate which technology development activities will be supported, the source of the requested expertise and technology, the estimated cost of the project, timeline, expected immediate outcome as well as the expected economic returns to the investment. For evaluation of the technical and commercial merit of the projects submitted for support, SDF will rely on a panel of national and international technical and business development specialists convened by the SDF Fund Manager.

All applications under Window 4 trigger an independent evaluation of the application by one or several peer reviewers.

The Fund does not support the following types of activities:
- Seminars and conferences designed to stimulate discussions and/or keep participants abreast of the latest trends in skills upgrading
- Induction/orientation programmes
- Appreciation programmes of short duration
- Programmes specific to company procedures/policies
- Training for spiritual, cultural and social enhancement, e.g. religious studies and appreciation of music
- Professional-training programmes, involving the upgrading of personnel such as doctors, lawyers, accountants and architects
- Postgraduate training programmes, involving the pursuance of higher education leading to the award of an advanced diploma, graduate diploma, degree or post degree qualification
- Attachment of engineers and senior managers to advance their skills and knowledge in existing or new work areas.
500
DEVELOPMENT AND APPROVAL OF PROPOSALS
501 SDF GRANT CYCLE

Before each call is launched, the SDF Division will conduct a public outreach campaign in order to ensure target group awareness. Special effort will be made to adequately reach the informal sector and women.

The project cycle is the same for all four windows, but the length of each step (phase) and the activities involved may vary especially with regard to Window 4.

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<tr>
<th>TIMELINE</th>
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<tr>
<td>One month prior to the call and until call closes</td>
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<tr>
<td>Sensitisation</td>
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<tr>
<td>- Outreach campaign</td>
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<tr>
<td>- Establishment of hotline and helpdesk</td>
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<tr>
<td>- Update of COTVET website</td>
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<tr>
<td>Responsible: SDF Division</td>
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<tr>
<th>STEPS/ACTIVITIES/ISSUES</th>
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<tr>
<td>Advertisement of call</td>
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<td>Responsible: SDF Division</td>
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<th>TIMELINE</th>
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<tr>
<td>1 month after the call has been advertised</td>
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<tr>
<td>Deadline for submission of concept notes (pre-qualification application).</td>
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<tr>
<td>Concept notes should not exceed 2-3 pages and must provide basic information on the application and the project to be funded.</td>
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<td>Responsible: Applicants/SDF Division</td>
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<th>TIMELINE</th>
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<tr>
<td>To be completed no later than 3 weeks after the deadline for submission of concept notes</td>
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<tr>
<td>Screening of concept notes by SDF Division.</td>
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<tr>
<td>The screening will assess whether the applicants are within the target groups of the SDF and the proposed project/activities are eligible for support.</td>
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<tr>
<td>The screening will also determine under the window under which the proposed project is eligible for support.</td>
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<tr>
<td>As part of the screening, a preliminary due diligence of the applicant will be conducted in order to verify the de facto legal existence of the applying organisation.</td>
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<td>Responsible: SDF Division</td>
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<th>TIMELINE</th>
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<tr>
<td>Max. 4 weeks after submission of concept notes</td>
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<tr>
<td>Notification of applicants concerning the outcome of the screening and next steps</td>
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<tr>
<td>Applicants will be informed about the procedures for use of intermediaries (accredited service providers) to assist with preparation of a full proposal. All applicants under Window 1 and 2 invited to submit a full proposal will be offered the assistance of an intermediary if required or requested.</td>
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<tr>
<td>For those rejected, the notification will include the reason for the rejection and information on grievance procedures. The SDF Committee will be informed about the results of the screening.</td>
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<tr>
<td>Responsible: SDF Division</td>
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<tr>
<td>Timeframe</td>
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<tr>
<td>To be submitted 4 weeks after the applicant has been informed about the outcome of the screening</td>
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<tr>
<td>No later than 6 weeks after the full proposal has been received</td>
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<tr>
<td>No later than 4 weeks after the SDF Division has submitted its recommendations</td>
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<tr>
<td>No later than 1 week after the decision by SDF Committee</td>
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<tr>
<td>As above</td>
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<tr>
<td>No later than 4 weeks after the signing of grant agreement</td>
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Based on the approved proposal, a grant agreement will be presented to the applicants. The agreement will specify all legal, managerial and financial details concerning the implementation of the proposed activity.

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<tr>
<th><strong>SDF Committee’s decision</strong></th>
<th><strong>No fixed timeline</strong></th>
<th><strong>To be specified in grant agreement</strong></th>
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<tr>
<td></td>
<td>Submission of procurement request</td>
<td>Implementation of project as per SDF guidelines and procedures</td>
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<tr>
<td></td>
<td>This step initiates the actual implementation of the supported project/activity.</td>
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<th>Client/ SDF Division</th>
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<tr>
<td><strong>To be specified in grant agreement</strong></td>
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SDF GRANT CYCLE

1. Call for proposals
   - Submission of Concept Notes
     - Screening of Concept Notes (SDF Division)
       - Approval of Concept Notes (SDF Division)
       - Rejection of Concept Notes (SDF Division)
     - Invitation to submit Full Proposal
       - Evaluation of Full Proposal (External Evaluators)
         - Approval of Full Proposal (SDF Committee)
         - Rejection of Full Proposal (SDF Committee)
   - Signing of grant agreement
502 PROJECT IDENTIFICATION AND SCREENING

1. The process

This manual section covers the process and criteria for the identification and selection of SDF projects (for skills, technology, and/or innovation) and for the processing of grants to fund the activities of private enterprises, business associations and providers.

SDF acknowledges the ability of private sector operators and service providers to identify their own development priorities and, with adequate assistance, design and implement projects which address them. For this approach to be successful, operators and providers must possess certain capabilities and characteristics, and their proposed projects must meet certain requirements in order to have a substantial likelihood of success. This manual section establishes a system for fairly and uniformly screening applications and proposals received by the Fund in a transparent manner to select those which fall within the Fund’s mandate and which have the best chance of being funded by the SDF.

SDF applies a two-phased application and selection process. SDF will announce a call for “concept notes” (“pre-qualification notes”) two to three times every year. Interested eligible companies, associations, training institutions, research centres etc. will be requested to express their intention to apply for grant support from SDF by filling out a “pre-qualification application/concept note” and submit this to the SDF.

The format for concept notes is annexed to this section.

The concept notes will be subject to an internal screening by the SDF. The Fund Division is responsible for screening each application in accordance with the procedures of the SDF Manual. Applications shall be screened in a timely, fair, transparent and objective manner and a written response shall be sent to each enquiry. Applicants whose concept notes pass the screening will be invited to submit a full project proposal for consideration by the Fund. The SDF Committee will be informed about the outcome of the internal screening.

After the SDF Division has received the detailed project proposal, it will undergo evaluation by two external evaluators assigned by the SDF Division from the pool of evaluators which SDF has identified on the basis of a public call.

On the basis of the assessment by the evaluators, the SDF Division recommends to the SDF Committee whether a proposal should be approved, rejected or invited for re-submission. Applications that are considered for support under Windows 3 and 4 may furthermore undergo assessment by peer reviewers. Initially, all applications under Window 3 with a tentative budget of GHC 50,000 and all application under Window 4 must be reviewed by peer reviewers (see Section 506 for more information on Evaluators and Peer Reviewers).
2. Step One: The screening

The screening of the concept note (pre-qualification application) is conducted by two persons from the SDF Division, e.g. the grant specialist and a grant officer, or by two grant officers. The screening is based on a number of pre-defined criteria to be made available on the COTVET website. Applications/concept notes can obtain a maximum of 40 points at the screening. The threshold for being invited to submit a full proposal is a score of minimum 30 points. If the score by the two SDF officers differs by more than 10 points, the Fund Manager may request the opinion of a third person within the SDF Division. Applicants who score below the threshold will be rejected or – in rare cases – invited to re-submit their application (concept note).

The following core criteria must be met by the application:

- The pre-qualification application provides adequate information on the applying organisation
- The concept note provides an adequate indication of the planned activities, the expected outputs, the estimated costs of the implementation and the implementation procedures
- The principal activities of the applying organisation take place in Ghana
- The principal beneficiaries are Ghanaian citizens and permanently resident in Ghana
- The applicant is not involved in any type of illegal activities determined by Ghanaian law, harmful or exploitative of people (men, women, or children), harmful or hazardous to the environment, or inconsistent with the policies and purposes of the SDF
- The applicant’s proposal is consistent with the SDF strategic plans and Ghana’s strategic objectives, and meets SDF’s triple bottom line impact criteria.

Under Window 2, requests for support with a tentative budget below GHC 3,000 will be administratively rejected and the applicant advised to apply again in cooperation with others MSEs that have the same skill needs. The reason for this is a desire to keep a reasonable balance between the size of an investment and administrative costs.

The full score grid for screening of concept notes can be found in Annex 500-C at the end of this section.

As part of the screening process, a preliminary due diligence aimed at verifying the de facto existence of the organisation will be conducted. This may entail a site visit. The preliminary due diligence is conducted by the SDF Division or an intermediary appointed by the SDF Division.

Applicants requesting support under Windows 1 and 2 who that pass the screening will be offered the assistance of an “Intermediary” to prepare the detailed project proposal (see Section 503 for more information on Intermediaries).
The result of the screening, including data on those rejected, must be entered into the SDF project database. Data collected at the screening will be used to populate the COTVET/SDF database with information and data about demand for kills/technology development.

**Timing**

A notification letter to the applicant stating the rationale for the approval/rejection must be sent within 15 working days of the screening. For successful applicants the notification must contain guidelines concerning preparation of the full project proposal. For applications that have been rejected, the notification must inform about procedures for grievances.

**Conflict of Interest**

It is critical that all participants in the application, project development, and project review and approval process are objective and transparent. Any real or apparent conflict of interest must be avoided. To help ensure this, the SDF staff will notify the SDF Committee when an application is received from an organisation in which a relative, or current or former business associate of SDF Committee members, the Fund Manager or the Intermediary is an officer, director, or employee or has a significant role in the proposed project or when a proposed project would directly benefit a relative, or current or former business associate of SDF Committee members, the Fund Manager, or the Intermediary. The Fund Manager will be guided by directions from the SDF Committee Chairman in screening such applications.

**Records**

The SDF Division will maintain a complete record of all applications received and their disposition, including records of any analysis and reviews, and any correspondence related to the application. Such records shall be maintained in accordance with SDF records guidance and made available to appropriate authority on request.

3. **Step Two: The evaluation**

The details of the next steps, the preparation and evaluation of proposals can be found in Section 504 and 505.
503 ROLE AND SELECTION OF INTERMEDIARIES

1. Role of Intermediaries

Intermediaries – accredited service providers – fulfil two key functions in relation to the SDF:
(i) They assist selected application to prepared detailed project proposals, and
(ii) They conduct due diligence of applicants according to SDF guidelines.

2. Preparation of project proposals

Applicants that pass the screening of their concept note (pre-qualification application) will be invited to submit a detailed project proposal. It is anticipated that many applicants requesting support under Windows 1 and 2 do not possess the capacity to prepare a detailed proposal without the assistance of a professional service provider. Therefore, the SDF will offer these applicants such assistance. However, the need for assistance depends on the complexity of the planned project and the experience of the applicant. As a result, the assistance package will be adjusted to the specific needs of the prospective applicant.

A SDF grant officer will (in consultation with the prospective applicant) decide the number of days of assistance by an intermediary (an accredited service provider). It is at the discretion of the SDF Division to select the service provider to be assigned to assist the prospective applicant. The assistance will vary from 1 to 5 days. The SDF will bear the cost of the assistance.

3. Due diligence of applicants

Applicants are subject to due diligence at two stages of the application process. A preliminary due diligence will be conducted in connection with the screening of concept notes, while the applicants will undergo a more comprehensive due diligence as part of the evaluation of the detailed project proposals. The purpose of the preliminary due diligence is to verify that the applying organisation in reality exists and is in operation, whereas the comprehensive due diligence will carry out a detailed assessment of the capabilities and potentials of the applicant.

The preliminary due diligence will be conducted either by an intermediary service provider or staff of the SDF Division. Detailed due diligence will always be assigned to an intermediary service provider. SDF will ensure that the same intermediary assisting with preparation of a proposal will not conduct the due diligence of its applicant.

4. Qualification of Intermediaries

Intermediaries are service providers accredited and competitively selected by the SDF. No formal educational qualifications apply to intermediary service providers, but they must have a good understanding of the Ghanaian labour market, the TVET sector, and
the dynamic of the country’s economy. Furthermore, they must have experience in designing projects and be able to guide the applicant on organisational, technical and budgetary issues related to the application.

Finally, the selected intermediary service providers must possess good communication and writing skills.

5. Selection and accreditation of service providers

The intermediary service providers will be competitively selected by the SDF through a public advert. The selected business service providers will be invited to participate in a one-week course introducing them to the procedures and processes of the SDF. Participants who complete the course to the satisfaction of the SDF will undergo a reference check. If successful, the intermediary will receive a certificate of accreditation. Names of these service providers will be published on the COTVET website. The SDF will aim to accredit service providers from all parts of the country in order to reduce the cost of intermediation and to ensure widest coverage. Service providers will be paid a unified standard fee for their service to be calculated and included in their TOR.

The accreditation will have to be renewed every year on the basis of the performance during the previous year. As part of the quality control of intermediaries, the SDF Division will solicit the opinion of applicants concerning their satisfaction with the assistance they have received. Furthermore, the performance of intermediaries will be monitored and evaluated as part of the M&E arrangements for the GSTDP.

The assigned service provider will confer with Grant Specialists during project development and design activities to obtain design advice and input in order to assure SDF standards and best practices are being followed. The service provider is expected to share all information with the SDF that may influence the assessment of the capability of the prospective applicant to implement the planned project.
504 GUIDELINES FOR PREPARATION OF PROPOSALS

1. Introduction

Project development is the series of activities undertaken by the applicant and the SDF to transform a concept note into a detailed project proposal. Institutions, trade associations, intermediary institutions or firms, who do not have the capacity or experience to prepare a fully-fledged proposal, may request assistance from the SDF for the preparation of proposals. For applicants requesting support under Windows 1 and 2, the SDF will bear the cost of this.

As the target group of the Fund is diverse and has quite different requirements as regards support, no standard template for detailed project proposals will be applied. However, all proposals have to meet certain minimum requirements in terms of information concerning the planned activities such the expected outcome, implementation modalities, costing and monitoring. A standard format for project applications is annexed to this section.

Applications may be submitted to the SDF Committee through the SDF Division either as hard copies, soft copies (on a CD ROM), or via the COTVET website. Upon receipt of the proposal, the SDF Division will issue a signed and dated letter acknowledging receipt through the post or on delivery of the documents.

2. Submission requirements

To be eligible for funding, it is essential that the submission consists of

- A detailed project description in accordance with the guidelines below
- all other documents or attachments relevant to the proposal.

It is essential that all submission requirements are addressed.

The SDF Division will make available on the COTVET website detailed guidelines on how to prepare detailed project proposals. Specific requirements will apply to specific funding windows.

All proposals to be submitted to the SDF Division for further consideration must contain the follow information:

**General information**

(i) Basic information on the applicant/applicants (contact person, address (location), bank details, management, year of establishment etc.)
(ii) Main activity of applicants
(iii) Financial statements for the last two years
(iv) Conflict of interest statement (any known relationship with any member of the SDF Division and SDF Committee should be indicated).

**Project-specific information (optional)**

(i) Project title
(ii) Project description and statement of scope (problems to be addressed, objective of the project)
(iii) Statements of benefits (expected benefits to be achieved and the extent to which the project will result in an increase in productivity, competitiveness and employment)
(iv) Expected outputs and outcomes of the proposed project
(v) Detailed activity and implementation plan
(vi) Implementation modalities (who will be doing what?)
(vii) Procurement plan
(viii) Itemized budget
(ix) Information on co-financing by beneficiary (cash, kind, how much?)
(x) Details on possible partnerships, e.g. between technology centres and private companies or between companies and training centres
(xi) Planned providers of services (who will provide the necessary expertise, if any?)
(xii) Sustainability prospects (will the activity be continued after the grant has been phased out?).

For smaller applications under Windows 1 and 2, some of the above information may be omitted in consultation with the intermediary service provider assigned to the applicant by the SDF Division. However, the application must always provide sufficient information to allow an adequate evaluation by the SDF. Applicants providing insufficient information will be rejected and asked to resubmit their application.

A format for project proposals is annexed to this section.
505 EVALUATION AND APPROVAL OF PROPOSALS

1. Introduction

The SDF Committee's decision on which projects to support is the culmination of the project development and evaluation process. The Committee's decision is based on the recommendations by the Management of the SDF Division. In turn, these are the outcome of an assessment by the external evaluators and - in some instances – peer reviewers who have been assigned the task to evaluate the detailed project proposals against the criteria set up by COTVET and its collaboration partners. The assessment and evaluation process is designed to leverage SDF’s institutional relationships and experiences in making constructive recommendations to the applicant, the fund management and the SDF Committee.

This manual section outlines the policies and procedures that the SDF will follow in evaluating and approving projects to be funded.

2. Responsibilities

The Fund Manager is responsible for coordination of the evaluation of project proposals and for recommending to the SDF Committee the fate of a funding request. The recommendation will be made on the basis of an evaluation conducted by two external evaluators selected by the SDF management among the list of pre-selected external evaluators. For applicants under exceeding GHC 50,000 and for all applications under Window 4, the SDF Division will furthermore seek the opinion of one or several peer reviewers. The role of the peer reviewers is to provide internationally recognised best practice inputs into the evaluation of project proposals. Peer reviewers are internationally recognised experts, Ghanaian or foreign, within areas relevant for assessment of the proposal in question.

3. Step Two\(^9\): The evaluation process

After the SDF Division has received the completed full project proposal, the first activity is to register the file in the SDF Management Information System (MIS). Thereafter the Grant Specialist or a Grant Officer will have to check whether the proposal fulfils the basic formal requirements for applications to the Fund such as information on contact person, location, bank connection etc. Furthermore, the Grant Specialist confirms the window under which the project will funded provided it is approved by the SDF Committee.

The next move is to appoint two evaluators who will undertake a thorough evaluation of the proposal. Under the supervision by the Fund Manager, the Grant Specialist assigns the two persons who will do this from the pool of pre-selected external evaluators. Also

\(^9\) Step One refers to the screening of concept notes preceding the preparation of project proposals.
at this stage, the Grant Specialist launches the process of identifying relevant peer reviewers for projects that trigger an independent assessment by such persons.

Finally, all projects will as part of the evaluation at this stage undergo an elaborated due diligence with the objective to verify the data provided by the applicants and to assess the applicant’s capacity to implement the proposed project. The level of due diligence will depend on the size of the applied amount. The due diligence will be conducted by a SDF accredited intermediary service providers, preferably one located in the same region as the applying organisation.

4. Evaluation criteria

The evaluation of the proposal will give attention to the following aspects (the detailed evaluation criteria can be found in Annex 500F):

1. Does the project meet SDF programming guidelines and contribute substantially to SDF objectives?
2. Does the project have a high likelihood of success?
3. Does the project incorporate lessons learned, apply industry best practices, and meets relevant industry sector benchmarks?
4. Does the project have any environmental implications or does it trigger any safeguard considerations?

If the two external evaluators assessing a project proposal disagree on whether to recommend the proposal for support by the SDF, the Fund Manager will ask the opinion of a third evaluator.

Based on the assessment by the evaluators – and possibly peer reviewers – the Fund Manager will prepare a memo for the SDF Committee summarising the outcome of the evaluation and the recommendation by the SDF Division.

5. Project approval

Within two weeks of receipt of the memo, the SDF Committee Chair will table the memo for discussion by the SDF Committee. If the project proposal is approved for funding, the applicant has ten days to complete any SDF Committee requested modifications, clarifications, and make updates to the proposal. The Fund Manager then completes the Project Certification Memo, outlining compliance changes made to the project file during this stage, and sends the final project file package to the grant documentation unit for processing. The Fund Manager will ensure an electronic copy of the entire project file is archived in the SDF MIS.

Applicants whose project is rejected by the SDF Committee must be informed not later than 10 days after the decision has been made. The letter to the unsuccessful applicant should include information on the reason for the rejection as well as on procedures for filing complaints.
6. Grant award

Within two weeks of the Approval by the SDF Committee, a Grant Award Package (GAP) is prepared, verified by the Fund Manager and presented to the COTVET Executive Director for final signature. Upon signature the GAP is sent to the applicant for signatures and to initiate the grant start up process. A meeting will be held to thoroughly explain all aspects of the official grant documentation to the applicant, and obtain the applicant’s signatures on all appropriate grant agreement documents. Once the grant agreement documents are signed, the grantee may begin the project start up process, and SDF will engage in project disbursement activities. The Fund Manager will ensure an electronic copy of the final file package and signed GAP documents are archived in the SDF MIS.
506  APPROVAL PROCEDURES FOR THE SDF COMMITTEE

The SDF Committee has sole responsibility for approving proposals submitted for funding consideration. The SDF Committee takes its decision on the basis of the Project Recommendation Memorandum prepared by the SDF Division. Any member of the Committee can at any time request a copy of the complete project file, if he/she finds the memorandum does not provide sufficient information concerning the proposed project.

In order to qualify for funding, the proposal must:

- Meet both the general criteria and specific window criteria
- Be aligned with a national prioritised economic sector
- Specify the benefits to skills and technological development in MSEs and industry
- Show the benefits to value chain projects
- Be aligned with COTVET's priorities
- Address the cost effectiveness of the proposal
- Show the overall cost of the proposal
- Show the contribution the proposer is making, including the costs to be met by the proposer and the partnership arrangements evident in the project proposal
- Show the degree to which the project has verifiable support from the relevant and affected stakeholders
- Not do any harm to the environment or have any adverse social effects
- Address any other reasonable evaluation issues that may be relevant to a particular proposal.

The SDF Committee’s decision to fund or not to fund a project is in principle final and no appeals will be entertained. However, complaints concerning procedural matters can be address to the Chairman of the COTVET Board through the COTVET Executive Director.

Meetings at which the SDF Committee considers project proposals will be conducted in accordance with the general rules of order for SDF Committee meetings.

Conflict of interest

It is vital that all participants in the project evaluation and approval process are objective and transparent. Any real or apparent conflict of interest must be avoided. To help ensure this, a SDF Committee member will notify the rest of the SDF Committee when:

- An application is received from an organisation in which a relative, or current or former business associate of SDF Committee members, or
- A proposed project would directly benefit a relative, or current or former business associate of SDF Committee members, the Fund Manager, or the Partner; the Fund Manager will be guided by directions from the SDF Committee in screening such applications.
507 SELECTION AND ROLE OF EVALUATORS AND PEER REVIEWERS

1. Introduction

The Fund Manager is responsible for coordination of the evaluation of project proposals. He recommends a project proposal to the SDF Committee for funding approval on the basis of an evaluation conducted by two external evaluators selected by the SDF management among the list of accredited evaluators. For applicants under Window 3 with a tentative budget exceeding GHC 50,000 and for all applications under Window 4, the SDF Division will seek the opinion of one or more peer reviewers to provide internationally recognised best practice inputs into the evaluation of project proposal. Peer reviews may be conducted either virtually or, in rare cases, by means of a site visit.

2. Evaluators

Each project proposal will be carefully assessed by two external evaluators selected from the pool of evaluators trained by the Fund. As part of the evaluation of the proposals, the evaluators will prepare summary reports to be submitted to the Fund Manager and the SDF Committee for use in selecting projects for grant approval. It is anticipated that the SDF will need a pool of 12-16 evaluators.

Grant evaluators will be identified through advertisement in recognised national media. Before the SDF enters a retainer contract with the evaluator, he/she will have successfully to complete an interview by the SDF management and attend an introductory course on the basic features of the SDF and its assessment system. Evaluators will be assigned a fixed amount for each evaluation, depending on the complexity of the proposal to be evaluated. Contracts with evaluators are subject to renewal every year.

The typical evaluator has an academic degree (MSc or PhD), at least 5 years of professional experience, possesses a good understanding of the Ghanaian economy, has knowledge about skills and/or technology issues, and is preferably familiar with design and implementation of grant projects.

As the involvement with the SDF is of an ad hoc nature, it is acceptable that evaluators have full-time employment with another employer and undertake the assignment for the SDF on a part-time retainer basis. Government officials are not excluded from undertaking evaluations for the SDF.

In order to maintain the arm-length-principle, evaluators must sign a declaration of eligibility for all assignments stating that no conflict of interest exists in relation to the proposal in question.

Evaluators are accountable to the SDF management who is responsible for monitoring their performance and provide feedback on the quality of their work. The contract will have to be renewed every year, based on the performance of the evaluator.
3. Peer reviewers

Peer reviewers are internationally and nationally recognised subject specialists who provide internationally recognised best practice inputs into the evaluation of project proposals.

Peer reviewers are contracted on an ad hoc basis. The SDF management will rely on government research institutions, the UN system, e.g. UNIDO and UNESCO, as well as the World Bank when searching for qualified, relevant members for panels of peer reviewers.

Preferably, peer reviewers are hired under operational costs (honorariums), and a database will be created to maintain data on the roster of evaluations and well as peer reviewers.

The Fund Manager determines the terms of reference for peer reviewers and facilitates their recruitment. He is furthermore responsible for forwarding their findings and recommendations to the SDF Committee.
500 ANNEXES
Development & Approval Of Proposals
Sample call for proposals advert

COTVET
COUNCIL FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

CALL FOR PROPOSALS FROM COMPANIES AND INSTITUTIONS FOR FINANCING OF TRAINING AND TECHNOLOGY BY THE SKILLS DEVELOPMENT FUND

The Skills Development Fund (SDF) invites proposals from companies, associations, training institutions, and research institutions for support from the SDF towards skills or technology development.

Submission of Pre-Qualification Applications

SDF is a challenge fund catering for the skills and technology needs of the formal as well as the informal sector. SDF is an important tool for providing a demand-driven response to two of the most critical challenges encountered by the productive sectors in Ghana; namely a qualified and productive labour force and acquisition of technology towards increased productivity and new innovations.

SDF is available for initiatives addressing the needs of continuous skill upgrading, pre-service training, technology acquisition, and market-oriented research and development.

The SDF is open to calls from: Registered large, medium and small companies as well as associations representing these and for associations of micro enterprises in the informal sector. Furthermore, the SDF is providing funding for training institutions interested in developing new innovative training programmes. Partnerships between companies and training or technology providers are encouraged.

For further information on the Skills Development Fund and on how to submit an application, please visit the COTVET website (www.cotvet.org) or visit the SDF offices at the address below. You can also call the SDF hotline at XXXXX.

Applicants are required to fill the pre-qualification application form available on the COTVET website and submit 5 (five) copies in a sealed envelope, which should be marked "Proposal for Funding by SDF" and bear the name of the company or institution submitting the proposal. The application may be submitted in both hard and soft copy on a CD Rom.

Pre-qualification applicants can also be submitted electronically directly to the SDF, utilising the form available on the COTVET website.

The closing date for submitting proposals is [insert date], and [insert time].

Please note that the cost of preparation of proposals and negotiating the contract, including the visit to COTVET are not reimbursable as a direct cost of the proposed funding. COTVET is not bound to accept any of the proposals submitted.

The Executive Director
Council for Technical and Vocational
Education and Training

P. O. Box MB651
Accra

Tel +233-302682941
email: sdf@cotvet.org
## FORMAT FOR CONCEPT NOTE (PRE-QUALIFICATION APPLICATION)

The pre-qualification application must be submitted to the SDF Division either as a hard copy, as a soft copy on a CD ROM, or electronically via the COTVET website.

### FORM FOR CONCEPT NOTE

<table>
<thead>
<tr>
<th>1. INFORMATION ON APPLICANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME OF APPLYING ORGANISATION</td>
</tr>
<tr>
<td>NAME OF MANAGER/CEO/PRINCIPAL</td>
</tr>
<tr>
<td>MAIN ACTIVITY OF APPLYING ORGANISATION</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>2. OFFICE LOCATION OF APPLICANT</th>
</tr>
</thead>
<tbody>
<tr>
<td>DISTRICT/METROPOLIS/MUNICIPAL</td>
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<tr>
<td>REGION</td>
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<tr>
<td>POSTAL ADDRESS</td>
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<tr>
<td>STREET ADDRESS</td>
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<tr>
<td>E-MAIL ADDRESS</td>
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<tr>
<td>PHONE NUMBER</td>
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<table>
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<tr>
<th>3. DETAILS OF APPLICANT</th>
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<tbody>
<tr>
<td>YEAR OF ESTABLISHMENT</td>
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<tr>
<td>WITH WHICH INSTITUTION IS YOUR ORGANISATION REGISTERED?</td>
</tr>
<tr>
<td>MAIN BANK CONNECTION (BRANCH)</td>
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<tr>
<td>OWNERSHIP (PUBLIC, PRIVATE OR OTHER)</td>
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<tr>
<th>4. DETAILS OF CONTACT PERSONS</th>
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<tr>
<td>NAME</td>
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<tr>
<td>POSITION</td>
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<tr>
<td>E-MAIL ADDRESS</td>
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<tr>
<td>PHONE NUMBER</td>
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<tr>
<th>5. FOR COMPANIES AND RESEARCH INSTITUTIONS ONLY</th>
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<tbody>
<tr>
<td>TOTAL REGULAR EMPLOYMENT</td>
</tr>
<tr>
<td>MALE</td>
</tr>
</tbody>
</table>
FEMALE
CASUALS

6. FOR TRAINING INSTITUTIONS ONLY

| NUMBER OF PERMANENT TEACHING STAFF |
| NUMBER OF MALE GRADUATES LAST YEAR |
| NUMBER OF FEMALE GRADUATES LAST YEAR |

7. FOR ASSOCIATIONS ONLY

| NUMBER OF MEMBERS |
| OBJECTIVE OF ASSOCIATION |

8. WHAT IS THE SITUATION YOU WANT TO IMPROVE (Maximum 500 characters)?

9. WHAT IS THE PROPOSED SOLUTION TO THE PROBLEM (Maximum 500 characters)?

10. PLEASE LIST THE PROPOSED MAIN ACTIVITIES TO BE FUNDED

1.
2.
3.
11. WHAT IS THE EXPECTED FINAL RESULT OF THE PROPOSED SUPPORT?

12. WHICH INSTITUTIONS ARE YOU PLANNING TO COLLABORATE WITH?
1. 
2. 

13. ESTIMATED COST OF PROPOSED PROJECT

<table>
<thead>
<tr>
<th>#</th>
<th>ITEM/ACTIVITY</th>
<th>ESTIMATED COST (GHC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
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<tr>
<td>2.</td>
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<tr>
<td>3.</td>
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<tr>
<td>4.</td>
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</tbody>
</table>

14. HOW MANY MONTHS WILL IT TAKE TO COMPLETE THIS?

Place
Date
Name
Signature:
# SCORE SHEET FOR SCREENING OF CONCEPT NOTES

To be filled out by the Grant Specialist or a Grant Analyst.

## SCREENING FORM FOR CONCEPT NOTES

### 1. CONTACT DETAILS

<table>
<thead>
<tr>
<th><strong>SDF FILE NUMBER</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>NAME OF APPLYING ORGANISATION</td>
<td></td>
</tr>
<tr>
<td>NAME OF CONTACT PERSON</td>
<td></td>
</tr>
<tr>
<td>ADDRESS OF APPLICANT</td>
<td></td>
</tr>
<tr>
<td>TELEPHONE NUMBER OF APPLICANT</td>
<td></td>
</tr>
<tr>
<td>E-MAIL ADDRESS OF APPLICANT</td>
<td></td>
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</tbody>
</table>

Please evaluate the attached grant pre-qualification application using the following scale for each criterion:

- 5 = Excellent
- 4 = Good
- 3 = Average
- 2 = Weak
- 1 = Poor
- NA = Not applicable/not available
- YES = Adequate information
- NO = Insufficient information

## 2. BASIC INFORMATION

<table>
<thead>
<tr>
<th>Information</th>
<th>Yes/No/NA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate contact data on applicant?</td>
<td></td>
</tr>
<tr>
<td>Adequate information on main activity?</td>
<td></td>
</tr>
<tr>
<td>Adequate information on registration?</td>
<td></td>
</tr>
<tr>
<td>Adequate information on ownership?</td>
<td></td>
</tr>
<tr>
<td>Adequate bank information?</td>
<td></td>
</tr>
<tr>
<td>Adequate information on contact persons?</td>
<td></td>
</tr>
</tbody>
</table>

## 3. ASSESSMENT OF APPLICANTS

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Rating (1-5)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the applicant belong to SDF’s target group?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does the applicant appear to have the capacity to implement the proposed project?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the situation the applicant wants to address relevant for SDF?</td>
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<tr>
<td>Does the proposed solution to improvement of the situation make sense?</td>
<td></td>
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<tr>
<td>Are the proposed activities an adequate response to the described situation?</td>
<td></td>
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</tbody>
</table>
Does the expected final result justify the estimated cost of the proposed project?

Is the proposed timeframe realistic?

Overall assessment of value for money and relevance

TOTAL SCORE (Max. 40 points)

### 4. CONCLUSION

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes/No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can you recommend that the application is invited to submit a full proposal?</td>
<td></td>
</tr>
<tr>
<td>Will the applicant need the assistance of an intermediary (service provider) in to develop a full proposal?</td>
<td></td>
</tr>
<tr>
<td>Did the due diligence confirm the existence of the organisation?</td>
<td></td>
</tr>
</tbody>
</table>

### 5. IF YOU THINK THE APPLICATION SHOULD BE REJECTED, PLEASE EXPLAIN WHY

---

Place

Date

Name

Signature:
**PRELIMINARY DUE DILIGENCE REPORT FORMAT**

*Instructions:* This report is written by the Grant Specialist or a Grant Officer at the conclusion of the screening of the pre-qualification application. The purpose of the due diligence is to verify that the applying organisation actually exists and is involved in the activities indicated in the concept note.

<table>
<thead>
<tr>
<th>PRELIMINARY DUE DILIGENCE REPORT</th>
<th>1. CONTACT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SDF FILE NUMBER</strong></td>
<td></td>
</tr>
<tr>
<td>NAME OF APPLYING ORGANISATION</td>
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<tr>
<td>NAME OF CONTACT PERSON</td>
<td></td>
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<tr>
<td>ADDRESS OF APPLICANT</td>
<td></td>
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<tr>
<td>TELEPHONE NUMBER OF APPLICANT</td>
<td></td>
</tr>
<tr>
<td>E-MAIL ADDRESS OF APPLICANT</td>
<td></td>
</tr>
</tbody>
</table>

| 2. CAN YOU CONFIRM THAT THE APPLICANT IS REGISTERED WITH THE AUTHORITIES AS INDICATED IN THE CONCEPT NOTE? |

| 3. DOES THE APPLICANT HAVE A BANK ACCOUNT AS INDICATED IN THE APPLICATION? |

| 4. DOES THE APPLICANT HAVE A PHYSICAL ADDRESS FROM WHERE THE BUSINESS IS CONDUCTED AS INDICATED IN THE APPLICANT? |

| 5. FOR HOW MANY YEARS HAS THE APPLYING ORGANISATION UNDERTAKEN THE PRESENT ACTIVITY? |

| 6. LIST ANY PARTICULAR ISSUES CALLING FOR INVESTIGATION |

<table>
<thead>
<tr>
<th>Place</th>
<th>Date</th>
<th>Name</th>
</tr>
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<tbody>
<tr>
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</tbody>
</table>

Signature:

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Prepared by: SDF Division  Updated 2011-06-19 Page 500D-1
FORMAT FOR PROJECT PROPOSALS

The project proposal must be submitted to the SDF Division either as a hard copy, as a soft copy on a CD ROM, or electronically via the COTVET website.

<table>
<thead>
<tr>
<th>PROJECT PROPOSAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. INFORMATION ON APPLICANT</td>
</tr>
<tr>
<td>NAME OF APPLYING ORGANISATION</td>
</tr>
<tr>
<td>NAME OF MANAGER/CEO/PRINCIPAL</td>
</tr>
<tr>
<td>MAIN ACTIVITY OF APPLYING ORGANISATION</td>
</tr>
</tbody>
</table>

| 2. OFFICE LOCATION OF APPLICANT |
| DISTRICT/METROPOLIS/MUNICIPAL |
| REGION |
| POSTAL ADDRESS |
| STREET ADDRESS |
| E-MAIL ADDRESS |
| PHONE NUMBER |

| 3. DETAILS OF APPLICANT |
| YEAR OF ESTABLISHMENT |
| OWNERSHIP (PUBLIC, PRIVATE OR OTHER) |
| WITH WHICH AUTHORITY IS YOUR ORGANISATION REGISTERED? |
| BANK |
| BRANCH OF BANK |
| BANK ACCOUNT NUMBER |

<p>| 4. DETAILS OF CONTACT PERSONS |</p>
<table>
<thead>
<tr>
<th>NAME</th>
<th>POSITION</th>
<th>E-MAIL ADDRESS</th>
<th>PHONE NUMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>

Prepared by: SDF Division          Updated 2011-06-19 Page 500E-1
### 5. FOR COMPANIES/MSEs

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL REGULAR EMPLOYMENT AT PRESENT</td>
<td></td>
</tr>
<tr>
<td>HOW MANY OF THESE ARE WOMEN?</td>
<td></td>
</tr>
<tr>
<td>NO. OF CASUALS WORKERS LAST WEEK</td>
<td></td>
</tr>
<tr>
<td>HOW MUCH DID THE COMPANY SPEND LAST YEAR ON TRAINING OF THE STAFF?</td>
<td></td>
</tr>
<tr>
<td>HOW MANY STAFF ATTENDED LAST YEAR TRAINING THAT LASTED MORE THAN 1 DAY?</td>
<td></td>
</tr>
<tr>
<td>TURNOVER OF COMPANY/MSE LAST YEAR</td>
<td></td>
</tr>
<tr>
<td>WHAT ARE THE COMPANY’S THREE MOST IMPORTANT PRODUCTS?</td>
<td></td>
</tr>
<tr>
<td>HOW MUCH OF YOUR PRODUCTION IS EXPORTED?</td>
<td></td>
</tr>
</tbody>
</table>

### 6. FOR TRAINING INSTITUTIONS ONLY

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF PERMANENT TEACHING STAFF</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF AD HOC TEACHING STAFF</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF MALE GRADUATES LAST YEAR</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF FEMALE GRADUATES LAST YEAR</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF ENROLLED STUDENTS AT PRESENT</td>
<td></td>
</tr>
<tr>
<td>HOW MANY TRAINEES ATTENDED SHORT-TERM COURSES AT THE INSTITUTION LAST YEAR?</td>
<td></td>
</tr>
<tr>
<td>WHAT WAS THE TRAINING INSTITUTION’S TURNOVER LAST YEAR?</td>
<td></td>
</tr>
<tr>
<td>DID YOU PROVIDE ANY SHORT-TERM TRAINING FOR PRIVATE COMPANIES LAST YEAR?</td>
<td></td>
</tr>
</tbody>
</table>

### 7. FOR ASSOCIATIONS ONLY

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF MEMBERS</td>
<td></td>
</tr>
<tr>
<td>OBJECTIVE OF ASSOCIATION</td>
<td></td>
</tr>
<tr>
<td>INCOME OF ASSOCIATION LAST YEAR</td>
<td></td>
</tr>
<tr>
<td>NUMBER OF PAID STAFF</td>
<td></td>
</tr>
<tr>
<td>DID YOU ARRANGE ANY TRAINING FOR YOUR MEMBERS LAST YEAR?</td>
<td></td>
</tr>
<tr>
<td>DO YOU OFFER YOUR MEMBERS ANY ADVISORY SERVICE?</td>
<td></td>
</tr>
</tbody>
</table>
8. FOR RESEARCH INSTITUTIONS & TECHNOLOGY CENTRES ONLY

<table>
<thead>
<tr>
<th>NUMBER OF PERMANENT ACADEMIC STAFF</th>
<th>HOW MANY OF THESE ARE WOMEN?</th>
</tr>
</thead>
<tbody>
<tr>
<td>AREA OF SPECIALISATION OF ORGANISATION</td>
<td>TURNOVER OF ORGANISATION LAST YEAR</td>
</tr>
<tr>
<td>DO YOU OFFER TRAINING COURSES ON A REGULAR BASIS? IF YES, PLEASE ELABORATE</td>
<td>DO YOU PROVIDE ADVISORY SERVICES FOR COMMERCIAL COMPANIES (PRIVATE or PUBLIC)? IF YES, PLEASE ELABORATE</td>
</tr>
<tr>
<td>WHAT WAS YOUR INCOME FROM SALE OF SERVICES AND TRAINING COURSES LAST YEAR?</td>
<td>DO YOU HAVE ANY LONGER TERM COLLABORATION AGREEMENT WITH A COMMERCIAL COMPANY?</td>
</tr>
</tbody>
</table>

9. SUMMARY OF PROPOSED PROJECT (Max. 1 page)

10. WHICH INSTITUTIONS ARE YOU PLANNING TO COLLABORATE WITH?

1.  
2.  

11. BUDGET SUMMARY

<table>
<thead>
<tr>
<th>#</th>
<th>MAIN ITEM/ACTIVITY</th>
<th>ESTIMATED COST (GHC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
12. HOW WILL YOU CONTINUE THE ACTIVITY AFTER THE SDF SUPPORT HAS COME TO AN END (Maximum 1000 characters)?

13. SUMMARY OF OUTPUT INDICATORS (FOR EXAMPLE NO OF PEOPLE TRAINED/OUTREACH ACTIVITIES/NEW TECHNOLOGIES INTRODUCED ETC.)

1.
2.
3.
4.

14. SUMMARY OF OUTCOME INDICATORS (RESULT/EFFECT OF PLANNED ACTIVITIES – FOR EXAMPLE MORE EFFICIENT PRODUCTION, NEW PRODUCTION, HIGHER TURNOVER, NEW MARKETS, IMPROVED QUALITY ETC.)

1.
2.
3.
4.

15. SUMMARY OF PROCUREMENT PLAN
16. HOW MANY MONTHS WILL IT TAKE TO COMPLETE THIS?

<table>
<thead>
<tr>
<th>Place</th>
<th>Date</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Signature:

ANNEXES

Please attach the following documents, as appropriate:

- Certification of registration with local or national authorities
- Last 2 years audited accounts
- Last 2 bank statements
- Detailed project proposal/business plan
- Detailed budget
- Detailed activity plan
- Procurement plan
- Other relevant documentation.
GUIDELINES FOR EVALUATION OF PROJECT PROPOSALS

The purpose of assessment is to ensure that the SDF’s resources are targeted at identified priorities. Effective training and technology development depend on knowing what results are required – for the individual, the applicant, and the Fund. The objective is to confirm that the priorities, objectives, training needs and training indicated in the application (either expressly or by implication) are the right ones for the applicant's situation, and that the Fund’s assistance will yield the “triple bottom line” of increased business revenues, more jobs created and enhanced livelihoods for workers and the self-employed through increased incomes.

The task is to review the analytical process (whether implied or overt) through which the applicant identified the training and technology needs and evaluate the relevance of the requested support from the SDF.

The evaluation will be conducted by external evaluators who are also responsible for filling out the form below.

Evaluating Applications under Windows 1, 2 and 3

<table>
<thead>
<tr>
<th>SDF Perspective</th>
<th>Remarks</th>
<th>Evaluation Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 What is (are) the training need(s)?</td>
<td>A training need has two defining features: It is identifying any shortcoming, gap, or problem that prevents an individual, or organisation from achieving its objectives; it suggests actions that can help to overcome or reduce the challenge through training and/or development.</td>
<td>- How specific, measurable, achievable, realistic, and time-bound are the objectives? - Does training actually overcome or reduce the problem?</td>
</tr>
<tr>
<td>2 At what level in the organisation does the need arise?</td>
<td>Training needs can arise at the organisation, the activity, or the individual levels. A training need might be limited to an individual or an activity, but it is more likely to impact on at least two, and perhaps all three levels. E.g., if the company generally treats customers as a nuisance, it needs to change its overall approach. Giving one or two people training addresses the training need at the wrong level; organisational development is needed, not individual training sessions.</td>
<td>- Is (Are) the problem(s) clearly defined and relevant?</td>
</tr>
<tr>
<td></td>
<td>Was the training need anticipated? Or it was determined through a monitoring process? Or it is a reaction to unexpected problems?</td>
<td>Anticipated needs often appear at organisational or activity level. E.g. a new machine introduced into a workshop or office may have training implications for everyone using it. Similarly, a company that decides to enhance customer service as part of its corporate strategy knows that a programme of training and development is essential for its success.</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>4</td>
<td>Are training needs coordinated across the organisation?</td>
<td>Training needs that exist in one department are likely to exist in others. It is pointless for individual managers to throw their own limited resources at each problem as it arises, duplicating efforts and dissipating resources. All managers must liaise with each other to aggregate training need information, so that the company integrates its training and development activities.</td>
</tr>
<tr>
<td>5</td>
<td>What monitoring system is used to spot the gaps and problems that may indicate the existence of training needs in the organisation?</td>
<td>Some problems that fall into the category of training needs can go unnoticed while they creep up on the organisation. Active monitoring systems help spot these. One approach to monitoring is variance analysis. This tool is usually used to monitor budgets. It translates into identification of training needs by replacing budget numbers with specific performance standards and indicators. Any major variance from the forecast – upwards or downwards – triggers an investigation into why it occurred and what the results will be.</td>
</tr>
<tr>
<td>6</td>
<td>What assumption(s) is (are) used to explain the identified gap or problem indicating existence of the training need?</td>
<td>Monitoring will indicate where gaps and problems exist, but care must be taken not to rush into the wrong assumption to explain a particular set of circumstances. E.g., it may be natural to conclude that unusually rapid staff turnover in a small section is due to unsocial hours. However, exit interviews may indicate that cramped working conditions and poor ventilation are to blame. Training cannot resolve this problem, even though the monitoring process helped identify it. On the other hand, it could be the behaviour and managerial style of the section head are the root cause or that because of errors at the recruitment stage the wrong people are being taken on. In either of these cases there is a training need – in the first case with the section head, and in the second, with the recruiter(s).</td>
</tr>
<tr>
<td>SECTION</td>
<td>MAX. SCORE</td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td><strong>1.0 Relevance of the training/technological innovation</strong></td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1.1 How relevant is the training/technological innovation to the SDF's objectives?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1.2 How relevant is the training/technological innovation to the addressed needs or constraints?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1.3 How relevant is the proposed training/technological innovation to the identified needs? And to reach the final situation?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1.4 How relevant to the results and impacts to the beneficiaries?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>1.5 Does the application contain specific elements of added value?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>2.0 Technical quality and methodology of the training/technological innovation</strong></td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>2.1 How coherent and efficient is the methodology to successfully achieve the desired results?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.2 Are the activities proposed appropriate, practical and consistent with the objectives of the training/technological innovation and expected results?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.3 Are the implementation plan and budget for the training/technological innovation time bound?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.4 Is the plan for the training/technological innovation clear and feasible?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.5 Are the staffing and logistical arrangements relevant and efficient?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>2.6 Does the application contain objectively verifiable indicators (and initial values) to monitor the progress, results and impact of the training/technological innovation?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>3.0 Sustainability of the training/technological innovation</strong></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>3.1 Is the action likely to have a sustainable impact on its beneficiaries?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>3.2 Are the expected results and impacts sustainable and have potential multiplier effects or replication and extension of outcomes of the project? At policy level? The institutional level? Financially?</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td><strong>4.0 The budget and cost effectiveness</strong></td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>4.1 Is each proposed expense necessary and sufficient for the implementation of the training/technological innovation?</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
4.2 Are the ratios estimated cost/expected results and estimated cost/expected impacts satisfactory?  5

4.3 Is the contribution of SDF cost-effective (in terms of cost sharing with other donors and training provider/technology centres)?  5

5.0 The proposer’s operational and financial capacity  20

5.1 Does the proposer have sufficient competences of training, technological innovation and financial management? Is there evidence of experience of similar assignments?  5

5.2 Does the applicant have sufficient technical expertise?  5

5.3 Does the applicant have sufficient capacity in terms of availability and workload of staff, equipment, etc?  5

5.4 Does the applicant have stable and sufficient sources of finance? Is there a genuine need for the fund to be undertaken?  5

| Maximum total score | 100 |
FINANCIAL SYSTEM REQUIREMENTS FOR SDF GRANTEES

1. Purpose
As a grant-making organisation, the SDF imposes certain requirements upon its grantees to ensure that funds provided to carry out grant agreements are properly safeguarded and accounted for. This annex describes these requirements. These Financial System Requirements can be used as the basis for the financial review for all grant applicants.

2. Policy
All grantees are required to maintain clear, accurate and complete records which identify the source and application of funds received from the SDF. Accounting records shall be supported by appropriate source documents. Grantees shall maintain effective control over the accountability for all funds, property and other assets supplied by the Fund or purchased with Fund supplied funds and shall adequately safeguard such assets and assure that they are used solely for authorised purposes.

3. Assumptions
Informal sector operators (ISOs)/MSEs and formal sector operators (FSOs) are assumed to have different financial capabilities, and so the approach to financial certification will be different for each type of grant. FSOs are assumed to have some kind of financial management system. The purpose of the financial certification of an FSO then is to describe and document the applicant’s existing financial system and comparing what is there against these minimum requirements. The reviewer then provides an overall conclusion about the entity and makes recommendations for improvements as required.

ISOs are assumed to have minimal to no financial management capabilities. With ISOs the reviewer will prescribe the minimal financial system requirements to ensure that the grantee has a basic cash management system, using these requirements as guidelines. The reviewer will make recommendations on what is needed specifically for that applicant to reach the minimum standard. Initial disbursements to ISOs must be carefully monitored to ensure that they are used to establish this minimal capability.

4. Minimal financial requirements
A minimal financial system has good controls over cash. Many of SDF grantees will have simple cash-based operations. They collect cash from sales and from SDF contributions. They disburse cash to vendors to buy supplies and services and to pay employees. Many have established petty cash systems. These are the minimum systems that a grant applicant must have.

5. Internal controls over cash management
Simple cash-based systems, despite their simplicity, contain a high level of control risk. The risk of theft or error is very high with cash systems; therefore, the internal controls
over cash management are essential. The following are the basic control concepts for a cash-based system:

- **A good audit trail** – a good system makes it easy to trace a transaction from beginning to end. For example, the flow of a cash receipt from the time it is collected by an employee, deposited into the bank and recorded in the entity’s books and records should be supported by documents, journal entries, ledger entries and bank reconciliations. A good audit trail makes it easy for a manager to detect errors and irregularities and correct them promptly.

- **Written policies and procedures** – Every entity – even a small one – should have a basic set of policies and procedures that explain each employee’s role in the financial management process. Management is responsible for ensuring that employees understand and follow the policies and procedures.

- **Proper separation of duties** – A key cash control is having proper separation of duties so that no one person has control over a process from beginning to end. There are three functions that should be performed by different people:
  - **Authorising transactions** – this person has the ability to approve transactions. For example, a person who approves payment to a vendor has this function.
  - **Recording transactions** – this person documents a transaction in the books and records. For example, the person who records the payment to a vendor authorised by someone else has this function.
  - **Maintaining custody** – this person has physical control over cash. For example, the person who prepares the payment to the vendor (cash or check) has this function.

In the ideal system, there are three different people performing each of the three functions. This is how the functions might be divided:

<table>
<thead>
<tr>
<th>Position</th>
<th>Authorizing</th>
<th>Recording</th>
<th>Maintaining custody</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accountant</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Clerk or cashier</td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Even a small entity will probably have individuals to fit these roles. If it is not possible to separate the three functions, additional controls and reviews will need to be put into place. Pre-numbered vouchers, which should be used for all cash systems, become especially important when staff is limited.

6. **Minimum accounting records**

   - **Receipts and Expenditures Journal (or project cash book)** – This can be ONE journal to record cash receipts, including the SDF grant, and expenditures made using the SDF grant or two journals, one for receipts and one for disbursements. The information in the journal(s) should agree with bank statements and should include the following:
- Date of payment (or receipt)
- Explanation
- Reference to the budget line item and the voucher number
- Amount
- Balance after receipt/payment

- **Line item ledger**
  - Date (same as Expenditures Journal
  - Explanation/description
  - Reference (same as EJ)
  - Amount
  - Cumulative expenditure
  - Cumulative balance

- **Bank reconciliation**

- **Petty cash ledger.**
GUIDELINES FOR ELABORATED DUE DILIGENCE

1. Background

While a preliminary due diligence is conducted in connection with the screening of the pre-qualification (concept note), an elaborated due diligence will be arranged by the SDF Division before the project proposal is forwarded to the SDF Committee for final approval.

It is anticipated that the elaborated due diligence is conducted by a SDF accredited service provider. However, the intermediary conducting the due diligence should preferably be different from the assisting the applicant with the preparation of the project proposal.

Due diligence is a vital part of the SDF's project evaluation process. Since SDF responds to a wide variety of organisations, the SDF has a responsibility to ensure that the information upon which it relies in making grants is accurate, that all material facts relevant to the funding decision have been revealed, and that the organisations to which it awards grants are honest, reliable, and fully capable of executing their responsibilities under the grant agreements.

Due diligence begins with the information submitted in the project application form. The application form includes important disclosure information that could preclude an applicant from qualifying for SDF funding. Requirements for transparency are established from the beginning of the process to eliminate the wasted effort associated with finding out issues later. A site visit will be conducted for all applicants that pass the initial application screening.

2. Definitions

Due Diligence – Due Diligence is a fiduciary activity carried out on behalf of SDF stakeholders to independently verify, validate, and assess the quality, integrity, and completeness of the key information required to make a well informed grant funding decision and avoid waste, fraud, and abuse.

Due Diligence File – A Due Diligence File is established for each potential project applicant where a decision is made to undertake a site visit. The file will contain all documents relating to the due diligence assessment, and include a coversheet, listing all the documents in the file, the source of each document, the date received and the reviewer's name.

3. Policy

The SDF has a responsibility to the Ghanaian taxpayer to ensure that all grants awarded are based on accurate information, and that the organisations receiving the grants are reputable and fully capable of executing their responsibilities designated under the grant agreements. SDF will take appropriate steps to identify and verify all facts relevant to an initial project application and project funding decision.
4. Responsibilities

The Fund Manager is responsible for ensuring that due diligence assessments are thorough and accurate for each project proposal brought forward for funding consideration. SDF expects project applicants to operate in an open and transparent manner and comply with SDF’s information requests.

SDF expects its service providers to exercise appropriate due diligence during project development activities. The service providers will summarise their findings in a due diligence report. The Fund Manager will review and sign off on the due diligence report.

5. Overview

Due diligence is a continuous process carried out during project selection, development, review and approval. A record of all due diligence materials gathered and each assessment and recommendation of the Fund Manager, service providers, evaluators, and peer reviewers are captured in the SDF Management Information System.

6. Project development – technical, financial, management due diligence

During the project development process, the service provider will refer any due diligence issues to the Fund Manager for follow up. Before the application is submitted to the SDF Committee for consideration, the Fund Manager will review the due diligence file contents to ensure that the information is complete and properly verified. Based on this final review, the Fund Manager will sign off on the Due Diligence Assessment Report as part of the preparation of the Project Review Recommendation Memo.
Due Diligence Report

This report is written by the accredited service provider or another person designated by the SDF at the stage of evaluation of the project proposal. It is reviewed by the Grant Specialist and co-signed for concurrence. The purpose of the report is to communicate to the SDF Management and the SDF Committee of the overall quality, accuracy and integrity of the information presented in the project proposal. It is an opportunity to note any potential risks associated with a decision based on any unsubstantiated or missing information.

<table>
<thead>
<tr>
<th>DUE DILIGENCE REPORT</th>
<th>1. CONTACT DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDF FILE NUMBER</td>
<td>Name of Applying Organisation</td>
</tr>
<tr>
<td></td>
<td>Name of Contact Person</td>
</tr>
<tr>
<td></td>
<td>Address of Applicant</td>
</tr>
<tr>
<td></td>
<td>Telephone Number of Applicant</td>
</tr>
<tr>
<td></td>
<td>E-mail Address of Applicant</td>
</tr>
</tbody>
</table>

2. Conclusions to the Applicant’s Background (Integrity, Capabilities and Qualifications) Based on Your Verification and Reference Checks

3. Conclusions on the Organisation’s Capabilities (Legality, Licenses, Titles, Ownership, Financial Reports etc.) Based on Your Verification and Reference Checks

4. Why are you confident your assessment of the applicant’s personal and business background and activities will/will not represent an obstacle to successful project development and implementation?

5. List any particular issues requiring more in-depth review

Place               Date               Name

Signature:

Prepared by: SDF Division    Updated 2011-06-19 Page 500H-3
Due Diligence Documentation File

The purpose of this file is to maintain a record of all documents collected and reviewed during the selection, project development, and evaluation stages.

Due Diligence File contents:

<table>
<thead>
<tr>
<th>Document Name</th>
<th>Information Source</th>
<th>Date Collected</th>
<th>Reviewed by</th>
<th>Doc Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Stage 1 Documents</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;Application</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;Completed Referral Memo</td>
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### Financial Reports

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<td>Previous Grant History</td>
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<td>Tax Records</td>
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<td>Interviews with other Principals</td>
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<td>Photos of facilities, product, etc</td>
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GUIDELINES FOR TECHNOLOGY DEVELOPMENT TRAINING

The technology development component of the SDF has its unique characteristics which need to be factored into the assessment processes of applications. The training requirements are also unique especially in relation to specific innovations targeting specific markets and addressing specific needs. As in the skills development component, the elements in the assessment of applications will be guided by the following key criteria:

Features

The application must clearly spell out and provide details on:

- Specific performance objectives e.g. the specific innovation or technology to be developed, the competence base of the applicants, the feasibility for successful extension, the targeted outcomes, etc.
- Schedule of training activities, the content
- Specified duration of training
- The institution/ organisation and the expertise to implement the training proposal
- The means of verification of training.

Objectives

In the technology development component, the fund will support the training activities aimed at the following objectives:

- Training workers and entrepreneurs in the use of a technology developed locally either in the public R&D institution or in the private sector. Such technology may be a physical facility such as machinery and equipment or production techniques such as processing of food products or the adoption of farming systems and methods
- Training researchers in the use of special technologies e.g. ICT applications for the specific purpose of enhancing their innovative capacities. (Such application for training needs to indicate the specific innovation the training will produce subsequently)
- The development of training modules by institutions of technology development for entrepreneurs in the adoption of existing technologies or innovations that need extension to users and the implementation of such modules
- Internship programmes in knowledge-based institutions (i.e. polytechnics, universities and research institutes) of between one and two months for workers of private sector enterprises on how to innovate in their respective enterprises for the development of new products and new processes
- Transfer of technology from the knowledge-based institutions to industry.

Exceptions

- Purely academic programmes aimed at obtaining degrees and academic certificates
Training for spiritual, cultural and social enhancement e.g. general arts studies and social studies

Professional training such as in business management, accounting, marketing, etc.

Professional training in the applied sciences e.g. medicine, pharmacy, architecture, etc.

Higher-level learning e.g. Masters and Ph.D. programmes

Purely research and development proposals

Any other application not having the objectives specified for the technology development component.

Categories

Production technology development: Any physical technology or innovation used for the production of goods or services e.g. machines and equipment.

Processing techniques for value addition: The techniques for making products such as preparation of flours, extraction of edible oils, refinery of oils, extraction of cosmetic oils and fragrances, brewing of alcoholic beverages, extraction of active components in herbs, etc.

ICT-based innovations: Software packages for production of goods and services e.g. computer-aided designs, manufacturing, accounting software packages, software for security and safety, etc.

Agricultural innovations: Any technology or technique developed to enhance agricultural practices e.g. new farming systems, technologies for post-harvest management, improved agronomic practices.

Supportable Costs of Technology Development – The following costs are supportable in relation to technology development:

- Cost of engaging experts in the particular technology development;
- Cost of the technology development and building prototypes
- Laboratory tests and experimentation
- Cost of securing intellectual property.
PROJECT RECOMMENDATION MEMORANDUM (Fund Manager to SDF Committee)

Instructions: The Fund Manager reviews the completed project file, and sends a Project Recommendation Memo to the SDF Committee. The Fund Manager makes a formal recommendation for funding approval in respect of a candidate project. The recommendation should note any new insights gained during the project development and due diligence process. The purpose of this memo is to ensure the Fund Manager has thoroughly reviewed the file content for completeness, and communicates his/her final assessment of the applicants understanding and readiness to work within SDF guidelines.

A. The referral memo will cover:
   a. Description of proposed funding support.
   b. Eligibility of Applicant – waiver request, where necessary, on definition of “employers”, “employees”, “trainers”, “trainees”, etc., with respect to informal sector operators.
   c. COTVET report on the relevance and quality of the skills training to be supported by the SDF: course pedagogy and fit or otherwise, of qualifications in the NQF; status of COTVET accreditation and/or recognition of course and attendant qualification/certification.
   d. Terms and conditions for support to the training service provider(s) where necessary as determined during the due diligence exercise.
   e. Funding window(s) to which proposed SDF support is to be allocated.
   f. Amount of, and basis for, the recommended funding support to Applicant.
   g. SDF Purpose parameter values – justification for the funding support – as illustrated with a logical framework for the funding support.

B. Recommendation of the next steps for this project (include funding type and approximate amount in GHC).

C. State the most compelling reason(s) for your recommendation.

D. State any major challenges the Applicant or project will need to cover in order to be successful.

E. Describe the extent to which the applicant is in agreement with the final PP, the Certification and Compliance Summary, and the Roles, Responsibilities and Agreements Memo.

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<td>Fund manager’s signature:</td>
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GRANT AGREEMENT (for applicant companies)

AGREEMENT BETWEEN THE COUNCIL FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (COTVET) AND APPLICANT COMPANIES APPLYING FOR SKILLS DEVELOPMENT FUND (SDF) TRAINING ASSISTANCE

1. Introduction

1.1 The Council for Technical and Vocational Education and Training ("The Council") has been mandated under the Council for Technical and Vocational Education and Training Act, 2006 (Act 718) to administer the Skills Development Fund ("SDF").

1.2 The Council awards companies training assistance ("Training Assistance") for sending their employees for courses that promote their skills or expertise. The granting of Training Assistance is administered under the SDF funding scheme ("The Scheme").

1.3 The objective and spirit of The Scheme is to encourage employers ("Applicant Company") to take ownership of the skills upgrading and career progression of their employees, through the granting of Training Assistance. It is not a scheme to confer financial assistance to the training industry. This agreement ("Agreement") sets out the Terms and Conditions to ensure that the operation of The Scheme is in line with its objective and spirit. The Council reserves the right to reject applications, withdraw approval, or suspend/terminate its services to an Applicant Company if in its judgment, the objective and the spirit of The Scheme has been violated. To illustrate, The Council will reject an application, withdraw approval or suspend/terminate its services to an Applicant Company if it has reasons to believe that trainees are formally employed only for the purposes of claiming Training Assistance, or that the trainee is not a genuine employee of the Applicant Company.

Training Providers must also apply to The Council for their training courses to be given Approved Course ("Approved Course") status to qualify for Training Assistance under the "Net Fee System".

1.4 To facilitate the application process, The Council allows Training Providers to claim for Training Assistance on behalf of Applicant Companies. The Training Providers will in turn only charge Applicant Companies the portion of the cost components for the Approved Courses less Training Assistance, otherwise called the "Net Fee".

1.5 By claiming for Training Assistance, Applicant Companies agree to abide by the objective and spirit of the SDF Funding Scheme, and all of the terms and conditions set out in this Agreement.
1.6 The terms and conditions set out herein may be modified, amended or added at the sole discretion of The Council. Unless otherwise specified in any notification issued by The Council, The Council will provide five working days of notification prior to the date when the modifications, amendments or additions shall take effect, and as posted on The Council’s website at www.cotvet.org.

2. Definitions

Unless the context otherwise requires, the following definitions shall apply for the purposes of this Agreement:

"Agreement" means these terms and conditions of use as may be amended, modified or varied by The Council from time to time;

"COTVET" means the Council for Technical and Vocational Education and Training established pursuant to Section 1(1) of the Council for Technical and Vocational Education and Training Act, 2006 (Act 718);

"SDF" means the Skills Development Fund established as part of the mandate of COTVET to source funding to support technical and vocational education and training activities under Section 2(g) of Act 718;

"Training Assistance" means subsidy or grant awarded by The Council to employers to defray the cost of training of their employees;

"The Scheme" means the administration mechanism and procedures for granting of Training Assistance by The Council;

"Applicant Companies" means employers which are applying for Training Assistance;

"Training Provider" means the supplier of Approved Courses;

"Approved Courses" means courses approved by The Council which are eligible for Training Assistance.

3. Applying for training assistance

3.1 The training assistance is only awarded to Applicant Companies to support part of the course fees for approved courses by The Council attended by the employees of the Applicant Company (the "Trainee").

3.2 Any approved course undertaken by the Trainee(s) under any other education assistance scheme shall not be eligible for the Training Assistance.

3.3 The Training Assistance shall be awarded by The Council to the Applicant Company on a per Trainee basis. Such Training Assistance shall be disbursed by The Council directly to the Training Providers after completion of each Approved Course and upon The Council’s satisfaction that all the terms and conditions herein have been met and the spirit and intent of the SDF as stated in the
introductory paragraphs are not violated. Such Training Assistance may, at the absolute discretion of The Council, be withdrawn at any time prior to its disbursement. The amount payable by The Council under the Training Assistance may be reduced if there are downward variations for whatever items upon which the amount of Training Assistance had been computed upon.

3.4 The Council has the sole discretion with regard to the approval of such training courses and of the approval of the Training Providers. The Council may in its sole discretion and for its own reasons withdraw such approval for any Approved Courses and/or any Training Provider at any time without notice.

4. Trainees

4.1 The Trainee(s) must meet the following eligibility criteria before the Training Assistance may be awarded to the Applicant Company:

4.1.1 Trainee(s) of the Approved Courses are Ghanaian Citizen(s) or Permanent Resident(s) of Ghana;
4.1.2 Trainee(s) must be persons employed by the Applicant Company, in accordance to the Labour Act, except for sole proprietors and partners, working directors and members of co-operatives or commission-based agents. To illustrate, Trainees who are recruited solely for the purpose of training and be released shortly from employment thereafter are not eligible for Training Assistance. To further illustrate, Trainees who are employed on different terms of employment during and after training may also lead to The Council concluding that they are not genuine employees and the objective and spirit of The Scheme has been violated;
4.1.3 If the trainees are not employed by the Applicant Company, such persons must be employed by another company for the purpose of providing services to or for the Applicant Company. When requested, the Applicant Company shall produce (i) documentary evidence that these Trainee(s) are employed by another company for the purpose of providing services to or for the Applicant Company, and (ii) any other information that may be required for the purpose of assessing the applications and verifying the claims submitted;
4.1.4 Trainee(s) repeating training in the same course will not be eligible for Training Assistance;
4.1.5 The Applicant Company is a company or a business registered with the Registrar-General’s Department in Ghana;
4.1.6 A Training Provider is deemed to be related to the Applicant Company if it is related to the Applicant Company under the Companies Code (Act 50) or where the Training Provider and Applicant Company have mutual partners or shareholders. In such instances, the Applicant Company should not apply for funding under The System but instead it has to submit a hardcopy application form (Form 1) to The Council, and
4.1.7 All other conditions of eligibility as applicable to The Scheme which may be amended, revised, modified or varied from time to time and at any time in The Council’s sole discretion are met.
4.2 The Training Assistance will be disbursed to the Training Provider if the following terms and conditions are met:

4.2.1 Trainee(s) must complete the full course whilst in the Applicant Company's employment;
4.2.2 The Approved Courses attended must be relevant to the Trainee(s) current role and in line with the business needs of the Applicant Company. For clarity, training that prepares employees for bigger roles and higher positions in the organisation is considered relevant to their current role;
4.2.3 The Trainee(s) must attain a minimum of 75% attendance for the approved courses and must sit for all examinations if the Approved Course leads to certification;
4.2.4 Trainee(s) repeating training in the same course will not be eligible for Training Assistance;
4.2.5 Trainee(s) must be fully sponsored by the Applicant Company for supportable cost components (such as course fees) incurred on the training course. The Net Fee must be borne by the Applicant Company, and not by the Trainee(s) or any other persons;
4.2.6 All payments must be made with cheques issued by the Applicant Company or by bank transfer payments from the Applicant Company's account.

4.3 When in doubt, Applicant Companies should refer to further guidelines published by The Council from time to time which will spell out The Council's requirements in greater detail. All notices and communications from The Council to the Training Provider shall be made electronically.

4.4 The Council reserves the sole discretion to reject any application that in The Council's judgment violates the objective and spirit of the Scheme, and/or fail to comply with the terms and conditions of this Agreement. For the avoidance of doubt, the Council also has the sole discretion to apply a lower quantum, rate or portion of the course fee support that would be awarded to Training Providers, in order to preserve the objective and spirit of The Scheme.

5. Submission of claims

5.1 After the completion of each Approved Course and payment of the Net Fee by the Applicant Company, the Training Provider shall submit the claim forms on behalf of the Applicant Companies based on the number of Trainees who have satisfied all the terms and conditions set out above under Clause 4.2.

5.2 The claim forms shall be submitted within 3 months after completion of the Approved Course.

5.3 The Council will upon processing of the claim disburse the award of Training Assistance to the Training Provider bank transfer.
6. Administration

6.1 For auditing purposes, the hardcopy enrolment cum application forms, attendance lists, payment invoices, course fee receipts and all other documents pertaining to application for Training Assistance by the Applicant Companies for the Approved Courses shall be kept for at least 3 years, and shall be furnished to The Council as and when requested.

6.2 The Applicant Company shall permit The Council, its officers or agents full and free access to their respective places of operation, payroll registers, financial statements including bank statements, books, documents, papers and all such information as may be required for the purpose of monitoring Approved Courses or verification of claims submitted, and shall allow The Council, its officers or agents to inspect, make copies or take extracts from such registers, statements, books, documents, papers and information for these purposes.

6.3 All information transmitted by the Training Provider, on behalf of Applicant Companies to The Council in connection with any enrolment, application and claim must be true, complete and accurate as at the date of transmission and The Council shall be entitled to rely on the accuracy thereof.

7. Liquidated damages

7.1 In the event that liquidated damages or any other form of compensation for the cost of any Approved Course is recovered by the Training Provider or the Applicant Company from any Trainee or any other person, the Training Provider or the Applicant Company, as the case may be, shall forthwith refund to The Council the corresponding amount which had been disbursed by The Council under the award of Training Assistance.

7.2 The Applicant Company and the Training Provider must forthwith inform The Council of any instances where any Trainee resigns from the employment of the Applicant Company or withdraws from the Approved Course and where liquidated damages or any other form of compensation for the cost of training is recovered from such Trainee(s).

8. Termination

8.1 In the event that approval has been withdrawn, the Applicant Company and the Training Provider shall, upon demand by the Council, be jointly required to refund and repay The Council all Training Assistance which have been disbursed or paid to or to the order of the Applicant Company or the Training Provider, together with interest pegged at a reasonable market rate which The Council shall determine.
8.2 The Council may terminate the Training Assistance forthwith without notice upon the occurrence of any or more of the following events:
8.2.1 If the Applicant Company commits a breach of this Agreement, that is in the opinion of The Council capable of being remedied and the Applicant Company having been notified by The Council of the breach, fails, refuses or neglects to take all steps necessary to rectify the breach within thirty (30) days of being so notified;
8.2.2 The Applicant Company has at any time provided any information, whether written or oral to The Council, which is false, inaccurate, distorted, misleading or incomplete;
8.2.3 The Applicant Company enters into liquidation, receivership, or becomes insolvent or ceases or threatens to cease to carry on its business or operations or any part thereof or takes or suffers any similar action or occurrence in any jurisdiction; or
8.2.4 If the Council has reasonable grounds on which to form an opinion that the Applicant Company or any of its directors, employees, shareholders, agents or sub-contractors is or are guilty of or engages in conduct that is prejudicial to the interests of The Council.

8.3 Notwithstanding Clause 8.2 above, The Council reserves the right to withdraw or terminate the Training Assistance, in its sole discretion and for its own reasons.

9. Proprietary rights

9.1 The Applicant Company shall use its best endeavours to protect the intellectual property rights of The Council or any derivation thereof and shall inform The Council immediately if it learns of any infringement, misappropriation, improper or wrongful use of the same or any of them or that the same infringes the rights of others.

10. Proceedings

10.1 The Council shall have control of all proceedings in any court of law or tribunal in respect of any infringement of its intellectual property rights and if The Council wishes to bring or to defend or there be brought or defended any proceedings, the Applicant Company shall at The Council's request join in or lend its name to bring or defend such proceedings under the control of The Council and shall give all help and do all acts and things requested of it for the purpose of ensuring the efficient and proper prosecution or defence of such proceedings.

11. Other terms and conditions

11.1 The disbursement of any Training Assistance (or any part thereof) or any failure or delay by The Council to exercise any of its rights or powers or to make any claim in respect of any breach of the terms and conditions hereunder shall not constitute or be deemed to constitute a waiver thereof and (without limitation to
the foregoing) shall not prevent The Council from withdrawing or cancelling any Training Assistance at any time in accordance with the terms herein.

11.2 Nothing herein shall prejudice or affect the right of the Applicant Company or The Council to make or submit applications or claims or to give notices or other communications to each other in any printed or written form.

11.3 The Applicant Company warrants that all information transmitted by the Applicant Company to The Council electronically in connection with the respective Scheme is true, complete and accurate as at the date of transmission and The Council shall be entitled to rely on the accuracy thereof.

11.4 The Applicant Company agrees that any statement or representation produced in respect of the information transmitted by the Applicant Company electronically and any translation thereof shall be admissible as evidence of the actual information transmitted by the Applicant Company and the Applicant Company shall not dispute the authenticity or the accuracy of such statement or representation or the translation thereof.

11.5 This Agreement (and the terms and conditions of The Schemes) are personal to the Applicant Company and shall not be capable of being assigned, charged or sub-licensed by it without prior written approval of The Council.

11.6 All decisions, views and acts of The Council shall be conclusive, final and binding on the Applicant Company and the Training Provider applying for the award of Training Assistance, and The Council shall not be obliged to give any reasons or explanations.

11.7 This Agreement shall be governed in accordance with the laws in force in the Republic of Ghana and the parties hereby irrevocably submit to the nonexclusive jurisdiction of the Courts of the Republic of Ghana.

11.8 The Applicant Company understands that if it obtains any disbursement of Training Assistance by means of any false, inaccurate, distorted or misleading statement or any document that is false, inaccurate, distorted or misleading in any particular manner, it will be guilty of an offence under Ghana law which may be subject to prosecution pursuant to offences under the penal code.

12. Indemnity

The Applicant Company hereby covenants to hold The Council harmless and indemnify The Council for and against any and all claims, demands, causes of action, losses, costs, damages, suits, judgments, penalties, expenses and liabilities or obligations of any kind, type or description arising directly or indirectly out of any act or default of the Applicant Company and/or Training Provider, its directors, employees, shareholders, agents or sub-contractors, or
out of any breach of the obligations hereunder (including the terms and conditions of The Schemes) on its part to be performed.
GRANT AGREEMENT (for Training Providers)

AGREEMENT BETWEEN THE COUNCIL FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING (COTVET) AND TRAINING PROVIDERS UNDER THE SKILLS DEVELOPMENT FUND (SDF) TRAINING ASSISTANCE

1. Introduction

1.1 The Council for Technical and Vocational Education and Training ("The Council") has been mandated under the Council for Technical and Vocational Education and Training Act, 2006 (Act 718) to administer the Skills Development Fund ("SDF").

1.2 The Council awards companies training assistance ("Training Assistance") for sending their employees for courses that promote their skills or expertise. The granting of Training Assistance is administered under the SDF funding scheme ("The Scheme").

1.3 The objective and spirit of The Scheme is to encourage employers ("Applicant Company") to take ownership of the skills upgrading and career progression of their employees, through the granting of Training Assistance. It is not a scheme to confer financial assistance to the training industry. This agreement ("Agreement") sets out the Terms and Conditions to ensure that the operation of The Scheme is in line with its objective and spirit. The Council reserves the right to reject application, withdraw approval, or suspend/terminate its services to an Applicant Company if in its judgment, the objective and the spirit of The Scheme has been violated. To illustrate, The Council will reject an application, withdraw approval or suspend/terminate its services to an Applicant Company if it has reasons to believe that trainees are formally employed only for the purposes of claiming Training Assistance, or that the trainee is not a genuine employee of the Applicant Company.

1.4 Training Providers must also apply to The Council for their training courses to be given Approved Course ("Approved Course") status to qualify for Training Assistance under the "Net Fee System".

1.5 To facilitate the application process, The Council allows Training Providers to claim for Training Assistance on behalf of Applicant Companies. The Training Providers will in turn only charge Applicant Companies the portion of the cost components for the Approved Courses less Training Assistance, otherwise called the “Net Fee”.

1.6 By claiming for Training Assistance, Applicant Companies agree to abide by the objective and spirit of the SDF Funding Scheme, and all of the terms and conditions set out in this Agreement.
1.7 The terms and conditions set out herein may be modified, amended or added at the sole discretion of The Council. Unless otherwise specified in any notification issued by The Council, The Council will provide five working days of notification prior to the date when the modifications, amendments or additions shall take effect, and as posted on The Council’s website at www.cotvet.org.

2. Definitions

Unless the context otherwise requires, the following definitions shall apply for the purposes of this Agreement:

“Agreement” means these terms and conditions of use as may be amended, modified or varied by The Council from time to time

“COTVET” means the Council for Technical and Vocational Education and Training established pursuant to Section 1(1) of the Council for Technical and Vocational Education and Training Act, 2006 (Act 718)

“SDF” means the Skills Development Fund established as part of the mandate of COTVET to source funding to support technical and vocational education and training activities under Section 2(g) of Act 718

“Training Assistance” means subsidy or grant awarded by The Council to employers to defray the cost of training of their employees

“Training Provider” means the supplier of Approved Courses

“Approved Courses” means courses approved by The Council which are eligible for Training Assistance.

3. Applying for approved courses

3.1 For the training provider to obtain COTVET’s approval to conduct the approved courses, the training provider shall provide to COTVET all information required in the application form as follows:

a. Course title
b. Course objective
c. Course contents
d. Location of training
e. Mode of training
f. Nature of training
g. Duration per trainee  

h. Length of course number of days/months  

i. Course fees per trainee  

j. Cost of copyrighted training material per trainee  

k. Whether the course is examinable  

l. Name of accrediting body  

m. Nature of accrediting body  

n. Minimum entry requirement  

o. Target audience  

p. Any other information that COTVET from time to time request for or require

3.2 Training Assistance is only applicable to training courses which have been granted approved course status by COTVET.

3.3 The approval granted by COTVET to any training provider to conduct the relevant approved courses is personal to the training provider and is not transferable.

3.4 Once approval has been given to the training provider to conduct the approved courses, the training provider shall seek COTVET’s prior approval in the event any changes are to be made to any of the items set out in Clause 3.1 at least one (1) month prior to any changes are implemented.

4. Enrolment procedures

4.1 The training provider shall collate and consolidate the forms for enrolment for courses with approved course status cum application for training assistance submitted by applicant companies. The training provider shall ensure that the applications by the applicant companies meet the eligibility criteria for the training assistance as follows:

4.1.1 Trainee(s) of the approved courses are Ghanaian Citizen(s) or Permanent Resident(s) of Ghana;

4.1.2 Trainee(s) must be persons employed by the Applicant Company, in accordance to the Labour Act, 2003 (Act 651) except for sole proprietors and partners, working directors and members of co-operatives or commission-based agents. To illustrate, Trainees who are recruited solely for the purpose of training and be released shortly from employment thereafter are not eligible for Training Assistance. To further illustrate, Trainees who are employed on different terms of employment during and after training may also lead to The Council concluding that they are not genuine employees and the objective and spirit of The Scheme has been violated;

4.1.3 If the trainees are not employed by the Applicant Company, such persons must be employed by another company for the purpose of providing services to or for the Applicant Company. When requested, the Applicant Company shall produce (i) documentary evidence that these Trainee(s) are
employed by another company for the purpose of providing services to or for
the Applicant Company, and (ii) any other information that may be required for
the purpose of assessing the applications and verifying the claims submitted;
4.1.4 The Applicant Company is a company or a business registered with the
Registrar-General’s Department in Ghana;
4.1.5 All other conditions of eligibility as applicable to The Scheme which may
be amended, revised, modified or varied from time to time and at any time in
The Council’s sole discretion are met.

4.2 The Training Provider shall also advise each Applicant Company of the
following terms and conditions, which must be met before the Training
Assistance will be disbursed by the Council. The terms and conditions include:
4.2.1 Trainee(s) must complete the full course whilst in the Applicant
Company’s employment;
4.2.2 The Approved Courses attended must be relevant to the Trainee(s)
current role and in line with the business needs of the Applicant Company. For
clarity, training that prepares employees for bigger roles and higher positions
in the organisation is considered relevant to their current role;
4.2.3 The Trainee(s) must attain a minimum of 75% attendance for the
approved courses and must sit for all examinations if the Approved Course
leads to certification;
4.2.4 Trainee(s) must be fully sponsored by the Applicant Company for
supportable cost components (such as course fees) incurred on the training
course. The Net Fee must be borne by the Applicant Company, and not by the
Trainee(s) or any other persons;
4.2.5 Trainee(s) repeating training in the same course will not be eligible for
Training Assistance;
4.2.6 All payments must be made with cheques issued by the Applicant
Company or by bank transfer payments from the Applicant Company’s
account.

4.3 Training Provider shall not engage in marketing practices, including giving
rebates, discounts, free gifts, charging differential course fees, whereby
trainees who are eligible for higher rates of training assistance are subject to
higher fees, compared to trainees who are eligible for lower rates of training
assistance or are not eligible for funding at all.

4.4 When in doubt, Training Providers should refer to further guidelines published
by The Council from time to time which will spell out The Council’s
requirements in greater detail. All notices and communications from The
Council to the Training Provider shall be made electronically.

4.5 The Council reserves the sole discretion to reject any application that in The
Council’s judgment violates the objective and spirit of the Scheme, and/or fail
to comply with the terms and conditions of this Agreement. For the avoidance
of doubt, the Council also has the sole discretion to apply a lower quantum,
rate or portion of the course fee support that would be awarded to Training Providers, in order to preserve the objective and spirit of The Scheme.

5. **Submission of claims**

5.1 After the completion of each Approved Course and payment of the Net Fee by the Applicant Company, the Training Provider shall submit the claim forms on behalf of the Applicant Companies based on the number of Trainees who have satisfied all the terms and conditions set out above under Clause 4.2.

5.2 The claim forms shall be submitted within 3 months after completion of the Approved Course.

5.3 The Council will upon processing of the claim disburse the award of Training Assistance to the Training Provider through bank payment transfer.

6. **Administration**

6.1 The training provider shall provide and maintain adequate staff and an administrative support system to conduct the Approved courses which shall include the following:
   6.1.1 Each training course shall have at least 2 qualified trainers, one of whom must be the regular trainer and the other may be a backup trainer;
   6.1.2 Adequate number of full-time staff to administer the courses;
   6.1.3 Proper maintenance of records of trainers, enrolment, attendance, and any other records pertaining to the application for Training Assistance; and
   6.1.4 Adequate training facilities/equipment to conduct the Approved Courses.

6.2 The Training Provider shall maintain a formal feedback system which should include the following:
   6.2.1 An evaluation questionnaire to be completed by trainees to assess the relevance of the Approved Course and effectiveness of trainers; and
   6.2.2 Where appropriate, a post-course test to determine the trainees' understanding of the Approved Course.

6.3 The Training Provider shall have a formal system to track the attendance of trainees which shall include the following:
   6.3.1 Trainers and trainees must sign the attendance list at every session;
   6.3.2 The course title, course duration, time and date of training shall be clearly stated in the attendance list; and
   6.3.3 The reason for absence of the trainee(s) must be recorded, and the Applicant Company must be informed if the trainee(s) are absent for the course without prior notification.
6.4 For auditing purposes, the hardcopy enrolment cum application forms, attendance lists, payment invoices, course fee receipts and all other documents pertaining to application for Training Assistance by the Applicant Companies for the Approved Courses shall be kept for at least 3 years, and shall be furnished to The Council as and when requested.

6.5 The Training Provider shall permit The Council, its officers or agents full and free access to their respective places of operation, payroll registers, financial statements including bank statements, books, documents, papers and all such information as may be required for the purpose of monitoring Approved Courses or verification of claims submitted, and shall allow The Council, its officers or agents to inspect, make copies or take extracts from such registers, statements, books, documents, papers and information for these purposes.

6.6 As Training Providers may only accept cheque or bank transfer payments from Applicant Companies, Training Providers shall ensure and maintain proper documentation for all course fees collected and receipts made. Training Providers must be able to trace the course fees paid to the cheque number, the course paid for, and the payee. Personal cheques of sole proprietors and partners may be accepted only if the sole proprietorships and partnerships do not maintain company accounts.

6.7 All information entered or transmitted by the Training Provider, on behalf of Applicant Companies to The Council in connection with any enrolment, application and claim must be true, complete and accurate as at the date of transmission and The Council shall be entitled to rely on the accuracy thereof.

7. Liquidated damages

7.1 In the event that liquidated damages or any other form of compensation for the cost of any Approved Course is recovered by the Training Provider or the Applicant Company from any trainee or any other person, the Training Provider or the Applicant Company, as the case may be, shall forthwith refund to The Council the corresponding amount which had been disbursed by The Council under the award of Training Assistance.

7.2 The Applicant Company and the Training Provider must forthwith inform The Council of any instances where any Trainee resigns from the employment of the Applicant Company or withdraws from the Approved Course and where liquidated damages or any other form of compensation for the cost of training is recovered from such Trainee(s).

8. Withdrawal of approval

8.1 The Council may withdraw the approval for the Training Provider to conduct the Approved Courses, in the following instances:
8.1.1 The terms of conditions of the Agreement have not been met;
8.1.2 Failure to ensure that the eligibility criteria in connection with award of Training Assistance under The Scheme has been met;
8.1.3 Any act by the Training Provider in fraudulently obtaining any other financial grants or assistance under any programmes or schemes administered by The Council;
8.1.4 The commencement of proceedings relating to any liquidation, bankruptcy, receivership, winding up or judicial management (where applicable) of the Training Provider.

8.2 In the event that approval has been withdrawn, the Applicant Company and the Training Provider shall, upon demand by The Council, jointly refund and repay The Council all Training Assistance which have been disbursed or paid to or to the order of the Applicant Company or the Training Provider, together with interest pegged at a reasonable market rate which The Council shall determine.

9. Suspension and termination

9.1 The Council may suspend a Training Provider forthwith without notice upon the occurrence of any or more of the following events:
9.1.1 If the Training Provider commits a breach of this Agreement, that is in the opinion of The Council capable of being remedied and the Training Provider having been notified by The Council of the breach, fails, refuses or neglects to take all steps necessary to rectify the breach within thirty (30) days of being so notified;
9.1.2 The Training Provider has at any time provided any information, whether written or oral to The Council, which is false, inaccurate, distorted, misleading or incomplete;
9.1.3 The Training Provider enters into liquidation, receivership, or becomes insolvent or ceases or threatens to cease to carry on its business or operations or any part thereof or takes or suffers any similar action or occurrence in any jurisdiction;
9.1.4 If The Council has reasonable grounds on which to form an opinion that the Training Provider or any of its directors, employees, shareholders, agents or sub-contractors is or are guilty of or engages in conduct that is prejudicial to the interests of The Council.

9.2 Notwithstanding Clause 9.1 above, The Council reserves the right to withdraw or terminate all or part of the Services in its sole discretion and for its own reasons.

10. Proceedings

The Council shall have control of all proceedings in any court of law or tribunal in respect of any infringement of its intellectual property rights and if The Council
wishes to bring or to defend or there be brought or defended any proceedings, the Training Provider shall at The Council's request join in or lend its name to bring or defend such proceedings under the control of The Council and shall give all help and do all acts and things requested of it for the purpose of ensuring the efficient and proper prosecution or defence of such proceedings.

11. Other terms and conditions

11.1 The disbursement of any Training Assistance (or any part thereof) or any failure or delay by The Council to exercise any of its rights or powers or to make any claim in respect of any breach of the terms and conditions hereunder shall not constitute or be deemed to constitute a waiver thereof and (without limitation to the foregoing) shall not prevent The Council from withdrawing or cancelling any Training Assistance at any time in accordance with the terms herein.

11.2 Nothing herein shall prejudice or affect the right of the Training Provider or The Council to make or submit applications or claims or to give notices or other communications to each other in any printed or written form.

11.3 The Training Provider warrants that all information transmitted by the Training Provider to The Council in connection with the respective Scheme is true, complete and accurate as at the date of transmission and The Council shall be entitled to rely on the accuracy thereof.

11.4 The Training Provider agrees that any statement or representation produced in respect of the information transmitted by the Training Provider electronically (whether in an encrypted or decrypted form or in any other form) and any translation thereof shall be admissible as evidence of the actual information transmitted by the Training Provider and the Training Provider shall not dispute the authenticity or the accuracy of such statement or representation or the translation thereof.

11.5 This Agreement (and the terms and conditions of The Schemes) are personal to the Training Provider and shall not be capable of being assigned, charged or sub-licensed by it without prior written approval of The Council.

11.6 All decisions, views and acts of The Council shall be conclusive, final and binding on the Training Provider and any Applicant Company applying for the award of Training Assistance, and The Council shall not be obliged to give any reasons or explanations.

11.7 This Agreement shall be governed in accordance with the laws in force in the Republic of Ghana and the parties hereby irrevocably submit to the nonexclusive jurisdiction of the Courts of the Republic of Ghana.
11.8 The Training Provider understands that if it obtains any disbursement of Training Assistance by means of any false, inaccurate, distorted or misleading statement or any document that is false, inaccurate, distorted or misleading in any particular manner, it will be guilty of an offence under Ghanaian law which may be subject to prosecution pursuant to offences under the penal code.

12. Indemnity

The Training Provider hereby covenants to hold The Council harmless and indemnify The Council for and against any and all claims, demands, causes of action, losses, costs, damages, suits, judgments, penalties, expenses and liabilities or obligations of any kind, type or description arising directly or indirectly out of any act or default of the Training Provider and/or Applicant Companies, its directors, employees, shareholders, agents or sub-contractors, or out of any breach of the obligations hereunder (including the terms and conditions of The Schemes) on its part to be performed.
TERMS OF REFERENCE FOR INTERMEDIARY SERVICE PROVIDERS

1. Background

The Ghana Skills and Technology Development Project (GSTDP) aims to improve demand-driven skills development and increase adoption of new technologies in selected economic sectors.

The Skills Development Fund (SDF) established by COTVET has four funding windows aimed at skills and technology development. The first window focuses on larger scale skills development for medium and large enterprises. The second window focuses on smaller scale skills development, mostly for micro and small enterprises in the informal sector, while the third window focuses on innovative training partnerships. A recently established fourth window support dissemination of technological innovations through partnerships between industry and technology providers.

An SDF Committee decides on which projects to support on the basis of recommendations by the management of the SDF Secretariat. In turn, these are the outcome of an assessment by two external evaluators and one or several peer reviewers in the case of project applications exceeding GHC 50,000 and for all applications under Window 4. The evaluators and the peer reviewers will evaluate the detailed project proposals against the criteria set up by COTVET and its collaboration partners. The assessment and evaluation process is designed to leverage the SDF’s institutional relationships and experiences in making constructive recommendations to the applicant, the fund management and the SDF Committee.

The SDF grant cycle allows initial proposals to be submitted in the form of a concept note, which will be screened by the SDF Secretariat. The screening will assess whether the applicants are within the target groups of the SDF and if the proposed project is eligible for support. The screening will also determine the window under which the proposed project is categorized. After screening, applicants are informed about the outcome of the screening and next steps, if the proposal is deemed worthy of support. The applicants will also be informed about the procedures for use of accredited intermediary service providers to assist with preparation of a full proposal. All applications under Window 1 and 2 invited to submit a full proposal are, a priori, offered the assistance of an intermediary service provider.

These terms of reference (ToR) describe the relationship between the SDF and the intermediary service provider.

2. Objective

The objective for the intermediary service provider is to:

- Conduct a due diligence of concept notes and project proposals
- Assist applicants to prepare a full project proposal compliant with all requirements from the SDF Secretariat.
3. Output

In order to match the needs of the SDF in terms of eligible applications, the intermediary service provider will, in cooperation with the applicant, deliver the following output:

- A due diligence report; or
- A project proposal in a format prescribed by the SDF Secretariat.

4. Main activities

The intermediary service provider’s work will include, but not necessarily be limited to the following:

- Liaise with the SDF grant specialist
- Review concept notes
- Assist the applicant to prepare a full project proposal as prescribed by the SDF Secretariat
- Ensure that the project proposal complies with SDF guidelines
- Assist in incorporating any modifications and updates of the project proposal requested by the SDF Committee
- Ensure that the project proposal is submitted within the time stipulated by the SDF Secretariat.
- Provide follow-up capacity building to applicants as required or requested.
- Conduct due diligence report at direction of SDF

5. Method of work

The intermediary service provider will liaise with the SDF grant specialist and give attention to the following aspects (and the detailed evaluation criteria outlined in the SDF Manual’s Annex 500F):

- Does the project meet SDF programming guidelines and contribute substantially to the SDF objective?
- Does the project have a high likelihood of success?
- Does the project incorporate lesson learned, apply industry best practices, and meet relevant industry benchmarks?
- Does the project have any environmental implications or does it trigger any safeguard considerations?

6. Selection of intermediary service providers

Intermediary service provider may be proposed by applicants, but the final selection and approval of intermediary service providers will be made by the SDF Secretariat. Preference is given to intermediary service providers located in the same region as the applying organisation. All intermediary providers will be competitively selected and trained.

7. Briefing and reporting
The intermediary service provider will liaise with and report to the SDF Grant Specialist. As part of the project Monitoring and Evaluation system, monitoring will be conducted to assess performance of intermediaries in carrying out their assignments.
TERMS OF REFERENCE FOR EVALUATORS

1. Background

The Ghana Skills and Technology Development Project (GSTDP) aims to improve demand-driven skills development and increase adoption of new technologies in selected economic sectors. The project supports the Government of Ghana’s programme by combining interventions to improve the institutional framework and overall capacities of technical, vocational, education and training (TVET) and science, technology and innovation (STI) systems with targeted programmes to provide skills and technology to selected industries.

The Skills Development Fund (SDF) established by COTVET has four funding windows aimed at skills and technology development. The first window focuses on larger scale skills development for medium and large enterprises. The second window focuses on smaller scale skills development, mostly for micro and small enterprises in the informal sector, while the third window focuses on innovative training partnerships. A recently established fourth window support dissemination of technological innovations through partnerships between industry and technology providers.

An SDF Committee decides on which projects to support on the basis of recommendations by the management of the SDF Secretariat. In turn, these are the outcome of an assessment by two external evaluators, who have been assigned the task to evaluate the detailed project proposals against the criteria set up by COTVET and its collaboration partners. The assessment and evaluation process is designed to leverage the SDF’s institutional relationships and experiences in making constructive recommendations to the applicant, the fund management and the SDF Committee.

These terms of reference (ToR) describe the relationship between the SDF and the external evaluators.

2. Objectives

The objectives for the external evaluators are to:

- Conduct a due diligence review of concept notes and project proposal
- Evaluate the detailed project proposal against criteria set by COTVET/SDF
- Assess whether the project proposal should be recommended for funding from the SDF.

3. Output

In order to match the needs of the SDF in terms of eligible applications, the external evaluator will deliver the following output:

- A report in a format prescribed by the SDF summarizing the findings and recommendations by the external evaluator.

Comment [DNMS]: I thought intermediaries were doing this and evaluators were making assessments for SDF approval? Might need to be clearer in roles/functions.
4. **Main activities**

The external evaluator’s work will include, but not necessarily be limited to the following:
- Conduct a due diligence
- Review the project proposal
- Assess thoroughly the project proposal against the criteria set by COTVET/SDF
- Summarise the findings and recommendations in a report to the SDF.

5. **Method of work**

The external evaluator will liaise with the SDF grant specialist and give attention to the following aspects (and the detailed evaluation criteria outlined in the SDF Manual’s Annex 500F):
- Does the project meet SDF programming guidelines and contribute substantially to the SDF objective?
- Does the project have a high likelihood of success?
- Does the project incorporate lesson learned, apply industry best practices, and meet relevant industry benchmarks?
- Does the project have any environmental implications or does it trigger any safeguard considerations?

If two external evaluators assessing a project proposal disagree on whether to recommend the proposal for support by the SDF, the Fund Manager will ask the opinion of a third evaluator.

Based on the assessment by the evaluators, the Fund Manager will prepare a memo for the SDF Committee summarising the outcome of the evaluation and the recommendations by the SDF Secretariat.

6. **Selection of evaluators**

Individuals with relevant experience will be competitively selected as an SDF evaluator and contracted on a retainer basis. Selection of evaluators for inclusion in the SDF roster will be made by the SDF Secretariat. A conflict of interest in relation to applications will exclude the evaluator from an assignment in relation to the specific application.

7. **Briefing and reporting**

The external evaluator will meet with and report to the SDF Grant Specialist. Through the project monitoring and evaluation processes, evaluators will be assessed with regard to their performance.
TERMS OF REFERENCE FOR PEER REVIEWERS

1. Background

The Ghana Skills and Technology Development Project (GSTDP) aims to improve demand-driven skills development and increase adoption of new technologies in selected economic sectors. The project supports the Government of Ghana’s programme by combining interventions to improve the institutional framework and overall capacities of technical, vocational, education and training (TVET) and science, technology and innovation (STI) systems with targeted programmes to provide skills and technology to selected industries.

The Skills Development Fund (SDF) established by COTVET has three existing funding windows aimed at skills development. The first window focuses on larger scale skills development for medium and large enterprises. The second window focuses on smaller scale skills development, mostly for micro and small enterprises in the informal sector, and the third window focuses on innovative training partnerships. For the GSTDP, the fund will open a fourth window to support partnerships between industry and technology providers. The SDF Manual provides the guidelines and details for accessing, managing and reporting on SDF grants.

An SDF Committee decides on which projects to support on the basis of recommendations by the management of the SDF Secretariat. In turn, these are the outcome of an assessment by two external evaluators and one or several peer reviewers in the case of project applications exceeding GHC 50,000 and for all applications under Window 4. The evaluators and the peer reviewers have been assigned the task to evaluate the detailed project proposals against the criteria set up by COTVET and its collaboration partners. The assessment and evaluation process is designed to leverage the SDF’s institutional relationships and experiences in making constructive recommendations to the applicant, the fund management and the SDF Committee.

Peer reviewers are internationally recognized experts, Ghanaian or foreign, with expertise in areas relevant for assessment of the proposal in question. The role of peer reviewers is to provide internationally recognized best practice inputs into the evaluation of project proposals.

These terms of reference (ToR) describe the relationship between the SDF and the peer reviewers.

2. Objectives

The objectives for the peer reviewers are to:

- Apply internationally recognized best practices for evaluation of project proposals
- Evaluate project proposals against criteria set by COTVET/SDF
- Assess whether the project proposal should be recommended for funding from the SDF.
3. Output

In order to match the needs of the SDF in terms of eligible applications, the peer reviewer will deliver the following output:

- A report in a format prescribed by the SDF summarizing the findings and recommendations by the peer reviewer.

4. Main activities

The peer reviewer’s work will include, but not necessarily be limited to the following:

- Review the project proposal
- Assess the project proposal against the criteria set by COTVET/SDF
- Summarize the findings and recommendations in a report to the SDF.

8. Method of work

The peer reviewer will liaise with the SDF grant specialist and give attention to the following aspects (and the detailed evaluation criteria outlined in the SDF Manual’s Annex 500F):

- Does the project meet SDF programming guidelines and contribute substantially to the SDF objective?
- Does the project have a high likelihood of success?
- Does the project incorporate lesson learned, apply industry best practices, and meet relevant industry benchmarks?
- Does the project have any environmental implications or does it trigger any safeguard considerations?

Based on the assessment by the evaluators and the peer reviewers, the Fund Manager will prepare a memo for the SDF Committee summarizing the outcome of the evaluation and the recommendations by the SDF Secretariat.

9. Selection of peer reviewers

Peer reviewers are appointed by COTVET/SDF on the basis of the person’s reputation in relation to the field of expertise required and paid an honorarium for their services which is rendered virtually or in some cases in site visits.

10. Briefing and reporting

The peer reviewer will liaise with and report to the SDF Grant Specialist. Through the project monitoring and evaluation processes, peer reviewers will be assessed with regard to their performance.
EXAMPLE OF TIMESHEET FOR INTERMEDIARY/EVALUATOR/PEER REVIEWER

Time sheet for August 2011

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Project: SDF Project Number

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Signature of Intermediary/Evaluator/Reviewer: ______________________________

Prepared by: SDF Division   Updated 2011-07-10 Page 500P-1
NOTE:
* = full day out of Greater Accra, without overnight stay (generating out-of-station allowance)
** = day out of Greater Accra, with overnight stay (generating night-out allowance)

If needed, indicate fractions of days, not hours (1 hour = 0.125 hour)
600
FINANCIAL MANAGEMENT & PROCUREMENT
601 GRANT START-UP

1. Purpose

This manual section establishes the policies and procedures to be followed by the SDF and the Grantee, when a grant is newly awarded. This manual section applies to all development projects funded by the SDF.

Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.

2. Background

The award of a grant by the SDF to a Grantee is the culmination of the process of project development, review and approval and is the start of the project implementation process. At this point it is important to give the Grantee a thorough orientation to SDF’s requirements during the implementation process, to ensure that the Grantee has a thorough understanding of the grant agreement, to establish a good working relationship between the Grantee and the SDF, and to get off to a good start in the implementation of the grant process. It is also important for the Grantee to act with urgency to implement the various actions required for the grant to get started in a timely manner.

3. Procedures

The SDF representative has a direct role in the grant initialization procedures and responsible for providing the Grantee with the necessary information, tracking the process, reviewing reports and providing technical support when necessary.

3.1. Documentation of performance targets

The SDF representative will document the performance measure(s) for the grant in a tabular form by financial year immediately upon award of the grant.

3.2. Initial post-award meeting

When the SDF awards a grant, the SDF representative should arrange for a meeting with the Grantee. Ordinarily, the meeting should take place within a few days after receipt of the completed grant documents. During the meeting, the work described below should be completed within two weeks of the date the grant is awarded.

3.2.1. **The grant agreement.** The SDF representative should explain the grant agreement clearly to the Grantee, going over it clause by clause. This will ensure that the Grantee is fully familiar with and understands the requirements of the
grant agreement. Similarly, the SDF representative should carefully go over the grant agreement and the grant budget, taking care to ensure that the documents are fully understood by the Grantee. At the conclusion of this explanation, the SDF representative will ask the Grantee to sign the grant agreement, acknowledging receipt.

3.2.2. Quarterly report. The SDF representative should go over the required quarterly report format with the Grantee, explaining the requirements for each section and describing how the SDF uses the report. Particular care should be taken in going over the performance targets established by the plan and the SDF's Annual Performance Indicators, on which the Grantee will report. The SDF representative will also discuss with the Grantee, how the grantee will report on the project implementation plan.

3.2.3. Grantee monitoring. These discussions should lead into a discussion on the Grantee's responsibility and system for internal monitoring of progress and achievements. The SDF representative should work with the Grantee to identify the person(s) within the grantee organisation who will have primary responsibility for tracking progress against the implementation plan and for tracking progress against the performance targets. Depending on the nature of the grantee organisation, this may be a monitoring committee.

3.2.4. Financial management. The SDF representative will discuss SDF's requirements for financial management including bank accounts, accounting, internal controls and financial recordkeeping. The SDF representative will advise the Grantee of the need for a letter from the bank certifying the existence of the Grantee's account established to receive SDF funds. The SDF representative will discuss with the Grantee any need for financial training.

3.2.5. Initial implementation planning. The Grantee will develop a Sixty-Day Plan to cover activities for the first sixty days of the grant. This plan is intended to get the project off to a quick start. The Sixty-Day Plan should cover those areas that, in the SDF’s experience, are most likely to delay implementation of the grant project. These include:

- Delivering any financial training necessary for the Grantee to receive disbursements and necessary for full financial certification
- Identifying any additional training, staff additions or technical assistance (i.e. outside accountant or bookkeeper) necessary for full financial certification and establishing a plan for obtaining same
- If there are conditions precedent included in the grant, identifying how to satisfy those conditions and establishing a concrete plan for doing so
- Identifying any immediate equipment needs and preparing a plan for sourcing, purchasing and installing the equipment
- Identifying any other immediate staffing needs and planning for addressing those needs
- Identifying any required utility hookups (e.g. electricity, water), and
establishing a plan for having those completed promptly, and
- identifying any necessary government permits or licenses and establishing
  a plan for obtaining them on a timely basis.

In addition, the SDF representative and Grantee should look at the project
implementation plan, as included in the project paper, and ensure that the initial
tasks from the implementation plan are included in the Sixty Day Plan.

3.2.6. **Initial disbursement request.** Based on the Sixty-Day Plan, the SDF
representative will assist the Grantee in preparing the initial disbursement
request for the project and submitting it to the SDF. The SDF representative,
recognising the need to get the project off to a good start and understanding that
funds may be required to effectively implement the Sixty-Day plan, will pay
special attention to initial disbursement requests to ensure that they are
processed quickly and accurately. In some cases, where there are conditions
precedents or the need for financial certification, it may not be possible to
prepare and submit the initial disbursement request immediately. In such cases,
however, every effort should be made to promptly remove whatever conditions
are blocking the initial disbursement so that the project can proceed.

3.3. **Financial training by a service provider**

In case there is a need for financial training, it may be necessary to delay
financial training by a service provider for a few weeks to coordinate with other
new grantees, the service provider should make every effort to deliver any
required training within three weeks of the grant award. This will allow the project
to proceed without inordinate delays.

3.4. **Reporting**

The SDF representative will prepare a brief report on the initial post-award visit,
documenting the steps that were taken. The Grantee will provide the SDF
representative with a copy of the Sixty-Day Plan for inclusion in the report.

3.5. **Follow-up**

The Grantee will take appropriate actions to follow up on the Sixty Day Plan.
During this period it is expected that the SDF representative will meet with the
Grantee, if necessary, to assist in the implementation of the plan and to ensure
that the project gets off to a smooth start. The Grantee will report on these
activities as part of the regular grantee reporting.

The SDF representative will also follow up as necessary to ensure that the
Grantee is providing the information required by SDF and to track the Grantee’s
activities relative to the Sixty-Day Plan.
602 GRANT DISBURSEMENT PROCEDURES

1. Purpose

The purpose of this Manual Section is to establish policies and procedures for the disbursement of funds by SDF to recipients of SDF-provided grants.

2. Scope

This Manual Section applies to all disbursements made directly to recipients of SDF grants. This Manual Section also covers disbursements made to third parties by SDF at the request of a grantee.

*Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.*

3. Authority

The COTVET Act, 2006 (Act 718, section 2(2) g), and agreements with contributing Development Partners.

4. Definitions

4.1 Grant

For purposes of this Manual Section, the term *grant* will include all grants awarded by the SDF.

4.2 Grantee

A grantee may be a company or an organisation. Grantees include all recipients of grants awarded by the Fund.

5. Policy

Most recipients of SDF grants do not have the necessary financial resources to carry out the projects described in their grant agreements and await subsequent reimbursement by the Fund. Therefore, it is the policy of the Fund to disburse funds to grantees, in advance, in sufficient amounts to allow the grantees to carry out the projects on a timely basis. For most grants, the Fund will disburse funds to cover up to four months’ expenses in advance. In some cases, for administrative convenience or programme necessity, the Fund may choose to disburse funds to cover a longer period. The Fund may withhold disbursements from grantees that are not in compliance with the terms of their grant agreements. The Fund may also suspend disbursements temporarily or disburse only limited amounts when it is judged...
necessary to protect government funds from loss.

The Fund will use a method of disbursement which will cause funds to be transferred to grantees in an expeditious manner and will facilitate accomplishment of the grant purpose and which is consistent with the need to safeguard government funds.

To help ensure that SDF-provided funds are used and accounted for responsibly, the Fund will assess the financial and procurement management capacity of each grantee and provide training, where necessary, prior to the first disbursement of funds under a grant. Where the need for funds on a timely basis is critical to the success of the project and to provide a basis to facilitate training, SDF may make limited disbursements prior to the completion of training. Otherwise, SDF will not disburse funds when the grantee does not have the capacity to use and account for the funds properly.

6. Responsibilities

It is the responsibility of the Fund Secretariat, working both directly and through intermediaries, to ensure that grantees are aware of SDF’s disbursement policies and that requests for disbursement are reasonable and necessary given the size, scope, and schedule of the project. It is also the responsibility of the Secretariat to ensure that disbursement requests are in accordance with Fund policy and the requirements of the grant document. It is the responsibility of the Financial Management Specialist (FMS) and the Procurement Specialist (PS) to verify that disbursements are made in a manner consistent with the Fund’s policies and in a timely and efficient manner.

The Fund recognizes that, given the wide variety of projects to be supported by the Fund and potential difficulties inherent in communicating and transferring funds around the country, there must be flexibility in the procedures used to accomplish such transfers in an effective manner. Therefore, to ensure that the effectiveness of the Fund’s programme is not compromised, the Fund Manager, the PS and the FMS have the authority to modify the procedures outlined below on a case-by-case basis, consistent with the policies outlined above and Ghana Government requirements and with the approval of the SDF Committee.

7. Disbursement Requests

7.1 Grantee Initiation

All disbursements must be requested, in writing, by the Grantee. The disbursement request should be generally in the format shown at Annex 600C, which includes the following:

- Name of the project
- Grant number assigned by SDF
- Date the request is prepared
- Period during which the requested funds will be used
- Amount of SDF-provided funds on hand at the time the request was prepared
- Description of the purposes for which the funds will be used
- Currency in which the disbursement is requested
- Amount requested
- Place to which the disbursement should be sent
- Signature, name, and title of the person making the request.

The amount of funds requested by the grantee should reflect the projected needs of the project over the next four months, less any amount on hand at the time of the disbursement request. Where special circumstances require unusual amounts of money, the grantee should describe the circumstances. Where the disbursement is to be made to a third party, the grantee must specify the name of the third party and certify that the payment is for items or services to be used in carrying out the grant agreement. If the pro-forma for the selected vendor or service provider does not include pre-printed bank account information, a bank account confirmation should also be provided.

Grantees should submit disbursement requests to the SDF Secretariat.

7.2 Review of Grant Disbursement Requests

7.2.1 Pre-Disbursement Activities. Before, or shortly after the award of a grant, the Financial Management Specialist (FMS) must assess, in accordance with the requirements of Annex 500G, the capability of a grantee to use and account for SDF funds. If the assessment indicates the need, training will be provided, as described in Annex 500G, to enable the grantee to effectively use and account for SDF funds.

For the Fund to fully respond to disbursement requests from the grantee, the grantee must be capable of effectively receiving, using, accounting for and reporting on SDF funds. The FMS will, based on his/her initial assessment of grantees' capability, the results of any training and monitoring of grantee progress, determine whether grantees have such capacities. When they determine that grantees have such a capacity, the Financial Officer will so certify in writing. The FMS may revoke such certification at any time if subsequent events so indicate. Prior to such certification, disbursements will be limited to easily accountable items or items of an urgent nature such as third-party disbursements, training or equipment purchases.

The certification by the FMS that a grantee has the necessary capacity to receive, use, account for and report on SDF funds means that:
- The grantee has established a bank account for the receipt of SDF funds or the Fund Manager has waived this requirement in writing
- The grantee has the knowledge, skills and abilities, either within the
organisation or available to the organisation to record the receipt and use of SDF funds on an accurate and timely basis

- The management of the grantee organisation has a clear understanding of the need for internal controls and has established such controls as required by the Fund
- The grantee understands the Fund's reporting requirements and has the necessary capacity to produce and submit SDF financial reports on a timely and accurate basis.

**Note:** Grantees may not have the capacity initially to prepare all the financial reports on project income and costs. They are expected to develop this capacity, or obtain this capacity externally; however, by the time significant income begins to be generated.

Similarly, as Section 615 indicates, the Procurement Specialist (PS) will assess the procurement capability of the grantee to determine if the grantee can undertake direct procurement (perhaps with some training), or the responsibility should rest with the Secretariat.

### 7.2.2 Grantee Bank Accounts

As indicated in the grant agreement, grantees are expected to establish a separate bank account to receive SDF funds. For organisations with existing bank accounts and the capacity to account for SDF funds separately from other funds (using sub-accounts), the Fund Manager may waive the requirement for a separate bank account.

Along with the grant agreement, the Executive Director of COTVET will sign a letter to the bank indicating the reason for establishing the account and requesting the bank to honour request from COTVET to freeze the account or return the funds in the account if it is deemed necessary in the case of fraud or misuse of funds by the grantee.

To help guard against loss of funds in the banking system, the Fund requires confirmation of the payee's bank account information from the bank to which the funds will be sent. No disbursement can be processed without this confirmation. In the case of third-party payees whose banking information is pre-printed on their invoices and the Fund receives an original invoice, bank confirmation may be waived.

When a new bank account is established or a bank account is changed, the Grants Analyst (GA) must prepare a payment card (or the automated equivalent) and have the payment card approved by the Financial Management Specialist.

### 7.2.3 Processing Disbursement Requests

The GA has primary responsibility for reviewing disbursement requests received by the SDF Secretariat. In carrying out the review, the GA or other staff as determined by the Grant Specialist will ensure that:
- The grant has been signed by both parties and has not expired
- The math is correct
- Funds requested are reasonable given the work plan and the financial reports previously submitted by the grantee
- Cash balances shown, plus the funds requested are appropriate given the work to be done over the next four months
- At least 3 pro-forma invoices are included for any intended purchase(s)
- Bank information is correct and, if new bank information is provided, that the bank account information is confirmed in writing by the bank
- The funds requested are available in the line-items requested
- All required monitoring visits have been conducted since the last disbursement request, except when waived in writing by the Fund Manager
- Monitoring visits did not raise any unresolved issues regarding the grantee's ability and willingness to effectively utilize and account for SDF funds in carrying out the grant project
- The grantee is current with financial reports and review of financial reports has not disclosed any unresolved problems or issues.

In carrying out this review, the GA should exercise flexibility on the last two items, keeping in mind that the intent of the Fund is to ensure that grant projects succeed. Where necessary and appropriate, the GA may reduce the amount of the disbursement request to meet the above requirements.

The GA will prepare and sign a Disbursement Cover Memorandum to the Grants Specialist stating that the above review has been conducted, addressing any issues and stating that the disbursement request(s) is/are recommended for payment. The memo will accompany the disbursement request(s) and any necessary supporting documents.

The GA will maintain a tracking chart organizing all disbursement requests sent to the Fund Secretariat in the order in which they were sent to the Secretariat. Using these charts, GAs will monitor the amounts requested, dates forwarded, amounts disbursed, dates on which notification of disbursements was received, and the date funds are actually received by grantees. A copy of the tracking chart will be submitted as an addendum to the Secretariat's monthly report. The GA should also maintain a grant-by-grant cumulative disbursement listing for each grant to aid in monitoring and closeout. It is recommended that this be maintained in Excel.

8. The Disbursement Request Memorandum

8.1 Format and Contents

Once received, the Grants Specialist will transmit the grantee disbursement
request to the Procurement Specialist (PS) for review in accordance with Section 615. If the review by the PS yields no adverse issues, the request is forwarded to the Financial Management Specialist by memorandum substantially in the form of Annex 600C. The memorandum should indicate that the attached disbursement request meets SDF's requirements and has been approved and must bear the signature of the Fund Manager. The signature indicates that, to the knowledge of the signatory, the appropriate review activities as described above have been carried out and that the disbursement is appropriate.

In addition, the memorandum should clearly indicate the total amount of the grant excluding any audit funds, the amount of previous disbursements received by the grantee or recently requested, the amount currently requested, and the projected balance of undisbursed funds remaining after the disbursement.

Where adverse issues are raised in the review, the request is sent back to the GA to liaise with the grantee for resolution and resubmission of the request.

A Payment Card (or the electronic equivalent) containing the relevant banking information must be attached.

Where advance payment of the equivalent of GHC 15,000 or more to a vendor or provider is being requested, a letter of credit or similar instrument to reduce the risk of non-performance should be used. Alternatively, if this is not possible, discussions should be held with the Fund Manager or the Financial Management Specialist on means to minimize the risk to the Fund.

8.2 Special Conditions
If there are special conditions to the grant or to a particular disbursement, the memorandum should identify the special condition(s) and certify that they have been satisfied. This is necessary only for the first disbursement following satisfaction of the special condition. This certification may be based on documentation provided by the Partner or on firsthand knowledge.

8.3 Budget Adjustments
If the grantee has over expended one or more line-items or categories or if the amount requested is more than is available in a line-item or category, a copy of an approved budget shift correcting the problem must be attached.

8.4 Grant Expiration
If the grant is within six months of its expiration date, the disbursement request memorandum should confirm that the funds requested are intended to be used by the grantee before the grant actually expires. Disbursements may be made after the grant agreement expires only to satisfy legal commitments entered into by the grantee during the grant period, to make any final payments due the grantee or to pay for audit services.
8.5 Other
Any other issues of note should be discussed in the memorandum. The memorandum should note what, if any, items are attached in addition to the disbursement request.

8.6 Currencies

While most grants are denominated in Ghana cedis, in some cases, grants may have a portion of their funds denominated in other currencies to facilitate purchases from providers or vendors abroad. Despite the currency in which the grant is denominated, disbursements are ordinarily made so as to provide the grantee or provider/vendor with funds in Ghana cedis.

Where appropriate, the Fund may depart from this practice in order to ensure that disbursements are received by the grantee on a timely basis. Thus, disbursements may be made in other currency regardless of the currency of the grant.

8.7 Disbursement Database

Before preparing the disbursement request memorandum, the Grants Analyst will enter the grant name, number, currency, amount of the request, date of the request memorandum, and any other required information into the disbursement database. The person entering the data will take the next available number and assign it to the disbursement request. Specific instructions on the database will be issued from time to time by the Financial Management Specialist as improvements to the system are made.

9. Finance Office Review & Disbursement Processing

The Financial Management Specialist (FMS) is responsible for ensuring that approved disbursements are transmitted promptly and accurately and that sound quality control is exercised over the disbursement process.

9.1 Recording Date of Receipt

The FMS will, on a daily basis, stamp and record the date a disbursement request is received directly on the Disbursement Request Memo and will enter the date in the disbursement database.

9.2 Disbursement Review

The FMS will review each disbursement request memorandum to ensure that the request memorandum has the form and content described above. Note that the grants officer (Grants Specialist or Fund Manager in most cases), by signing the disbursement request memorandum, certifies that the disbursement request
meets all the Fund's requirements for disbursements (as stated in 7.2.3) and is appropriate for payment given the status of the grant. Thus the FMS does not need to repeat this. The FMS, except as noted below, is responsible for ensuring that the appropriate certifications have been made and that all necessary documentation is attached.

If, upon review by the FMS, the disbursement request fails to have the required certifications or information, it will be returned immediately to the Grants Office with specific requests for clarification or additional information. Any problems will be immediately discussed with the originating grants officer. Unresolved problems or disagreements will be forwarded to the Fund Manager.

9.3 Quality control

To identify any systemic problems and ensure that the Fund's review of disbursement requests meets the internal control requirements of the Fund and is maintained at a high quality level, the FMS will, on a monthly basis, also conduct an in-depth review of five percent of the disbursement requests received, chosen randomly.

During the in-depth review, the FMS will verify that SDF's requirements for disbursements have been met, that the fund totals shown on the disbursement request memorandum are accurate and that other information in the disbursement request memorandum is accurate. The FMS will not question programmatic judgments, but rather will focus on questions of fact. The FMS will maintain a log of the findings of each of these reviews, and will provide a report to the Fund Manager.

9.4 Disbursement Approval and Payment. Disbursements through the SDF Bank Account

Once a disbursement has been approved, the FMS will include it on a spreadsheet with other disbursements approved for funds transfer. This spreadsheet will also contain funds designations by fiscal years and banking information for SDF accounts. Once payment data has been transmitted to the bank, the bank will transfer the funds through the banking network, to the recipient bank.

The FMS will provide a printed report to the Grants Analyst (and other grants officers) and keep a file, per schedule, of all transactions. The FMS will enter the payment dates (value dates) into the disbursement database.

9.5 Other Means of Disbursement

In some cases, electronic transfer of funds may not be the most efficient means of transmission. In such cases, the FMS and the Grants Office personnel may
Select an alternate mechanism including issuance of checks or use of third parties to provide foreign currencies. The FMS must approve such a decision on a case-by-case basis.

9.6 Data Entry and Filing

Upon completion of action on a disbursement, the disbursement transaction will be entered into SDF’s accounting system. The disbursement documents will then be transmitted immediately to the Grants Office for placement in the project files.

10. Follow-up

10.1 General

The speed with which a disbursement is credited to a grantee’s bank account varies greatly depending on the location of the bank, and the bank itself. The elapsed times for follow-up below are guidelines and may have to be modified depending on the situations.

10.2 Notification and Acknowledgment of Receipt

Grants Analysts are responsible for notifying the grantee that funds have been requested to be transferred to the grantee account or, in the case of third party payments, to vendors or providers on behalf of the grantee. The grantee acknowledges the amount and date of receipt of funds, preferably in writing, to the Secretariat.

When the Secretariat receives acknowledgment of receipt of funds, the Grant Analyst will enter the date of receipt in the disbursement database.

10.3 Verifying Amounts Received

A credit advice or copy of a bank statement from the grantee’s financial institution must confirm the actual amount of funds received by the grantee. Any bank charges incurred in the transmission which result in reductions to the amount received are to be charged to the appropriate line item in the grant.

10.4 Non-receipt of Funds

The speed with which funds are credited to the grantee account depends in a large part on the banking system. The Grants Office staff should monitor the median elapsed time and, with the FMS, establish standard elapsed times between transmittal of funds and receipt in the grantee’s account. Ordinarily, such standards should not exceed 10 business days from the date the funds are transmitted.
If no acknowledgment is received by SDF within the standard elapsed time from the date of disbursement, the GA will follow up with the grantee. If the grantee states that the funds have not been received twenty days after the value date of the disbursement, the Grants Analyst should notify the FMS who will follow up on the disbursement with the bank.

The FMS will, on a monthly basis, review the disbursement database and report to the Fund Manager on disbursements that have not been reported as received after twenty (20) days. Based on these reports, the FMS may take or recommend corrective measures in cases of recurring delays. Such measures include changing banks, discussing the situation with banking officials or, in extreme cases, suspending disbursements to a particular bank or banks.

11. Substitute Disbursement

11.1 Basis for Substitute Disbursement

If it is confirmed by a written statement from the bank that funds have not yet been received forty-five days after the value date of the disbursement, the grantee may request a substitute disbursement. Such requests should be made by memorandum to the Fund Manager and should explain all pertinent facts. The Fund Manager will forward the memorandum to the FMS to determine whether such a substitute disbursement is appropriate, considering such factors as:

- stated programmatic need for quick release of funds,
- likelihood of recovering funds from the banking system,
- amount of funds remaining in the grant, and
- alternate methods of disbursement available.

The decision of the Fund Manager will be communicated in writing to the grantee.

11.2 Accounting for Substitute Disbursements

If sufficient funds remain in the grant to finance an additional, substitute disbursement and the grantee will have a need for the total of the original and substitute disbursements within a reasonable period of time, a substitute disbursement will be charged against the grant. However, the financial staff will continue efforts to have the original disbursement credited to the grantee's account or returned to the Fund.

If the grant does not have sufficient (undisbursed) funds (not including audit funds) to finance a substitute disbursement, the original disbursement will be established as an account receivable and credited back to the grant. The substitute disbursement will then be made from the grant. The FMS will establish an account receivable and establish a claim against the banking or remittance institution and attempt to collect the funds.
If the original disbursement is subsequently received by the grantee, it must be immediately returned to the Fund by check payable to COTVET.

The FMS will notify the grants officers which of the above options will be used for substitute disbursements. Grants Office staff will be responsible for advising the grantee.

It should be noted that the Fund's responsibility for disbursing funds to grantees is completed once the funds reach the bank account designated by the grantee. If the funds are then subsequently lost due to bank failure, fraud, theft or other causes, it is the responsibility of the grantee, not the Fund.

12. Special Issues

12.1 Final Payments

Fund policy generally provides that funds will be disbursed in Ghana cedis. Where justified, the Fund can purchase foreign currency to make disbursements. The exact exchange rate is not actually known at the time of the disbursement. The amount of foreign currency received by the grantee may vary depending on the exchange rate actually received when the funds are converted. Final payments need to be exact amounts to avoid disbursing funds in excess of the amount in the grant agreement. Therefore, when the grant is denominated in a foreign currency, the Grant Specialist will need to establish the actual exchange rate if a foreign currency disbursement is being requested.

12.2 Payments to Vendors

Payments to vendors and providers through the banking system must meet all the criteria for third-party disbursements. The bank account must be in the name of the provider or vendor and must be confirmed before a disbursement will be made to that bank account. The submission of an original pro-forma invoice with the bank name and account number pre-printed on the form will be considered adequate confirmation if it matches the disbursement information submitted by the grantee. Disbursements to providers or vendors need to be exact and are subject to the same conditions that govern other payments described above. Upon execution of a third-party disbursement, the Grants office will promptly prepare an Advice of Charge (AOC) and the FMS will complete it with the proper exchange rates and transmit it to the grantee so that the grantee can include the payment in the next financial report.

12.3 SDF-Managed Procurements on Behalf of Grantees

It is the general policy of the Fund that its grantees are responsible for selecting vendors and making procurements for goods and services. For grantees who are assessed not to have the requisite capacity, the Fund will take a more direct role...
in purchasing items. Where known in advance, the grant language will include a provision allowing the Fund to make purchases and payments on behalf of the grantee. Otherwise, the written consent of the grantee is required for such activities.

13. Timing

The objective of the Fund is to process disbursement requests within 20 business days from the receipt of the request at the Secretariat to the transmission of funds. As several offices are responsible for the processing of disbursements, it is necessary that each of them take the necessary steps to process disbursements in a timely fashion. The following timelines will apply to Finance Office processing in the Secretariat:

- rejection of a disbursement request will take place within 2 business days
- approval of a disbursement request and return to the GA for processing will take place within 3 business days
- transmission of bank transfers will take place within 2 business days of entry of the transaction into the system.

The FMS will monitor the times required to process disbursements and advise management of the Fund's performance and any areas in which improvement is needed.

14. Recording Payments in the Grant File

All disbursements must be recorded in the grant disbursement database. This database will provide complete and current information on all disbursement actions. The FMS will, from time to time, issue detailed instructions on the entry of disbursement data into the database.
603 GRANT MANAGEMENT DATABASE (MIS)

1. Background

The SDF will make grants directly to organisations. These grants will almost all be
denominated in Ghana cedis and each grant will be for a limited period of time.
Disbursements of grant funds will be made to these organisations from time to time and
the Fund requires a means to track the number and amount of disbursements to be
made under each grant in order to effectively manage its grants.

The Fund will maintain its accounts in Ghana cedis, and so requires a mechanism to
convert foreign currency disbursements and expenditures to Ghana cedis at specified
exchange rates for accounting purposes.

The Fund will prepare a budget for each grant project. The budget will be broken down
into categories and line items within each category. The Fund must track expenditures
against each line item and category to ensure that the grant expenditures are within
budget. Also, from time to time, the Fund may amend grants and/or shift funds from
one category or line item to another within the grant. For purposes of administering the
grants, the Fund requires a mechanism to track the budget for each grant at the line-
item level to determine total budget availability.

Grant awards will be made from a variety of fund sources (appropriations, donor
contributions, etc.). Disbursements against each grant must be made from a fund
source and financial reports submitted by the grantee must be recorded as
expenditures against the same fund source. As grants are amended, the amendment
may be from a different fund source than the original grant. It is therefore necessary to
track the fund source through the entire grant process.

There are a variety of administrative actions required on the part of the grantee and the
Fund related to project development and grant management. The database must track
at least some of these items.

Similarly, grant projects will have performance targets which will be reported on in
progress reports, and evaluation reports. The database must facilitate progress
tracking.

2. Purpose

This document describes the Fund’s Grant Management Database (Management
Information System) as it should exist to facilitate grant operations. The document also
provides direction on entering data into the database and establishes guidelines and
procedures for the administration of the database and provides technical specifications
for the database.
3. Objectives of the database

The background information provided above implies several objectives for the Grant Database. They are:

- To provide a means for the Fund to determine and report on which grants are active (i.e. have been awarded but are not expired or terminated)
- To provide a means to track and report on the budgets for each grant, including the budget for each line item and category in each currency for a grant
- To provide a means to track the amount disbursed against each grant both in Ghana cedis and foreign currencies and the amount remaining undisbursed in each grant, and also to determine from which fund a disbursement is drawn
- To provide a means to convert expenditures reported by grantees into Ghana cedis based on the exchange rates at which the disbursements were made so that the Fund can accurately account for its grants
- To provide a means to measure the amount expended against each line item by a grantee based on its financial reports so that the Fund can help determine the need for amendments or budget shifts
- To record other necessary data such as grantee name, project name, bank data, etc. in a convenient and easily accessed place for purposes of grant administration
- To track grant administrative activities by the grantee and the SDF and to track project performance against established objectives.

4. Data entry

Data will be entered from a wide variety of sources. For security purposes and to ensure the integrity of the data, only authorized users may enter or change data. One or more administrative users will have the capability to add or delete users or change their rights. Each user may access the database using a password assigned by the administrative user.

Data will be entered through a series of screens. Not all users will have capability to enter or change data on all screens, rather, users may only enter or change data in screens to which they have been given access based on their place in the organisation.

Data will be entered from the following sources:

- Grant documents and award letters will be the source documents for the grant number, project name, grantee name, address, obligation date and original expiration date
- Grant documents will also be the source documents for the original grant budget including the currency(ies), total amount, category and line item names and category and line item amounts. Grant documents will also be used to obtain the fund (appropriation) from which the budget is funded
- Disbursement requests, disbursement memos and invoices from organisations actually making disbursements will be the source documents for most disbursement information including the date the request is received by the Fund, the currency, amount, date approved by the Grants Office, date approved by the Finance Office, date sent and Ghana cedi cost. The disbursement amount and the Ghana cedi cost are also used to calculate the exchange rate of the disbursement. Disbursements will be matched by the system against budgets to determine the fund (appropriation) from which the disbursement is drawn.
- Grant amendments and budget shifts will be the source of additional budget data including line item and category names and numbers (in addition to those in the original budget), and amounts added or shifted. Grant amendments will also be used to determine additional funding sources for a particular grant.
- Bank confirmation letters will be the source of banking data.
- Time amendments or termination letters will be the source of changes in the expiration date of the grant.
- E-mails, tracking charts, financial reports or other communications will be the source of information on the date funds are received by the grantees.
- Financial reports by the grantees will be the source of information on the amount of funds actually expended by the grantee on the grant project during a given period. The financial reports will provide the expenditures by line item. If, in exceptional cases, the grantee has purchased in foreign currency, the exchange rate at which disbursements were made and the Ghana cedi equivalent of the expenditures is calculated by the database.

5. Responsibilities for data entry

Grant data must be entered into the database on a timely and accurate basis. There is a number of staff who will have responsibility for entering data into the database. This paragraph outlines the responsibility of various staff members in entering data into the database.

Grants analysts have primary responsibility for entering grant data into the database. Grants Analysts are specifically responsible for entering the general grant information, grant budgets, budget amendments and budget shifts, the Grants Office portion of the disbursement records, time amendments and grant financial reports.

Finance Office staff are responsible for entering the Finance Office portion of the disbursement records.

6. Timeliness of data entry

It is critical that data be entered into the database on a timely and complete basis. Without timely entry, users will be unable to place reliance on the data in the database reducing its utility and forcing staff to use valuable time to maintain and consult other sources of data. The following guidelines will apply:
6.1 New grant information (including grant budgets)
Information on new grants should be entered within one week of receipt by SDF of the signed grant documents. Note that no disbursements can be processed if the new grant information has not been entered and verified.

6.2 Budget amendments and shifts
Budget amendments and shifts must be entered within one week of receipt by SDF of the signed documents.

6.3 Time amendments and grant terminations
Time amendments must be entered within one week of receipt by SDF of the signed time amendment. Grant Termination dates must be entered within one week of the official termination of a grant through a termination letter signed by the COTVET Executive Director.

6.4 Grant disbursements
Grants Analysts must enter disbursements at the time they prepare the disbursement request memoranda. Disbursement requests cannot be processed unless the disbursement has been entered into the database. The Finance Office portion of the disbursement record must be entered within one week of the date on which the Ghana cedi value of each disbursement is known (usually this is the date on which the invoice for the disbursement is received).

6.5 Financial reports
As financial reports from all active grants are due at the same time, two weeks will be allowed between receipt of a financial report and its entry into the database except for financial reports covering periods ending on December 31. Due to the importance of this data for producing sound financial reports, this data must be entered as soon as possible, but not later than one week after receipt of the report and in no case later than January 31.

7. Issues regarding data entry
There are a number of issues regarding data entry that require the Grant Analyst's attention.

7.1 Obligation and expiration date
The grant agreement must be carefully read to establish the obligation date and original expiration date. Generally, grants are considered obligated on the date of the last signature on the grant agreement. Similarly the original expiration date...
must be determined from reviewing the agreement. Note that a one-year agreement which begins on January 20 expires on the following January 19, not January 20.

7.2 Fund source

While Fund grants are generally funded out of the current year appropriation of the fiscal year in which the agreement is signed, this is not always the case. Check the supporting documents and in particular the certification of fund availability. This should specify the fund or account from which the agreement is funded.

7.3 Budget denomination

The budget may be denominated in Ghana cedis, in foreign currency or in some combination of the two. Care must be taken to identify which currency the budget is funded in and to ensure that it is correctly entered. In addition, if the budget is split into more than one currency, the budget for each currency must be entered separately.

7.4 Disbursement denomination

For purposes of the database, disbursements may only be denominated in the currency of the budget. If, for example, a grant is denominated in Ghana cedis and the grantee wishes to make a third-party disbursement in another currency, the Ghana cedi value must be calculated before entering the disbursement into the database. This is because each disbursement draws down a portion of the budget and if the budget and disbursement are not in the same currency, an error will result. The FMS will provide guidance on calculating currency values for third-party disbursements.

7.5 Advice of charge

When an advice of charge (AOC) is issued to a grantee, for example when the SDF purchases or makes a third party disbursement on behalf of the grantee, frequently both the Ghana cedi value and the foreign currency value are known at the time the AOC is prepared. In any case, The AOC should be forwarded to the FMS so that the Ghana cedi values can be promptly entered into the system. The FMS should be certain to promptly record the Ghana cedi value of such AOCs when the Ghana cedi value is not initially known. AOCs should be entered within one week of finalisation.

[When the Grantee makes collections from grantees and deposits the funds in the Fund’s own accounts, the Fund needs to treat the transaction as a negative disbursement to the grantee and a positive disbursement to the Fund. In such a case, the Ghana cedi value of the foreign currency amount is based on the
exchange rate at which the grantee actually received the money. This exchange rate should be used to calculate the Ghana cedi value to be entered for both the negative disbursement for the grantee and the positive disbursement for the Fund.]

7.6 Other issues

From time to time there will be other special issues which will be brought to the attention of all entering data. An example is where the SDF funds only (say) half the grant, only half the amounts of disbursements, budgets, financial reports, etc. should be entered.

8. Data verification and integrity

As a financial application, it is important to have a system to ensure that the data entered is accurate and to maintain the integrity of the database. For the SDF database, there will be a variety of techniques used for these purposes:

- Only authorised users may enter data. Passwords will be required from the database administrator in order to access the database.
- The system will use techniques to detect errors before they are saved. For example, when entering budgets, the total budget amount must be entered first, followed by the individual line item amounts. If the individual line item amounts entered do not add up exactly to the total already entered, the record cannot be saved until the error is corrected.
- The database manager will regularly generate reports based on the data in the database. These reports will be reviewed by Grants Office staff to identity errors or inconsistencies with their own data. Errors will be corrected when identified.
- For most tables, the database will record the name of the last user to modify the data.
- Records in the database will be locked after they are verified in order to prevent accidental or unauthorized changes.
- Except when a new module is being tested, the version of the database available to staff will be a compiled executable version which cannot be changed.

The following staff will have responsibility for reviewing and locking records after they are entered. When data (other than disbursement data) is entered, the person entering the data should e-mail the reviewer that new records have been entered and need to be reviewed:

- General Grant Records will be entered by the Grants Analysts and reviewed and locked by the Administrator.
- Disbursement Records will be entered by the Grants Analysts and Finance Office staff and reviewed and locked by the Financial Management Specialist (FMS).
- Budget Records will be entered by the Grants Analysts and reviewed and locked by the FMS.
- Financial Report Records will be entered by the Grants Analysts. Other grantee
financial report records will be reviewed and locked by the Database Manager.

- Time Amendments will be entered by the Grants Analysts and reviewed and locked by the Administrator.
- Bank Records will be entered by the Grants Analysts and reviewed and locked by the FMS.
- Only those staff granted administrative access will be able to lock and unlock records. Records will be unlocked only to correct errors or add data which was not available at the time the original record was created.

9. Database functioning

The database will be a tool for assigning the proper appropriation or other fund account to disbursements (note that SDF disbursements are really advances to the grantee) and calculating the Ghana cedi value of expenditures reported on financial reports (liquidation of disbursements) and the proper appropriation of fund account. The database will operate in the following manner:

9.1 Budgets

BUDGETS entered into the database represent funds available to be disbursed. Each budget entry which includes new budget authority (i.e. the total is not zero) is required to have a fund symbol entered in the same record. Note that budget shifts, which always total zero, do not require and should not have fund symbols since they do not represent new obligations. Only currencies which are included on the administrative menu can be selected.

9.2 Disbursements

When a disbursement is entered, the system will add the total disbursements to date, look at the budget records and assign the fund code from the earliest available budget of the same currency which has not been completely used. If necessary, the system will split the disbursement between two different budgets with different codes. Only currencies for which the grant has a budget can be selected for a disbursement.

9.3 Financial reports

Grantees will report expenditures in periodic financial reports. These basically represent liquidations of the advances made when funds are disbursed. When a financial report is entered, the system will look at the total expenditures reported in the financial report. Using a first-in, first-out methodology, the system will apply the expenditures against the disbursements for the same grant and currency. Based on information in the selected disbursement(s), the system will calculate the Ghana cedi value of the foreign currency and the fund code(s) which should be used to record the expenditure. Only currencies in which there has been a
disbursement for that grant can be selected for a financial report.

9.4 Corrections

For this to work effectively, it is important that data be entered on an accurate and timely basis. As the system will work with cumulative data, corrections to earlier records will have a cascading effect on subsequent data which invalidates all the transactions based on that data. This is particularly true with financial reports. While corrections to financial reports are inevitable, the corrected amount will be entered as a supplemental report with a current date so that transactions already made are not affected.

10. Database administration

The Project Administrator will be responsible for database administration. These responsibilities include:

- Ensuring that the database is regularly backed up.
- Issuing User Identifications and passwords and promptly deleting User Identifications for staff who have departed or been reassigned.
- Periodically verifying that the database is working properly.
  - Compacting and repairing the database when necessary.
  - Managing changes and improvements to the database.
- Receiving and acting on database problems identified by users.
- Enforcing the rules regarding timely entry of data and data verification and integrity.

The Database Administrator will also develop or cause to have developed regular and ad hoc reports based on information included in the database in response to user requests.

11. Database reports

There will be a number of pre-programmed reports in the database designed to provide the most commonly needed information.

From time to time additional reports may be required. The Database Administrator is responsible for designing and preparing additional reports in response to user or management requests.
604 GRANT BUDGETS

1. Purpose

This manual section sets forth the SDF’s policy on the formulation and management of grant budgets, and the procedures for making changes in the budgets if required during the implementation of the grant.

Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.

2. Background

Grantees are provided funding by the Fund to undertake activities, which are described in their grant agreements. The budgets that accompany these grant documents must provide the necessary resources to carry out the grant project, must be clear and understandable to both the SDF and the grantee, and must facilitate management and monitoring of the project by the grantee and SDF respectively.

Budgets are, when obligated, the best estimate of how funds will be used during the grant period. In order to complete the activities outlined in their grant documents; however, grantees occasionally need to modify their budgets. These modifications, or shifts, make it possible for grantees to react to market conditions, counteract the effects of inflation or devaluation or otherwise implement their projects in a more efficient manner.

3. Budget formulation

3.1. Policy

Grant budgets are the basis for determining how much money SDF will include in a grant. As such, it is important that they be as accurate as possible. To preserve scarce resources, it is important that budgets not exceed the amount necessary to effectively and efficiently execute the project. To this end, budgets should, to the extent possible, be based upon accurate and verifiable projections of costs to be incurred.

3.2. Categories

The major divisions in a budget are categories. Each category responds to a logical cost division within the budget. Categories are designated by capital letters beginning with ‘A’. Categories should be large enough to promote administrative efficiency i.e. so that frequent budget shifts between categories are not required; but not so broad that they undermine control over the budget. As a guideline, given the average size of SDF projects, to maintain control over the budget it is advisable that, in most cases, categories not exceed the...
equivalent of GHC 45,000, unless a cost item (e.g. an expensive piece of equipment) is indivisible. Similarly, for administrative convenience and to maintain adequate control, a category should ordinarily not be smaller than the equivalent of GHC 7,500. Separate categories are required for training costs and audits, regardless of the amount. If appropriate, more than one category may be used for training costs. A separate category may also be established for banking and communication costs where appropriate.

3.3. Line-items

Each category will consist of one or more line-items, which will be designated by numbers within each category (e.g. the first line-item in category A will be designated ‘A.1’). If there is only one item in a category, it need not be given a line-item number (but a number will be assigned for internal data tracking purposes). Line-items are used in the management of the budget to track expenditures and provide both the grantee and SDF with information on the availability and utilization of the funds for individual items. Line-items should be broad enough to facilitate accounting and reporting, but detailed enough to provide useful information on the execution of the project budget. As a rule of thumb, given the size of SDF grants, a single line-item should not be smaller than the equivalent of GHC 1,500.

Each line-item in a budget must be auditable. This means that the line-item must be defined clearly enough so that an independent auditor (or any other objective observer), working from the budget, budget narrative (see para. 5.5 below), and the grant agreement, can objectively and conclusively determine whether a specific payment made by a grantee is or is not chargeable to that line-item.

3.4. Contingency funds

Because of the difficulty in projecting inflation and to avoid the risk of having unneeded funds in the grant budget, SDF policy prohibits the inclusion of budget categories or line-items for contingencies or inflation.

3.5. Budget narratives

When budgets are submitted with final project papers to the Fund Manager for approval, they must be accompanied by brief budget narratives for each line-item showing how the line-item amount was calculated. The narrative may include formulas (e.g. GHC 300 per day x 30 days), or references to pro-forma invoices or other information concerning the cost of an item. Where a unit cost is assumed (e.g. ‘electrician for 4 days @ GHC 60 per day’) the basis for the unit cost assumption (the GHC 60) must be explained.

4. Procedures
4.1. Budget preparation

Budgets are prepared by the applicants in close consultation with the SDF representative and an intermediary. Ordinarily, the budget will be prepared in Ghana cedis to facilitate accounting and reporting. However, where third country purchases are contemplated, the Fund Manager may denominate a portion of the budget in US dollars or some other currency.

Once the data has been collected and verified and the budget narrative completed, the budget and narrative will be forwarded to the finance department for review. The budget narrative will be included in the project approval package.

The finance department will perform a final review of the budget to insure its mathematical accuracy and its adherence to the policies set forth above at the time the grant agreement is drafted and circulated for final clearance.

5. Budget shifts

5.1. Policies

Budget shifts are the transfer of funds between categories or line-items within a category, which do not increase or decrease the total amount of a grant. They permit grantees to address unanticipated circumstances which may impede the implementation of their projects. They should be viewed as a management tool, and should be regarded as a first option in lieu of, or prior to, requesting a budget amendment. Therefore, their use should not be discouraged. However, at the same time, grantees are expected to implement the projects described in their grant agreements in accordance with their approved budgets. Thus, budget shifts may not be used to add a new activity to a grant or to substantially change the focus or activities of a grant. Such changes require an amendment to the grant. Budget shifts also may not be used to move funds from one currency to another. Finally, budget shifts should not be used in lieu of proper grant financial planning.

5.2. Grantee flexibility

7.2.1. **Budget shifts** may only be initiated by the grantee. The grantee is the project holder and is responsible for executing the grant project within the grant budget. Thus, the grantee is in the best position to determine the nature, timing and amount of any such budget shifts. SDF representatives may suggest the need for a line item budget shift to a grantee, but the final decision lies with the grantee.

Grantees may increase a line-item up to 15% by shifting funds from other line-items within a budget category without prior approval from SDF providing:

- the shift does not result in an increase in the total amount available in that category except within the 3% category flexibility discussed below;
it does not compromise the overall purpose of the grant; and
Prior to making the decision to shift funds between line-items, grantees have made sure that funds to be shifted represent money that they are certain will no longer be needed to complete the activity provided for in the line-item from which the money is being shifted.

Similarly, grantees may increase a category by up to 3\% by shifting funds from other categories, providing:
- the shift does not result in an increase in the total amount available in that grant;
- does not compromise the overall purpose of the grant;
- does not shift funds out of training or audit categories; and prior to making the decision to shift funds between categories, grantees have made sure that funds to be shifted represent money that they are certain will no longer be needed to complete the activity provided for in the line-item from which the money is being shifted. Under ordinary circumstances, there should not be a need for more than one budget shift in a year.

7.2.2. **Shifts which require prior SDF approval.** While the grantee has the responsibility for executing the project, the Fund has the responsibility for providing proper oversight to ensure the authorized expenditure of the grant funds and the timely completion of the project. Therefore, grantees may not shift funds in excess of 15\% of a line item or 3\% of a Category without prior approval of the Fund. In addition, funds may not be shifted out of a training category or the Audit category without prior written approval of the Fund. Shifts requiring approval of the Fund must be in writing and in accordance with the procedures outlined below.

5.3. **Procedures**

7.3.1 **Shifts not requiring prior SDF approval.** The Grantee will notify the SDF Division in writing of any shifts made by the grantee under the flexibility provided under paragraph 7.1.1 above. Such notification should be made as soon as possible (but not later than the due date of the next financial report) and should include a rationale for the shift. The SDF representative should enter the shift on the spreadsheet of the grant budget and distribute it in accordance with paragraph 7.3.2.5 below.

7.3.2. **Shifts requiring prior SDF approval.** Grantees wishing to shift funds in excess of the authority in 7.1.1 must submit a written request to the SDF Division stating the reasons for the proposed shift.

7.3.2.1. **Documentation and review.** Upon receipt of a written request from a grantee for a budget shift, the SDF Division will prepare a cover memorandum in describing the nature of the request and providing any background necessary for an informed decision. The memorandum will also include the SDF’s
recommendation with regard to the shift and the rationale for that recommendation. The SDF will also prepare a spreadsheet analysis of the grant budget showing the budget by category and line-item before the budget shift, the proposed budget shifts, and the proposed budget after the shifts. Except as indicated below, the SDF is authorized to approve budget shift requests. In reviewing budget shift requests, the SDF will consider:

- Whether the grantee will be able to complete the project if the shift is approved,
- Whether an amendment will be required (see para. 8 below),
- Does the shift substantially alter the nature of the project or add new activities (see 7.3.2.4),
- Whether the shift makes programmatic sense and the need for the shift is consistent with the grantee progress to date.

The SDF representative will review the request and indicate approval or disapproval on the cover memo. The package will then be given to the Correspondence Unit for filing and distribution (see below).

7.3.2.2. **Shifts from the training/research/dissemination categories.** Where the request is to shift funds out of a training or dissemination category, the completed package will be forwarded to the Fund Manager for approval.

7.3.2.3. **Shifts from the audit category.** Any proposal to shift funds from the audit category of the budget requires the approval of the SDF Committee, in addition to Fund Manager’s approval.

7.3.2.4. **Shifts changing format or content of budget.** Budget shifts that would result in the creation of new line-items or categories, or which substantially change the format or content of a budget must be approved by the SDF Committee in consultation with the legal counsel and the Fund Manager to determine whether an amendment is needed.

7.3.2.5. **Notice to grantee.** Budget shift requests, which are not approved, will be filed in the grant file and the grantee will be promptly notified in writing by the SDF of the reason(s) for disapproval. Budget shifts that are approved will be copied and distributed to the grantee. Grantees may not use the revised budget until they are notified that their category shift request has been approved.

5.4. **Accounting and distribution**

SDF programme staff will enter budget shifts in the SDF grant database in accordance with instructions provided by SDF Financial Management Officer. The document will then be given to the Correspondence Unit for filing in the central grant files.

6. **Grant budget amendments**
Changes in a grant budget which require an amendment, i.e. increases or decreases in the total amount of the grant, the introduction of new activities or new equipment not contemplated in the original budget and grant agreement, or the deletion of activities or equipment from the original budget, must be processed in accordance with the procedures set forth. Where a budget shift and an amendment are clearly linked together (i.e. the grantee will not complete the project based on the shift alone), they should be approved together as part of the amendment process, rather than the shift being approved separately from the amendment.
605 GRANT OBLIGATIONS

1. Purpose

This Manual Section describes the policies and procedures applicable to the obligation of funds based on the award of grants by the SDF.

*Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.*

2. Authority

Section 2(2)(g) of the COTVET Act, Act 718, provides the Fund with the authority to incur obligations on behalf of Ghana Government through the award of grants, loans, or loan guarantees to any Ghanaian business operator, business association, or research and training provider engaged in activities set forth in that section. Pursuant to agreements with contributing development partners, such obligations may not exceed GHC 1,500,000 for a single project.

3. Definitions

4.1 Grant

As used in this manual section, 'grant' refers to a grant awarded by the Fund.

4.2 Amendment

'Amendment' refers to any change in a grant agreement, made after the original award of the grant, which is formalized in writing and signed by authorized representatives of the Fund and the grantee.

4.3 Obligation

An 'obligation' is an action by the Government which obligates it to make payments in the same or future period without the need for further Governmental action. A grant is an obligation in that it entitles the grantee to receive payment from the Government by simply carrying out the terms of the grant agreement (i.e. carrying out the project, making the required reports and following the rules outlined in the grant agreement).

4. Policies and procedures

5.1 Obligations and the Appropriations Process
5.1.1. **Appropriations.** Appropriations represent authority in specified amounts to incur obligations and make payments for specified purposes. Such authority is generally provided for a limited period for each appropriation. Thus, an appropriation might be available for obligation for a single fiscal year (annual appropriation) or for multiple years.

5.1.2. **Availability of Appropriations.** Once an appropriation expires it is no longer available to incur new obligations. When an appropriation expires, it continues to be available for payment of obligations properly incurred during the period of availability, though in some cases they may not have been recorded during that period. However, five years after an appropriation ceases to be available for obligation, it is cancelled and is no longer available for obligation or payment (see subsection 5.8 below).

5.1.3. **Grants and Appropriations.** Grants must be obligated against appropriations available for obligation at the time the grant is executed. If more than one appropriation is available, the Fund Manager will select the appropriation to be charged. Amendments to grants which increase the amount of the grant must be charged to appropriations available for obligation at the time of the amendment. Thus, a grant which has multiple amendments in different fiscal years may be funded out of several different appropriations.

Where grants are multi-year agreements, they will expire or be terminated after the expiration date of the appropriation under which they were originally funded. Any undisbursed funds remaining in such grants must be returned to the Treasury, and are no longer available for use by the Fund, except to meet obligations properly incurred during the period of the grant.

5.2 **Documentary evidence**

Obligations must be supported by documentary evidence. A grant agreement entered into for a legally authorized purpose constitutes such documentary evidence. To become legally binding, a grant agreement, like a contract, must be agreed to by the parties. In the case of SDF grants, the parties are COTVET and the grantee.

For purposes of entering into the agreement, SDF is represented by the Executive Director of COTVET, and in his absence, the Fund Manager. The SDF Committee has the authority to approve projects for funding and COTVET incurs associated obligations by entering into grant agreements. The grantee, normally a legally recognized entity, is represented by officials duly authorized by the entity to enter into legally binding agreements. In cases where the grantee is an individual, that person represents himself/herself. The parties, through their designated representatives, indicate their acceptance of the terms and conditions of the agreement by their signatures.
The original signed grant document serves as the documentary evidence of the obligation, and is maintained in the financial files in the SDF Division to support the obligation recorded in the accounting system. A copy of the agreement is maintained in a project file by the Grant Specialist.

5.3 Date of obligation

5.3.1. Order of Signature. As described above, an obligation is created when both parties have signed the grant agreement, indicating their intention to abide by its contents. Thus, the date of obligation is the date of the last signature on the grant agreement, as that is the date upon which the agreement comes into effect. It is SDF’s policy to have the COTVET Executive Director sign grant agreements obligating funds in excess of GHC 50,000 after they are signed by the grantees. However, in certain circumstances, for example, where there is a need to expedite the conclusion of an agreement, this rule may be waived by the COTVET Executive Director, and he/she may sign the agreement prior to its being forwarded to the grantee for signature.

With respect to grant amendments and project agreements obligating funds up to GHC 50,000, the COTVET Executive Director signs the obligating document before it is sent to the grantees. These documents create obligations after they are signed by the grantees.

5.3.2. Documentation of Signatures. While, for documentation purposes it is convenient to maintain the original signed document with both signatures, the signatures of each party on separate copies of the same document is sufficient to indicate intent of both parties and thus establish an obligation.

5.4 Amount of Obligation

The amount to be recorded as an obligation is the amount which the Fund will be obligated to pay out under the agreement assuming full compliance by the grantee. If the grant is denominated in Ghana cedis, the obligation will be the amount of the grant as shown in the grant document. If the grant is denominated in one or more foreign currencies, the initial amount of the obligation shall be the Ghana cedi value of the obligation based on the latest exchange rate advertised by the Ghana Association of Bankers and recorded by the Financial Management Specialist (FMS), prior to the obligation date. The Ghana cedi amount of this obligation may change in accordance with fluctuations in the rate of exchange (see section 5.6 below).

5.5 Procedures for Recording Obligations

Grant obligations shall be recorded in the SDF accounting system by entering and posting the grant budget in [Accounting Software]. This will automatically generate an accounting transaction recording the obligation.
The grant budget will be entered by the Grant Analyst immediately upon receipt of the signed grant agreement as described above. The Grant documents will then be sent to the FMS where the budget will be reviewed and posted, and grant financial files will be set up.

5.6 Adjusting Recorded Obligations

In the case of grants denominated in foreign currencies, the amounts obligated are estimates of the total liability of the Fund and are subject to change as the exchange rates fluctuate. To ensure that the Fund’s accounts reflect as closely as possible the actual obligations of the Fund, the FMS will adjust the obligated amount of each grant at the end of every fiscal year based on the exchange rates in effect at the end of the fiscal year.

5.7 De-obligation

Upon the termination or expiration of a grant, any remaining obligated balances which have not been used are de-obligated. This is accomplished by entering a close-out transaction into the accounting system. Close-out transactions are entered by the FMS at the time of close-out (see the Section 612, ‘Grant Closure’). At the end of the fiscal year, those grants which have expired or terminated but which have not been closed out because all reports have not been received will be manually de-obligated. Funds which have been de-obligated may be restored if there is an otherwise proper payment to be made and if the appropriation has not yet been cancelled.

5.8 Replacement Grants

The replacement grant is a rare exception to the rule that upon termination or expiration of a grant, any remaining unobligated balances are de-obligated. The replacement grant may be used where a grant is terminated prior to its expiration because the grantee is no longer in a position to carry out the project for which the grant was originally made, and the need to complete the original project still exists. Under these circumstances, the Fund may enter into an agreement, called a replacement grant, with another individual or group to complete the project. The activities funded under such a grant must be essentially identical in scope and purpose to the original grant. If these conditions are met, any funds remaining in the original grant may then be "rolled over" into the replacement grant, despite the fact that they may have been originally appropriated in a prior fiscal year. In each case where use of a replacement agreement is contemplated, the Fund Manager should consult with the retained legal counsel and the SDF Committee as to the applicability of this type of agreement to the individual case.

5.9 Cancellation
Five years after the expiration of an appropriation, it is cancelled and is no longer available for payment. Thus, if a grant period extends beyond five years, it may be possible that the funds obligated for the grant are no longer available even though the grant has not expired.

Payments made against valid obligations after the cancellation of an appropriation must come from the appropriation current at the time the payment is made. The FMS establishes a Miscellaneous Obligation Document (MOD) each year to record such payments. For grant management purposes, such payments are charged to the grant although for accounting purposes, they are charged to the MOD. To avoid the necessity of charging such payments to the current appropriation, the Fund Manager should make every reasonable effort to ensure that grant projects are completed within five years.
606 GRANT AMENDMENT PROCEDURES

1. Purpose

This manual section describes the SDF grant amendment process. The process as described here applies to amendments to grant agreements for the funding of development projects.

2. Policy

An amendment is a mutual agreement between the Grantee and the SDF to modify the original grant agreement to: 1) alter the total amount of the grant; 2) change provisions or requirements in the agreement itself, including the period of the grant; and/or 3) authorize significant changes in the project activities for which the grant funds are allocated.

It is important to emphasize that an amendment does not necessarily reflect negatively on the Grantee or the Fund, but is a good way to assure that there is flexibility in dealing with field realities and to allow SDF and the Grantee to modify project plans in response to new developments, external events beyond their control or lessons learned.

However, neither is an amendment of a grant agreement something to be entered into lightly. Therefore, the SDF representative should consult closely with the Grantee prior to recommending an amendment to ensure that there are no alternative ways of dealing with the issues at hand. Amendment requests are reviewed on a case by case basis and will be rejected if there is insufficient justification to substantiate a need for them.

Finally, it is important to note that the timely processing of amendments may be critical to project success. Therefore, the Fund has established required timelines for amendment processing.

3. Procedures

3.1. Determination of Need

The SDF representative plays a vital facilitation role in its collaboration with the Grantee in identifying projects which require amendments and assisting the Grantee to prepare justification documentation or amendments in a timely fashion. Alternatively, during the monitoring of an active project and discussion with the SDF representative, a Grantee may express a desire to amend an agreement. In that event, after discussion with the Grantee, the SDF representative should assist the Grantee in preparing a written request for the proposed amendment.
On occasion, the SDF representative will perceive a need from the Fund's perspective to amend a grant agreement. This is often the case with time amendments. In such instances, the SDF representative should advise the Grantee before proceeding and discuss the proposed amendment with the Grantee to ensure that the Grantee concurs.

3.2. Amendment processing

All amendment requests, including those originating from the Fund, should be sent to the SDF for review. The SDF's role is to critically analyze the stated needs of the project and determine whether they can be appropriately addressed through the proposed amendment. This analysis, which will be contained in the recommendation memo to the SDF Committee, will include a review of the general performance of the Grantee to date, including achievements toward obtaining the project goals and objectives of the project and the comments on the ability of the Grantee to identify and act on problems that may occur.

If the Fund Manager is not recommending approval, the memo should include a detailed discussion of other possible options which may be available in lieu of the proposed amendment to resolve the issues identified by the Grantee or by the SDF. The analysis and recommendation should be sent to the SDF Committee within two weeks from the receipt of the request for an amendment.

4.2.1. Time amendments. A time amendment is designed to extend the grant period beyond that of the original agreement for the purpose of assuring sufficient time for the project to complete its goals and objectives, including any which have been added to the original plan because of new developments or activities. SDF will generally approve time amendments when they are necessary to accommodate the realities of the project. However, the Fund discourages time amendments which extend the life of the project beyond three years because of the extra burden long grants place upon grant administration and concerns about the availability of funds beyond five years. To encourage careful and timely consideration of the need for time amendments, SDF will ordinarily not consider time amendment requests received in the last 90 days of a grant agreement.

4.2.2. Procedure. Time amendment requests are reviewed by the SDF representative and the Fund Manager who prepares a recommendation memo to the SDF Committee. The SDF representative will promptly review the recommendation, usually completing the review within 14 days of receipt. The SDF representative may request additional information to assist in his or her analysis. If the SDF Committee concurs with the Fund Manager's recommendation, and the time amendment will not extend the total life of the grant agreement to more than three years, the SDF Committee may approve the time amendment. The Committee should prepare a memorandum detailing the reason(s) for the approval, containing the exact language to be incorporated in the amendment, and forward the complete request package to the Fund Manager.
for action.

If the proposed amendment will extend the grant to beyond three years from the original award date or if the request is received within the last 90 days of the grant period, the SDF Committee Chair will constitute a Project Amendment, Suspension and Termination (PAST) Sub-Committee to review the recommendation memorandum and forward a decision recommendation to the SDF Committee.

If the SDF Committee approves such an amendment, the Fund Manager will prepare the necessary paperwork for the amendment and send it for review by the legal counsel and, subsequently, to the COTVET Executive Director for signature.

Where time amendments are accompanied by budget and/or activity amendments, the procedures and approvals required for the budget and/or activity amendments (see below) will be followed.

4.2.3. Budget amendments. Budget amendments are required for any increases in funding over the total amount of the original grant agreement. Such increases may be warranted due to increasing prices of original budget items, currency fluctuations, newly identified training needs for Grantees, or adjustments needed because of activity changes or time extensions.

As a matter of policy, the Fund will fund budget amendments only when there is a compelling rationale that the increased budget amount is critical to achieving the project's goals and objectives or that the additional resources requested will result in improved results commensurate with the additional resources. Budget amendments will never be used simply to funnel additional money to Grantees or to obligate funds where there is no clear need for them. Where procurement of equipment or construction materials are part of the amendment proposal, the Grantee will need to submit updated pro-forma invoices in addition to their amendment proposal as supporting documentation.

4.2.4. Procedure. Prior to submitting a budget amendment to the SDF Committee, the SDF representative should carefully review the documentation for the request, discuss and, if possible, meet with the Grantee, either in the office or at site, to ascertain the justification for the proposed increase in funding. If the Fund Manager concurs that the increase is justified, the request should be forwarded with a memorandum summarizing the justification and the Fund Manager's recommendation and including the information outlined in section 4.1 above.

On receipt by the SDF Committee, they will carefully review the request and justification to ensure that there is a compelling need for the amendment and that the additional funds are necessary for the project to achieve its goals and
objectives.

If the SDF Committee disapproves the amendment, the SDF Committee Chair will notify the Fund Manager in writing detailing the reason(s) for the rejection. If the proposed amendment will increase the budget by ten percent (of the original grant amount) or less and the resulting budget will be not more than GHC 375,000 (or equivalent), the SDF Committee can approve the request. In such case, the SDF Chair should prepare a memorandum detailing the reasons for the approval, and attach the revised budget and language. Note that, once a budget amendment has been approved, any additional budget amendment requests for the same grant in a single 365-day period must be referred to the PAST Sub-Committee for approval.

If the proposed amendment will increase the grant budget more than ten percent or to more than GHC 375,000 (or equivalent), the amendment must be approved by the SDF Committee. In such a case, the SDF Committee will forward the amendment and the Fund Manager’s recommendation to the PAST Committee for review. If the PAST Committee recommends approval of the amendment, the SDF Committee will approve and endorse the recommendation memorandum and forward it to the Fund Manager for preparation of the amendment.

The completed amendment will be forwarded to the legal counsel for technical review and clearance prior to being sent to the COTVET Executive Director for signature. This final review and signature process should be completed in no more than three days.

4.2.5. Language amendments

4.2.5.1. Rationale. Language amendments make significant modifications in the terms and conditions of the grant agreement to add, eliminate, or substantially modify objectives or activities, or terms and conditions, in the original agreement. Amendments may be needed, for example, to add a new category or line item to the budget, to adjust the targets, goals or objectives of the grant, or to reduce or change an activity that has been determined to be no longer viable. Funds no longer needed for an eliminated activity may be used to fund new activities or shifted to fund existing activities which are underfunded.

4.2.5.2. Procedure. Language amendments must be recommended by the Fund Manager and the PAST Committee before being forwarded to the SDF Committee for final approval. The Fund Manager will draft a recommendation memorandum detailing the reason for the amendment and the effect of the amendment. If approved by the PAST Committee, the recommendation memorandum will be forwarded, with the entire package, to the SDF Committee for approval.

On occasion, the Fund may need to amend a number of grants due to changes in
the Fund or Government of Ghana requirements or for other reasons. In such cases, the SDF Committee may approve the amendments directly, without reference to the PAST Committee.

Time lines applicable to budget and time amendments apply here as well. The amendment, itself, will stipulate the sections of the agreement being altered and the language being added or modified. Depending on the complexity of the changes required, the amendment can be either in the form of a letter from the COTVET Executive Director which is countersigned by the Grantee or of a formal amendment to the grant agreement. If necessary, the legal counsel may assist in drafting appropriate language to be included in the grant agreement. If the language amendment is accompanied by changes in the budget, these should be reflected through an amendment of the grant agreement.

When an amendment requiring changes in the language of the grant agreement is approved, the Fund Manager will forward the drafted amendment through the legal counsel for technical review and clearance, prior to being sent to the COTVET Executive Director for signature.
607 GRANT SUSPENSION AND TERMINATION PROCEDURES

1. Purpose

This manual section describes the procedures to be followed in terminating SDF support for a project prior to the termination date established in the grant agreement.

2. Background

If resources provided under grant agreements are not being used to achieve their intended purposes, either because of external circumstances or the conduct of the Grantee, the SDF should consider terminating the grant in order to limit additional resources devoted by SDF to the grant or, in some cases, to recover resources already committed to the project. This manual section sets forth the procedures which must be followed in such an event.

3. Definitions

3.1. Suspension

A temporary freeze by SDF of a grant agreement pending corrective action by the Grantee or a decision to terminate the agreement by SDF. The action is usually taken to protect grant assets pending a determination whether termination is required where there is a well-founded suspicion that, without such action, grant resources will be misappropriated or misused. Suspension will include, but will not necessarily be limited to, a hold on any disbursements as well as a hold on the Grantee's right to use SDF funds already on hand.

3.2. Termination

The cancellation of a grant agreement, in whole or in part, at any time prior to the date established in the agreement for the completion of the grant period.

4. Project amendment, suspension and termination sub-committee

The Project Amendment, Suspension and Termination (PAST) Sub-Committee is the body within the Fund that reviews proposals to amend, suspend or terminate a project and makes recommendations to the SDF Committee for action.

The Fund invests considerable resources into the development and approval of grant projects and a proposal to amend, suspend or terminate a grant is not considered lightly. The goal of the Committee is to efficiently bring to bear the diverse experience of the Fund stakeholders in cases where there may be a need to amend, suspend or terminate a grant and to make a recommendation to the SDF Committee reflecting the consensus view of the Sub-Committee.
The Chair is responsible for convening meetings of the Sub-Committee on a timely basis to expeditiously consider proposals for grant amendment, suspension or termination. Where one of the members of the Committee is unavailable, the Chair may request the SDF Committee Chair to designate an alternate or, at the PAST Chair’s discretion considering the matters to be reviewed, excuse the member from attendance.

5. Grant suspensions

5.1. Grounds

The SDF may suspend a grant agreement under the procedures outlined below when:

5.1.1. the SDF has received allegations that the Grantee is engaged in or permitting the misuse of funds or equipment purchased with SDF grant funds or other serious impropriety relative to the agreement; or

5.1.2. the Grantee has failed to comply with the reporting or recordkeeping requirements of the grant agreement to the extent that the Fund cannot determine whether the Grantee is in compliance with material aspects of the agreement; or

5.1.3. the Fund has determined that the Grantee has fraudulently misrepresented material facts during the application or project development process, and the misrepresentation provides reason to suspect that the Grantee will misuse or misappropriate grant assets or that the grant project does not meet SDF’s basic requirements for development grants.

5.2. Procedures

5.2.1. Preliminary review. When, after preliminary investigation, the Fund Manager becomes aware that grounds for suspension may exist with respect to a particular agreement, the Fund Manager directly should bring the matter to the immediate attention of the SDF Committee. The SDF Committee will then determine, in consultation with the Fund Manager, whether the Grantee should be allowed an opportunity to take corrective action or whether immediate consideration should be given to suspending the agreement.

5.2.2. Corrective action. If it is decided that the Grantee should be permitted the opportunity to take correction action, the Fund Manager will inform the Grantee in writing:

- that the agreement is being considered for suspension;
- the basis for the action;
- the practical consequences for the grantee;
- the corrective action required; and
- the date by which time responsive action must be taken.

5.2.3. Referral to project amendment, suspension and termination sub-committee. If the SDF Committee determines that an opportunity for corrective action is not appropriate or the Grantee is allowed a period for corrective action but fails to resolve the matter satisfactorily by the designated date, the case will be referred to the PAST Sub-Committee. The Committee will consider the available facts which shall be presented in chronological order by the Fund Manager in writing, and recommend to the SDF Committee whether the grant should be suspended immediately. In making this determination, the Sub-Committee may recommend whether an independent audit should be conducted to verify the facts. Where allegations of impropriety are the grounds for suspension, the Committee should also consider whether the Grantee should concurrently receive a notice of intent to terminate on expiration of the suspension period should the facts warrant such a termination.

5.2.4. Suspension notice. If the SDF Committee approves a recommendation to suspend the agreement, the legal counsel shall prepare the written notice to the Grantee for the Executive Director's signature. The notice will include:
- the effective date of suspension (ordinarily the date of receipt of the notice);
- if termination is not contemplated, the action required to cause SDF to resume its funding of the agreement.

If termination is contemplated, see Paragraph 6.1.2.3 below for contents of notice. Grantee must also be informed by the notice that new obligations incurred after receipt of the suspension notice will be the responsibility of the Grantee and will not be chargeable to the grant budget, and that the Grantee will be expected to make every effort to cancel on-going expenditures incurred prior to suspension. Whether and what type of on-going expenditures SDF is prepared to assume during suspension should be specified. The notice of suspension will be delivered by the most expeditious means possible that permits the verification of the date of receipt of the notice by the Grantee.

6. Grant termination

6.1. Termination for cause

6.1.1. Grounds. SDF may terminate a grant agreement for cause, with or without preliminary suspension, when it is determined that the Grantee has:
- materially breached or failed to perform one or more provision of the agreement in a manner significantly affecting the achievement of its goals and objectives;
• fraudulently misrepresented material facts during the application or project development process; or
• used funds or equipment purchased with agreement funds for purposes other than those stipulated in the grant agreement with SDF’s consent.

6.1.2. Procedures

6.1.2.1. Preliminary review. When the Fund Manager has reason to believe that a Grantee has engaged in acts or omissions which may constitute grounds for termination, but which could be corrected by the Grantee, the Fund Manager, should bring the matter immediately to the attention of the SDF Committee. The SDF Committee may at this point determine that the Grantee should be given the opportunity to take corrective action rather than face immediate termination of the grant. In such cases, if it is also determined that the situation does not represent an immediate threat to grant assets which would warrant suspension, the SDF Committee may direct the Fund Manager to provide the Grantee with a written notice that such corrective action is required by an agreed upon date.

In the letter the Fund Manager should specifically state that failure to take remedial action during the time allotted may result in the termination of the agreement. If remedial action satisfactory to the SDF Committee is not taken in the required time, the case will be referred to the PAST Committee.

If the matter involves allegations of substantial misuse of funds or equipment purchased with agreement funds, or other serious improprieties which the SDF Committee believes cannot be remedied by corrective action, they will immediately refer the case to the PAST Sub-Committee to consider immediate suspension and/or termination of the agreement.

6.1.2.2. PAST sub-committee. If the case is referred to the PAST Sub-Committee, the Sub-Committee will meet to consider the available facts, which will be presented in written form by the Fund Manager. Based on their consideration, the Sub-Committee will make a recommendation to the SDF Committee whether the Grantee should be sent a notice of intended termination, with or without immediate suspension of the agreement. In making this determination, the Sub-Committee may request an independent audit or other further investigation of the facts.

In cases where it can be verified that the Grantee misused equipment purchased with grant funds, and where local law permits, the Sub-Committee may also recommend that some or all of the equipment be returned to the Fund.

6.1.2.3. Termination notice. If the SDF Committee accepts the Sub-Committee's recommendation to send a termination notice, the legal counsel, in consultation with the Fund Manager, will prepare it for the Executive Director’s signature. The notice will include:
the factual basis for the decision, including any history of prior requests to the Grantee for remediation;

- if the Grantee is to be suspended prior to termination, the date on which the suspension becomes effective and the practical consequences for the grantee;

- a statement that, if the Grantee wishes to respond to the SDF Committee, the response must be received by the Fund Manager within 30 days of the date of receipt of the notice, and that in responding the burden is on the Grantee to provide additional information which would either mitigate or rebut the facts given in the notice as grounds for termination, or demonstrate that corrective action has already been taken;

- notice that failure to provide such information, or information deemed inadequate, within the established time period will result in the automatic termination of the agreement without further notice;

- a statement that any new obligations incurred after the receipt of the notice letter will be the responsibility of the Grantee, and will not be chargeable to the agreement, and that the Grantee must take steps immediately to cancel as many outstanding obligations as possible; and

- where the SDF Committee has accepted a Sub-Committee recommendation to require the return of equipment, a description of the property to be returned and instructions regarding its delivery and conveyance.

6.1.3. Grantee response. At the end of the notice period, the SDF Committee, in consultation with the Fund Manager and the legal counsel, shall determine whether the grantee’s response, if any, warrants reconsideration of the termination of the agreement. If they make this determination, the grantee shall be informed of this fact in writing, and if the project had been under suspension, appropriate action shall be taken to lift the suspension.

If it is determined to terminate the grant, termination will occur automatically on the last day of the notice period and the grantee will be so informed in writing. This notice should inform the grantee that it represents the Fund's final decision and that no further administrative appeal from this decision will be considered.

6.2. Termination for convenience.

6.2.1. Grounds. Termination for convenience may be made where:

6.2.1.1. through no fault of the Grantee, intervening circumstances make it impossible for the agreement to produce any further beneficial result commensurate with the expenditure of the remaining SDF funds in the grant;

6.2.1.2. either or both parties, through no fault of their own, are no longer able to discharge their responsibilities under the grant agreement; or
6.2.1.3. the activities have been completed and there is no further need for SDF involvement in the project.

6.2.2. Procedures. Procedures for terminating a grant for convenience are identical to those followed in a termination for cause situation except as specified below:

6.2.2.1. The termination may be made effective 30 days after the date the notice is received by the Grantee.

6.2.2.2. The notice of intent to terminate to the Grantee shall state that if the Grantee believes that there are reasons why such a termination should not take place, these must be provided in writing to the Fund Manager within the 30 day period prior to termination.

6.2.2.3. The notice should also include a statement that the Grantee may retain control of sufficient funds under the agreement as are necessary to meet any obligations incurred prior to receipt of the notice of termination.

6.2.2.4. Any review of a Grantee response received during the notice period will be made by the SDF Committee following consultation with the Fund Manager and the legal counsel, and shall be completed and communicated to the grantee within 30 days of their initial response.

6.3 Closure

If a grant agreement is terminated, normal grant closure procedures as documented in Section 612 will be followed.
608 PROJECT MONITORING

1. Purpose

This manual section establishes the policies and procedures to be used by SDF in monitoring active grant projects and the preparation and submission of reports on monitoring activities. This manual section applies to all development projects funded by the Fund.

2. Policy

Monitoring is a quality assurance process. Effective monitoring of grant projects is a necessary element of SDF’s portfolio management strategy. While a minimum level of monitoring is necessary to verify information provided by grantees, ensure compliance with SDF requirements and ensure the effective use of resources provided by the Fund, monitoring activity, in general will depend on the stage of implementation, the nature of the project, and problems or issues reported by the grantee or identified during previous monitoring.

3. Responsibilities

There are four levels of monitoring. First, the grantee organisation continuously monitors its own activities and performance against the plans that were developed and, on a periodic basis, against the performance targets identified during the project development phase.

The SDF representative, as the primary technical assistance provider to the grantee, monitors the activities and performance to ensure that the project is proceeding according to plan and to assist the grantee in identifying and addressing those problems or issues that arise in the course of project implementation.

The SDF, through the Fund Secretariat, monitors every project for compliance with SDF requirements. The Fund Manager also verifies the grantees’ reporting on performance targets to ensure that the reports (which form the basis for SDF’s own performance report) are accurate and complete.

An independent monitoring entity will be contracted to oversee field level monitoring, review, track activity against the performance targets and conduct periodic portfolio reviews to assess the status of the Fund’s grant projects.

4. Grantee monitoring

The most direct and immediate monitoring of project performance and activities will be by the grantee. This monitoring is a necessary element of grantee activity and will serve as the basis for the preparation of quarterly grantee reports. At or before the start of a project, the SDF representative should work with the grantee to establish an
internal system for the grantee to track its activities against the project implementation plans and record the grantee’s progress against the performance measures established for the project.

Often this will be in the form of a monitoring committee which will collect the necessary data. In projects with only a few participants or closely held businesses, it may make more sense to appoint a single individual to handle the internal monitoring of project activities. In any case, it should be clear to both the grantee organisation and to the SDF who within the grantee organisation is responsible for collecting and recording monitoring and performance data.

5. Project monitoring by the SDF representative

The SDF representative will necessarily have the most contact with the grantee and the most intensive monitoring programme. Having been closely involved with the grantee during the project development phase, the SDF representative will serve as technical assistance provider during the implementation phase, helping the grantee identify and resolve problems and move the project along to a successful conclusion. In designing and carrying out a monitoring programme for a grant, the SDF representative should keep this intent in mind.

Monitoring includes all types of information gathering activities including review of grantee reports, telephone calls, office visits by the grantee, site visits by the SDF to the project site and contact with others involved in the project to one degree or another.

The SDF may consider delegating an external service provider to have primary responsibility for each active grant project. This approach does not preclude other staff from site visits, meetings with the grantees, review of grantee reports or other monitoring activities, but rather means that all information will be provided to this primary staff member so that he/she can have full knowledge and understanding of the project.

5.1. Project monitoring plan

The SDF representative will develop an annual monitoring plan when preparing their annual budget. This plan will be based on the status of projects, including the stage of each project (beginning, middle, and end), the type of project, the level of experience of the grantee, any previous problems or issues and the importance of the project to SDF’s portfolio. No particular format is prescribed for the monitoring plan, but is should be documented and shared with the Fund Manager. The monitoring plan should be changed as often as is necessary to ensure that it provides the SDF with all the information necessary about a particular project on a current basis. While each monitoring plan will be different, most will include some elements of those activities described below.
5.2. Routine contacts

Generally a monitoring plan should include some contact with each grantee at least quarterly but preferably more often, either through telephone calls or a visit to the SDF office by the grantee. These contacts can be used to discuss the progress of the project, assess the status of any issues or problems and to respond to any questions or concerns of the grantee. When the project site is remote, routine contact may be more difficult, but it is a cost-effective substitute for site visits when there is no compelling reason for a site visit. Each contact with a grantee in which the progress of the project or project related information is discussed should be documented. The Grantee Monitoring Report format provides a convenient means for documenting contacts.

5.3. Site Visits

No fixed schedule is prescribed for site visits as they will necessarily depend on the status of the project. Assuming the project is on target and performing well, at least one site visit per year is required, with more during the start-up phase of the project and in preparation for project close-out.

Generally, site visits will be scheduled as part of an action plan in response to issues on a grantee report or as part of a remediation plan. Site visits must be documented using, at a minimum, the Grantee Monitoring Report. Depending on the purpose of the site visit, additional documentation may be required.

6. Project monitoring by the fund manager

Project monitoring by the Fund Manager is focused primarily on verifying compliance with SDF requirements and on verifying performance data. In this context, compliance refers to compliance by the grantee with the specific and general terms of the SDF grant agreement, effective protection, receipt and use of funds and other resources provided by SDF under the grant agreement, accurate accounting for and reporting on SDF funds and compliance with any special conditions.

In addition, monitoring by the Fund Manager serves to supplement the Grantee monitoring and provides a general quality check on the Grantee’s monitoring. There is no fixed schedule for monitoring by the SDF representative. Site visits are required at least yearly, however, to verify data used as Annual Performance Indicators. Additional site visits may be included as part of a remediation plan or in response to an identified problem. In addition to site visits, grantee contacts, such as office visits or telephone contacts serve as an important part of the monitoring programme. Finally, careful reviews of grantee reports are an important component of monitoring.

The Fund Manager should draw up a brief annual monitoring plan and share it with the Grantee. In addition, the Fund Manager should review the Grantee’s monitoring plan, offering suggestions for improvement and coordination where appropriate. In general,
site visits by the SDF representative should be timed to occur so as not to overburden the grantee. However, there may be times when, due to specific issues or concerns, this will not be possible.

All monitoring contacts with grantees should be documented using, at a minimum, the Grantee Monitoring Report. Additional documentation may be required depending on the nature of and reason for the contact.

7. **Grantee monitoring report**

A Grantee Monitoring Report should be completed for each grantee contact so that monitoring activity is fully documented and shared among those responsible for overall monitoring activity. For routine contacts the information provided on the form should be brief. Often, there will be no new issues and no recommended action. Occasionally, there will be a need to expand the form in order to provide all the information required. In any case, a report should be completed for each official contact.

Grantees’ should submit their monitoring reports as a part of their monthly reports, taking care to ensure that each report begins on a new page. Grantees are encouraged to submit their reports electronically to facilitate handling in the SDF Secretariat. The Fund Manager should also submit his/her reports as a part of their quarterly activity reports. The Fund Manager should provide a copy of his/her Grantee Monitoring Reports to the Grantee.

Following review by the designated portfolio manager in the Fund Division, the Grantee Monitoring Reports will be filed in the appropriate grant files.

8. **Remediation plans**

Frequently project monitoring reveals significant problems which cannot be solved quickly or easily. When a project is in danger of failure for one or more reasons or is significantly behind schedule in its implementation plan or achievement of its objectives, it may be necessary for the SDF to develop a formal remediation plan. This is a plan, developed jointly by the grantee and the SDF representative copied to the Fund Manager and reviewed and approved by the SDF Committee, which identifies and addresses the issues which led to the problems in a systematic way in order to significantly improve the chances for project success. Section 611 contains detailed guidance on the development and execution of remediation plans.
609 GRANTEE REPORTING

1. Purpose

The purpose of this manual section is to establish policies and procedures for Grantee reporting to SDF and for processing of such reports by the Fund.

Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.

2. Background

SDF provides grants to various organisations to carry out development projects. As a part of the grant agreement with these grantees, SDF requires them to report periodically on the receipt and use of SDF grant funds as well as on the progress of their projects. These reports enable the Fund to effectively track the use of grant funds, to measure the effectiveness of the grant project execution and to identify problem areas. Timely reporting by grantees and effective and timely review and reaction to grantee reports are a key part of SDF's programme. This manual section applies to all grants awarded by the Fund.

3. Policy

All SDF grantees will report to the Fund on a quarterly basis using the reporting format included as appendix to this manual. SDF grant agreements will include this as a requirement. Grantees are not required to complete the part of the report for projects which are not designed to generate income.

SDF representatives may advise grantees in the preparation of their quarterly reports, but the grantees are responsible for the timely preparation and submission of the reports. SDF contractors and staff responsible for the receipt and review of grantee reports will ensure that such reports are reviewed within the timelines established in this manual section. Grantee quarterly reports will represent the grantee's official accounting for the receipt and use of funds provided by the SDF under the grant agreement. Where feasible, the Fund Manager may direct that quarterly reports be submitted in electronic format and disseminate instructions for such submission.

4. Introducing grantees to the reporting requirement

The SDF representative is responsible for introducing the reporting requirement to grantees at the time the grant agreement is presented to the grantee as described in Section 601 – Grant Start Up. The Fund Manager will advise grantees of the time and place where SDF requires reports to be submitted and work with the grantees to customize the performance indicators and other material for the project.

SDF representative will work with grantees to ensure that the SDF's requirements for
reporting are fully understood and that the Grantee can prepare the reports in a timely and accurate manner. This may involve preliminary review of reports prior to their official submission and/or technical assistance to the grantee.

5. **Report submission requirements**

Grantee Quarterly Reporting Periods:
- January – March
- April – June
- July – September
- October – December

Grantees are responsible for submitting signed copies of a complete and accurate report through to the SDF within 30 days of the end of a reporting period. It is the Grantee’s responsibility to ensure that the reports are completed correctly and within the 30 day timeframe.

Once a corrected and accurate report is prepared, the Grantee will retain a copy of the report and forward the original to the SDF. Only when the SDF receives the report that it is considered officially received.

6. **Review and processing by the fund manager**

The SDF Secretariat will date-stamp receipt of the report and will review each grantee report for completeness and accuracy. The Fund Manager will maintain a log of all grantees required to submit reports including the date when each report was received.

When grantee reports are received, the SDF representative will review the reports. The SDF representative is responsible for identifying and documenting any issues or concerns highlighted in the report. A brief narrative summarizing areas of non-compliance (e.g. conditions precedence, audit findings, management actions), variances from project performance targets, and any specific recommendations of corrective actions necessary will be added to the summary page of the grant report. This Report Summary is to be made available to all internally by copying it to the grant e-file. The Fund Manager will take note of issues raised and or problems identified and ensure that, where appropriate they are correctly reflected and addressed in the report so that they can be tracked over time.

Upon completion of the review, the Fund Manager will forward any comments and / or recommendations, to the grantee. The SDF representative should assure follow-up on any issues or corrections needed in the subsequent quarterly report. The SDF representative must also ensure that data from the report is entered into the grant database within 60 days of the end of quarter date.
610 GRANT REMEDIATION

1. Purpose

This manual section sets forth SDF policies and procedures for the development and implementation of remediation plans for grant projects that have experienced serious problems in their implementation.

2. Scope

This manual section applies to those projects where there has been a determination by the SDF that implementation problems are so serious that they require a formal remediation plan. Many projects will encounter problems or delays in their implementation, but in only a few cases will the problems be so serious that a formal remediation plan is required. In other cases, only one-time or short-term actions may be required to address project issues.

3. Policy

SDF recognizes that many of the projects it will fund have inherent risks. These risks reflect the physical, financial, governmental and social environments in which the project operates as well as risk factors intrinsic to the project. During the implementation of the project, the Grantee or the SDF itself may become aware of problems or issues that seriously jeopardize the likelihood that the project will achieve its goals or, in some cases, even maintain operations. In such cases, the SDF and the Grantee will work together to develop a detailed remediation plan designed to address the underlying causes as well as the immediate problems which have adversely affected the project with the goal of achieving the best possible outcome for the project and the Grantee while ensuring the most effective use of SDF resources.

4. Procedures

4.1 Identifying the need for a remediation plan

A remediation plan is required when:

- a project is falling significantly short of its objectives (either quantitative targets or implementation plan) and is likely to continue to do so absent successful remediation
- the problem cannot be solved by a single, immediate action, and
- there is the likelihood that a well-designed remediation plan will significantly improve project outcomes within the grant period or within a feasible extension of the grant period.

Not every case where a project is falling short of its objectives requires a formal remediation plan. When a project is performing poorly due to delays in implementation of one or more key tasks (e.g. delivery of equipment), and the
project will likely meet its objectives later than planned, but still within a reasonable time period, there is no need for a remediation plan. Also, there is no need for a formal remediation plan when the problem causing the shortfall can be resolved through a simple decisive, immediate act. Finally, there is no need for a remediation plan when there is no feasible approach that would significantly improve the project outcomes. A problem needing remediation can be identified either by the Grantee, or the Fund Manager. The need for a remediation plan may be identified through site visits, review of reports, portfolio reviews or other means. Where a problem or issue with a project appears to require development of a formal remediation plan, the concern will be referred to the Fund Manager who will consult with the others involved and make written determination that a remediation plan is required.

4.2 Developing the remediation plan

The primary responsibility for developing the remediation plan is with the Grantee and the SDF representative. Once the need for a remediation plan is identified, the SDF representative should immediately contact the Grantee to set up a meeting to begin working on the remediation plan.

In developing the remediation plan, attention should initially be focused on identifying the underlying cause that has contributed to the current problems. Once the underlying cause(s) are identified, the SDF representative and Grantee should then identify the immediate issues or problems that are the result of the underlying cause. Finally, the SDF representative and Grantee should focus on immediate and long-term actions which will address the immediate issues as well as the underlying cause.

The actions included in the plan should focus on what is realistic and achievable within a reasonable period - usually not more than six months. In some cases, it may be necessary to approach SDF with a proposal to revise the project activities and goals, when the original goals are no longer achievable. It may also be appropriate to recommend lengthening the grant period to provide time to complete any additional activities.

Note that SDF will be very careful in reviewing any proposal to significantly modify the project goals and objectives because this will reduce the cost-effectiveness of the project from SDF’s point of view. Proposals to increase the amount of the grant may be appropriate, but will also be looked at very carefully. SDF will consider such a proposal only when there is a clear and convincing remediation plan that is highly likely to lead to a favorable outcome for the project.

4.3 Documenting the remediation plan

Once the plan is complete, the Grantee should document the proposed plan in a simple format showing the underlying issue or problem, the immediate effects of
the underlying problem, and the action plan showing each task and subtask. The action plan should clearly display the responsibility for each task and the timeline for each. The proposed remediation plan should be signed by both the SDF and the Grantee.

4.4 Reviewing and approving the remediation plan

Once the plan is complete, the Grantee will provide it to Fund Manager. The Fund Manager will review the proposed plan in detail, contacting the Grantee as necessary for clarification or additional information. During these discussions, the SDF representative may propose changes or additions to the plan, which must be discussed with the Grantee and accepted by both before being incorporated into the plan. After the review is complete, and the Fund Manager is satisfied with the plan, he/she will sign the plan. When the remediation plan includes changes requiring a grant amendment, the SDF will take the necessary steps to have the amendment approved and executed.

4.5 Tracking implementation of the remediation plan

When a formal remediation plan is in place, the Grantee will include a separate page on the quarterly report in which the Grantee reports on the remediation plan progress. The SDF will monitor activity against the plan to ensure that it is executed in a timely fashion.
611 GRANT CLOSURE

1. Purpose

The purpose of this manual section is to establish standard policies and procedures for the financial and programmatic closure of grants awarded by SDF upon their termination or expiration. This manual section applies to all SDF funded grants.

*Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.*

2. Background

Timely and effective closure of grant projects is a key part of the Fund’s monitoring and implementation programme. The closure process will begin approximately six months prior to the scheduled expiration of the grant and may continue up to sixty days after the expiration or termination of the grant. The closure process is designed to:

- Assist the Grantee in developing a specific action plan for concluding SDF assistance to their project
- Identify whether a time extension might be required to complete work on the project prior to expiration of the project
- Identify how the Grantee will proceed once SDF assistance ends, including any continuing relationship between the SDF and the Grantee
- Provide a financial summary of the project including the amount of the grant awarded by the Fund, the amount disbursed and the amount of allowable expenditures by the Grantee, to be used in updating the Fund's accounts as well as preparing any final disbursement or bill for collection
- Identify the quantifiable results of the project including measurable performance indicators for the project as well as data for the Fund’s own performance indicators, and
- Identify other project achievements and any lessons learned which the Fund may wish to share with others.

3. Responsibilities

With this policy, the overall responsibility for the fulfillment of the grant closure process is assigned to the Fund Manager. Fulfillment responsibility refers to process management, including adherence to schedules, knowledge of, and assistance with, problems encountered during all phases of the process, coordination of results and declaring the grant to be closed. However, the SDF grant closure process depends on the proper execution of specific responsibilities within separate organisations and across distinct areas of expertise. Specific responsibilities for these separate entities are as follows:

3.1 The SDF
The Fund Manager is responsible for reconciling financial records kept at SDF with those of the Grantee, collecting and verifying end-of-project information on performance targets and data, reviewing any end-of-project action plan, reviewing the final report from the Grantee, preparing a final financial analysis of the project showing amounts due the Grantee or the Fund, executing, if appropriate a final disbursement and preparing, if appropriate a bill for collection and collecting any amounts due the Fund from the Grantee. She/he is responsible for preparing the closure report.

3.2 The SDF representative

The SDF representative (normally an employee in the SDF) is responsible for working with the Grantee organisation to prepare for the expiration of the SDF grant (including development of an end-of-project action plan), identifying, with the Grantee, any need for a time extension and, with the Grantee, developing plans for the long-term sustainability of the project and the post-grant relationship between the Grantee and the SDF.

3.3 Grantee

The Grantee is responsible for working with the SDF, as indicated above, to prepare for the expiration of SDF funding, collecting and providing data on performance targets, expending funds in accordance with the SDF grant agreement, preparing and submitting a final report to SDF and returning to SDF, in a timely manner, any SDF funds not properly expended on project activities.

3.4 SDF Committee

The SDF Committee reviews the closure report submitted by the Fund Manager. The SDF Committee has final authority to declare a grant closed.

4. Procedures

4.1 Closure planning meeting

The SDF representative will schedule and conduct a closure planning site visit approximately six months prior to the expiration of the project. During this visit, the SDF representative and Grantee will:

- review the status of the project budget to determine what funds remain in each line item:
- review the project's implementation plan to determine what, if any, project activities remain to be completed;
- work with the Grantee to develop a work plan for completing all planned project activities and achieving the project objectives;
- with the Grantee, assess the long-term sustainability of the project;
- assist the Grantee in preparing a final disbursement request for completing
planned project activities;

- where project activities cannot be completed prior to the scheduled expiration of the SDF grant, discuss with the Grantee the possibility of a time amendment and, if appropriate, assist the Grantee in preparing a time amendment request; and

- plan for after-project support needs of the Grantee.

Following the planning site visit, the SDF representative will provide a copy of the closure work plan to the Fund Manager. Where the SDF representative and the Grantee have identified the need for a time amendment, the SDF representative will ensure that the Grantee's time amendment request is processed.

4.2 Initial fund manager review

Upon receipt of the closure work plan, the SDF representative will review the plan and provide any comments or suggestions to the Grantee. If the Grantee is requesting a time extension, the Fund Manager will promptly process the request in accordance with the provisions of the SDF Manual.

4.3 Initial financial closure analysis

Approximately three months prior to the expiration of the grant, the Fund Manager will notify the Financial Management Officer of the scheduled expiration of the grant. In response, the Financial Management Officer will provide the Fund Manager with a summary of the financial status of the grant including, at a minimum:

- the grant budget, including the initial budget and any amendments or approved budget shifts;
- Grantee expenditures against the budget and the unexpended balance in each line-item; and
- all disbursements from the grant including the date and amount of each disbursement.

The Fund Manager will review the Grantee's financial data as shown on the Grantee's quarterly reports and reconcile the Grantee's data with the data maintained by the Financial Management Officer. The Fund Manager will work with Financial Management Officer and the Grantee as necessary to ensure that both have accurate and current data. This will facilitate the final financial closure of the grant.

4.4 Activities prior to grant closure

During the period between the initial closure visit and the final expiration of the grant, the SDF representative will work with the Grantee to ensure that the closure work plan is executed and that all activities included in the grant are completed prior to the expiration of the grant period. The SDF Secretariat will continue to monitor the activities of the Grantee. During the final six months of
the grant period, SDF staff will take extra care in processing disbursements to ensure that funds requested by the Grantee can reasonably be expended during the remaining grant period. Where the Grantee requests a disbursement which will be expended after the grant period to cover written commitments incurred during the grant period, the Grantee must attach a copy of the commitment document (contract, purchase order, etc.) to the disbursement request.

4.5 Final report

Ordinarily it is anticipated that all expenditures will be completed prior to the expiration date (as amended) of the grant. In such a case, the Grantee should submit a final report, labeled Final Report, within 30 days after completion of the grant, without waiting for the end of the reporting period. This will enable the Fund to expeditiously close out the grant agreement.

Final reports should be accompanied by a check, payable to the COTVET/Skills Development Fund, for the balance of any unused SDF funds remaining after the expiration date of the grant. If a check is enclosed with the financial report, the financial report should include the check number and the amount of the check. This amount will be included as a negative amount under 'disbursements received' on the report. This will leave the balance of SDF funds at the end of the period equal to zero. Reports with checks should be hand carried to the SDF office or sent by certified mail as appropriate. Upon receipt of a check, the Fund Manager will issue a receipt to the Grantee from a receipt book that records duplicate receipts.

4.6 Expenditures after the grant period

Grantees should not enter into commitments during the grant period which cannot be fulfilled during the grant period, as the grant period is expected to be sufficient to carry out the grant project. However, occasionally, Grantees will have awarded written contracts for goods or services during the grant period which were intended to be executed during the grant period but, for reasons beyond the control of the Grantees, were not completed prior to the expiration of their grants. In such cases, Grantees are authorized to make expenditures out of available grant funds for up to 60 days after the expiration of the grant. Once all expenditures are completed, the Grantee should prepare and submit a final report, as indicated in 6.5 above, attaching copies of the written commitments which required expenditures beyond the expiration date of the grant, and a check for any unused balance of SDF funds.

4.7 Post-expiration site visit by the SDF representative

Within 30 days after the expiration of the grant, the Fund Manager will visit the project to go over, with the Grantee, the activities and accomplishments of the project to verify the final performance and API indicators and, if the expenditures are completed, to collect and discuss the final report and to collect any
unexpended SDF funds.

4.8 Final financial analysis

Upon receipt of the final financial report, the SDF Secretariat will prepare the final financial analysis for the grant. This analysis will show:

- the date and amount of each disbursement and the total amount disbursed;
- the original grant budget, any amendments and approved budget shifts and the final grant budget;
- all expenditures from grant funds, as shown on the Grantee’s reports or other documents and the total allowable expenditures;
- any end-of project collections from the Grantee; and
- the net balance due SDF (if the disbursements exceed the allowable expenditures) or the net balance due the Grantee (if the allowable expenditures exceed the disbursements and funds remain in the grant agreement). Where the final analysis shows a balance due the Grantee, the Fund Manager should prepare a final disbursement request.

The final financial analysis should be based upon the work done in the preliminary analysis, simply updating it for any subsequent disbursements, reports or collections. Where the total expenditures for one or more line-items exceed the final budget by more than the 15% flexibility allowed the Grantee, the SDF may want to consider approving a final budget shift. A copy of the final financial analysis should be forwarded by the SDF to the Grantee. The SDF will use the final financial analysis as the basis for de-obligating any grant balances, issuing any bills for collection, and, if there is a final disbursement request, processing any final disbursement.

4.9 Project closure report

The SDF representative will also initiate, based on the final site visit, a review of the grant files and discussions with the Grantee, the Project Closure Report. This report should contain the following sections:

- Background – A brief introductory statement of who the Grantee is, where the project is located and a description of the project purpose, planned activities, duration and amount of SDF-provided funding.
- Objectives – A listing of all project objectives and performance targets.
- Achievements/Outcomes -A chart and narrative that describe the specific achievement of each of the project objectives and performance targets.
- Benefits – A description of the specific benefits of the grant, for both the Grantee and direct beneficiaries and, where it is possible, to document the impact, for the wider community.
- Constraints – A description of any major constraints or issues that arose during project implementation. This should include a description of how the constraints affected the project and what was done to mitigate the constraints or issues.
Sustainability/Profitability – An assessment of the sustainability and/or profitability of the project and a discussion of any plans in place that will promote the long-term sustainability and/or profitability of the project.

The SDF comments to the final report should be completed within 60 days after receipt of the draft report from the Grantee. The final report should be submitted to the SDF Committee.

4.10 Final closure

Upon receipt of the final financial analysis and the Project Closure Report, the SDF Committee will take appropriate steps to declare the grant closed and remove it from the list of active grants.

5. Terminated grants

Where grants are terminated prematurely through action of SDF or of the Grantee, it probably will not be possible to carry out all the work described above for expiring grants. Instead, the Fund Manager should concentrate on ensuring that the Grantee complies with the requirements of the grant agreement, that a final report is submitted and that any funds due SDF are collected. Because the nature of grant terminations will vary significantly, there is no set procedure specified. Rather, the Fund Manager should work closely with the Grantee in carrying out activities related to the termination.
612 ACCOUNTING PROCEDURES

1. Financial management and accounting

Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.

1.1 Sources for the Skills Development Fund

The sources of money for the Fund are:

- Monies provided by Parliament
- Monies provided by Parliament, possibly through the Ghana Education Trust (GET)
- Grants and loans by development partners, expected to constitute the bulk of the funding during the first years of the Fund’s existence
- Proposed fees and charges accruing from the planned future training levy to be negotiated with employers and the private sector and, when concluded, payable by employers on employee salaries
- Income generated by the SDF itself from interest, for example, on investments, and
- Other monies approved by the Minister of Finance.

1.2 Bank account for the Fund

Monies of the Fund will vest in the COTVET Board and be paid into bank accounts opened by the Board with the approval of the Accountant General.

Section 18 (3) of the COTVET Act gives the Board the right to invest funds not required for immediate use as it considers fit. It should be noted that investment decisions of the Board will be subject to conditions attached to monies provided by Parliament, donations, grants and loans among other things. The Fund is exempt under section 22 of the COTVET Act from the payment of tax on any income accruing from investments made by the Board for the Council.

1.3 Expenses of the SDF Committee

The expenses of the SDF Committee and the SDF Division will be paid with monies contributed to the Fund. The SDF Division prepares an annual budget and activity plan for approval by the Committee.

1.4 Accounts and audits

The following rules apply for accounts and audits:
The COTVET Board keeps books of account and proper records of the activities of the SDF according to the rules and procedures stipulated by the Auditor-General.

The Board submits the accounts to the Fund to the Auditor-General for audit within three months after the ending of the financial year.

The Auditor-General audits the account not later than three months after the receipt of the accounts and forwards a copy of the audit report to the Minister.

The Internal Audit Agency Act, 2003 (Act 658) applies to the activities of the SDF.

The provisions of the COTVET Act apply to COTVET accounts. It is important for any development partners contributing to the SDF or the operational costs of the SDF Division to set out the conditions relating to the disbursement of funds as far as accountability is concerned and audit of the Funds are concerned. It must be noted that there is a difference between the audit of COTVET and the audit of the disbursed Funds to ensure compliance with disbursing conditions agreed between the Government of Ghana and the disbursing development partner.
613 AUDITING PROCEDURES

1. Background

The SDF provides grants to companies and organisations to carry out various development, research and knowledge transfer activities. SDF provides funds under these grants and the grantees report back to SDF on the utilization of these funds. SDF has established a grant audit programme with the following objectives:

- to verify that grantees are properly using and accounting for funds,
- to verify that they are meeting the financial requirements of their grant agreements,
- to provide feedback to SDF on the strengths and weaknesses of its overall grant financial management system, and
- to ensure and verify that appropriate internal controls are in place.

The audit programme is an integral part of the SDF’s grant monitoring programme. This manual section applies to all audits of grants awarded by the SDF.

*Please note that all transactions by the SDF must comply with the principles and procedures outlined in the financial manual guiding the work of the COTVET Project Support Unit, which in turn is an integral part of the Project Implementation Manual.*

2. Policy

The SDF will operate a cost effective grant audit programme designed to ensure that SDF grant funds are used by grantees only to carry out approved grant activities and accounted for properly. The audit programme will be conducted in accordance with the provisions of this manual section; and, to the extent consistent with the exigencies of SDF operation, in accordance with Government Auditing Standards upon which this section is based.

SDF will use qualified local audit firms to carry out its audits. These audit firms will be selected after evaluating (a) their competency in completing audits, (b) their ability to undertake field assignments and interact with SDF grantees, and (c) the reasonableness of their fee structures.

3. Functional responsibilities

4.1 FMS

The Financial Management Specialist (FMS) has overall responsibility for carrying out the Grant Audit Programme.

4.2 COTVET internal auditor
The COTVET Internal Auditor will provide technical advice and assistance to the FMS in carrying out this responsibility.

4.3 Grants office

The Grants Specialist and staff also have responsibility for assisting in the selection and scheduling of audits to be completed by field audit firms.

4.4 Audit committee

An audit sub-committee of the SDF Committee assisted by the Fund Manager, the FMS, the retained legal counsel, and the COTVET Internal Auditor will review audit reports and determine what actions are to be taken in response to any findings.

4. Definitions

4.1 Field audit

An audit of the Grantee’s records conducted at the grantee’s site by an independent auditing firm retained by the SDF.

5. Procedures

6.1 Selection of grants to be audited

The SDF has determined that, in order to meet the objectives of its audit programme, it needs to audit approximately one fourth of those projects funded annually by the Fund. This gives the SDF a good sample to determine the level of compliance by grantees with the Fund’s requirements and to analyze the strengths and weaknesses of the financial management system. The selection system described below is designed to provide a broad sample of the kinds of projects funded by the Fund while preserving a focus on those projects where the risk of loss is the greatest.

5.1.1 Determination of the annual audit level. The first step in determining the grants to be audited each year is to determine the number of audits to be carried out. To do this, at the beginning of each fiscal year, the FMS will calculate the average number of new grants funded over the past year(s). The FMS will then calculate 25% of this average level. This number, rounded up to the nearest whole number, will be the base audit level for the year representing the number of grants to be audited. This level may be adjusted upward, but not downward, with the approval of the SDF Committee, to meet specific needs identified during the annual audit planning meeting discussed below. Within this pool of projects, one half of the grants to be audited will be selected randomly and one half at an
audit planning meeting from among grants having a value of GHC 75,000 or more.

5.1.2. Random selection of grants. One half of the number of grants to be audited will be selected by the FMS by a random selection from all grants eligible to be audited. The following grants will be a part of the eligible pool for random selection:

- all active grants with a grant period of one or more years which have been in operation for 6 months or more at the beginning of the fiscal year;
- all grants with a grant period of less than one year which are active at the beginning of the fiscal year or which have expired during the last three months.

The random selection of grants to be audited will take place immediately after the audit planning meeting.

6.1.3 Audit planning meeting. The FMS will convene an audit planning meeting near the beginning of each fiscal year to select the remaining grants to be audited. The attendees will be the FMS, the COTVET Internal Auditor, the Grant Specialist and such additional staff as are necessary to assist the above individuals. The purpose of this meeting will be to select one half the grants to be audited during the year from among those active grants which have a value of GHC 75,000 or more.

The FMS will prepare a listing of eligible grants prior to the meeting. The participants will attempt to identify those grants from among those eligible which have the greatest risk for loss due to the nature of the grant project. They will also consider the nature of the grantee organisation, an analysis of the grant reporting and other appropriate criteria. Any of the participants may present additional criteria for consideration.

The participants may recommend to the Fund Manager an increase in the total number of grants to be audited during the year if the base audit level is too low to accommodate those grants which the participants believe ought to be audited and if sufficient resources, fiscal and staff, are available. An increase in the number of grants to be selected at the Audit Planning Meeting will mean a like increase in the number to be randomly selected to maintain the ratio of random audits to planned audits. If the participants disagree on the selection of the particular grants to be audited, the Fund Manager shall make the final decision.

6.2 Auditors

The policy of the SDF is to use locally-owned accounting firms to carry out bookkeeping reviews and audits of SDF-funded projects. The purpose of this policy is to:

- ensure that the auditors are familiar with local conditions which may affect the project
facilitate economic travel by the auditors to and from the project site and
easy communications between the auditors and the grantees, and
help build an indigenous capacity to carry out project audits and
bookkeeping reviews.

Ordinarily, the Fund will select a single firm to carry out audits and bookkeeping
reviews. A second audit firm may be selected where it is convenient for
geographic purposes. In addition to the criteria stated below, the SDF will look for
firms which have a reasonable price structure so that audit fees will be kept to a
moderate level relative to the size of the grants.

6.2.1. Qualifications. Auditors should meet the following qualification
standards to carry out grant audits for the SDF:

- **Local ownership.** Firms selected to be SDF auditors should, if at all
  possible, be owned and managed by citizens or permanent residents of
  Ghana. Affiliation with an international public accounting firm will not
disqualify a firm from consideration if ownership of the firm to do the work is
local.

- **Professional affiliations.** The audit principals of the organisation should
  be members of professional accounting associations such as an Institute of
  Chartered Accountants or Institute of Certified Public Accountants.

- **Education & training.** The organisation itself should possess adequate
  professional competence to carry out SDF's audit programme. Individuals
  proposed to carry out the audits should, by education and training have the
  capabilities to carry out their proposed tasks.

- **Language capabilities.** The organisation should have staff with
  capabilities in local languages.

- **Experience with informal sector organisations.** The auditing
  organisation should have demonstrated experience in dealing with informal
  sector organisations of the type funded by SDF.

- **Communications and transportation capabilities.** The auditing
  organisations should have the capability to efficiently communicate with
  SDF Secretariat in writing, either by e-mail or facsimile transmission. The
  firm should have the capability to transport its staff to the project sites
  without undue difficulty or delay to conduct audits and bookkeeping
  reviews.

6.2.2. Selection of an audit firm. Selection of an auditing firm will be made
only after a review of the qualifications and costs of a number of firms in the
country. At least three firms should be considered. Primary consideration in
selecting an audit firm should be given to the qualifications as described above.
Selection of an audit firm will be made by the Procurement Specialist in
consultation with the FMS, the COTVET Internal Auditor and appropriate SDF
staff.

6.2.3. Contracting with the audit firm.
Form of contract. Ordinarily, a Time and Materials contract shall be executed with those audit firms selected to carry out SDF audits. The estimated amount of the contract should be sufficient to fund the estimated number of the audits for the next three years. Where, due to rapidly changing price levels or unusually high rates, it is not possible to negotiate a satisfactory time and materials contract, the FMS, in consultation with the Procurement Specialist, may approve the use of some other appropriate contract format on an interim basis.

Term of contract. Contracts should be for a period not exceeding three years. Contracts may be initially awarded for a period of less than three years to allow SDF to assess the suitability of an auditor. Contracts which are initially written for a period of less than three years may be extended to three years without further competition if the auditor proves satisfactory, and they therefore should include a clause allowing the Fund to extend the contract up to three years at the Fund’s option. After three years, the competition will be reopened and the auditor reselected.

Contract rates. Contracts should include negotiated rates for the different levels of audit staff that will be carrying out the audits under the contract. Contracts should include a provision that permits the rates to be adjusted through a renegotiation process at 12 month intervals during the term of the contract.

Funding of audits. Audits of grants are ordinarily funded through funds set aside in the grant. Funds reserved for audits are collected into a single pool for accounting purposes to fund audits and other work by auditors.

6.4 General

Audits will normally be scheduled to minimize the associated travel costs. This means grouping together audits in the same parts of the country to allow several to be done during a single trip. Consideration will also be given to the heavy workload periods of the grantees and the auditors. Audit scheduling will also take into account other relevant circumstances of the grant such as disbursement timing, significant purchases, grant period, etc.

6.4.1. Scheduling. Audits are scheduled by the FMS in consultation with Fund Manager and Grantee.

6.4.2. Initiating the audits. Once a tentative schedule has been established, the Procurement Specialist will contact the audit firm and request an estimate for carrying out the tasks. If the estimate received from the auditor is satisfactory, the FMS will instruct the auditor to proceed and will inform the Partner that an audit has been requested. The instruction to the audit firm will be in the form of a Task Order to carry out the work. The audit firm will be instructed to coordinate the exact scheduling of the audits with the Grantee.

In the event the audit firm’s estimate is considered too high, the Procurement
Specialist will advise the firm to look for ways to reduce the cost reductions through review of the proposed work plan or through the assignment of different staff to the task. Where negotiation does not produce a satisfactory estimate, steps will be taken to locate another audit firm, and the FMS shall make a decision as to whether the audit should proceed, balancing the estimated cost with the need for the audit.

6.4.3. Consultation with the Grantee. It is the responsibility of the audit firm to notify the grantees that an audit has been requested and to arrange for the audit to take place at a time when the principals of the grantee organisation will be available.

The Grantee will also advise the auditor of the exact location of the grant project and of any situations which require special attention. When necessary, the Partner will introduce grantees to the audit firm and explain to the grantees the purpose of the audit and audit procedures.

6.4.4. Implementation. Audits and bookkeeping reviews will be carried out in accordance with SDF’s Field Audit Guidelines and Instructions to be used by Field Auditors, and in accordance with generally accepted auditing standards.

6.4.5. Exit interview. The auditors will conduct an exit interview with the principals of the grantee organisation upon completion of the field work for the audit, describing the preliminary findings and explaining that the grantee will have the opportunity to respond to the draft report.

6.4.6. Draft and final reports. Upon completion of the field work for an audit or group of audits, the auditors will notify SDF and the Partner. The draft report, prepared in accordance with the Field Audit Guidelines and following the format illustrated in the Model Audit Report, will be forwarded directly to the grantee for comment and a copy will be provided to the Partner. If no response is received within thirty days, the audit firm will promptly finalize and forward the audit report to the FMS and to the grantee. If comments are received from the grantee within the thirty day response period these responses will be consolidated into the audit firm’s final report and the final report will be forwarded to the FMS and the grantee. Upon receipt of an audit firm’s final report at SDF Division, the original report will be placed in the corresponding grant financial file.

6.4.7 Findings related to partner or significant fraud. In the event that the audit uncovers findings related to the Partner or Partner staff; or significant ongoing waste, fraud, corruption, or abuse of SDF provided resources, the audit firm will notify the SDF Division immediately without waiting to prepare a report.

6. Audit follow-up

7.1 General
An audit sub-committee of the SDF Committee assisted by the Fund Manager, Grant Specialist, FMS, the retained legal counsel, and the COTVET Internal Auditor will be responsible for reviewing each audit report and determining what follow-up action(s) shall be required. Each audit report will be promptly reviewed by FMS upon receipt in the Fund and a copy will be provided to each Audit Sub-Committee member.

7.2 Audit committee review

The Audit Sub-Committee will meet to review each report within 20 business days of its receipt. When a report contains no significant findings, the FMS may, by unanimous consent of the Sub-Committee, waive the meeting. The Sub-Committee will determine what actions need to be taken by the Fund in response to the findings of the audit report. A report on this meeting, stipulating the actions to be taken and the office responsible will be made by the FMS or his/her designate and will be distributed to Sub-Committee members and the Partner.

7.3 Follow-up

As follow-up actions stipulated in the FMS report are completed, the Grant Specialist will report the fact to the FMS. The FMS will maintain a status report on substantive audit findings and actions taken/follow-up and will update the report quarterly and distribute the report to the Audit Sub-Committee as well as the Fund Manager and the Grant Specialist.

7.4 Closing the audit report

Once follow-up action has been completed, the audit report will be considered closed, and a note to the file will be prepared listing the actions recommended and the date of the actions. Where follow-up action cannot be completed or planned actions are overtaken by events, the Audit Committee can decide that a report should be closed.

7.5 Audit memos for the audit files

The FMS will ensure that audit files are maintained on a current basis and that copies of audit reports and pertinent related materials are properly filed in the grant folders. Audit Sub-Committee reports will be inserted into the appropriate audit and grant folders.

7.6 Extraordinary audits

From time-to-time, it may be necessary to audit a grant which had not been previously scheduled for audit under the procedures described above. In cases where fraud, theft, corruption or misuse are suspected, any audit sub-committee member, or the Fund Manager or the Grant Specialist may request an audit of a project. In addition when, in accordance with SDF policy on funding second
grants, an audit of the previous grant to an organisation is required. The appropriate Grants officer may request such audit.

When such an audit is requested, the FMS or his designee will meet with the requesting individual to develop the work plan and the schedule for the audit. Where necessary, arrangements for such audits will be conducted on a priority basis. Reports for such audits will be handled in accordance with the procedures outlined above for ordinary audits.

Field audit firms and COTVET’s Internal Auditor, however, are expected to review the findings of previous audits prior to conducting a new audit of the same grant. It is expected, in these instances, that the new audit will contain commentary on the previous audit(s); including observations on whether the auditee has implemented previous recommendations.
614 PROCUREMENT MANAGEMENT

Procurement as an activity and its management is most critical to the implementation success of any project. Procurement brings in the resources required to deliver:

- the intellectual, advisory and capacity building services of consultants
- the goods and or equipment needed for project support and implementation
- the works required to deliver project infrastructure requirements and needs.

1. Procurement Objectives of the SDF

In undertaking procurement activities under the SDF, the SDF Division and the eligible Fund Beneficiaries (under the 4 Windows) must be made aware of the key objectives of procurement as provided in the Bank and Ghana Government’s procurement guidelines which are the following:

- Economy
- Efficiency
- Non-Discrimination
- Transparency
- Reliability
- Fairness and
- Accountability

Thus in all cases, the preferred procurement method is one that guarantees and enhances competitive sourcing and selection of suppliers, contractors and consultants.

2. The Procurement Plan

Project implementation requires the acquisition of input resources which are normally grouped into:

- Goods
- Works and
- Services-mainly consultancy services

The economic and timely supply and delivery of these input resources have a huge impact on the success or otherwise of the SDF’s ability to meet its overall objectives and outcomes. Procurement Planning and its execution is therefore an integral part of project implementation and monitoring, which must be done and reviewed periodically to anchor the project over its life. The Bank therefore requires the SDF Division and the Fund Applicants (whose proposals have been approved for funding and who are certified to have the capacity to undertake procurement) to prepare procurement plans, where necessary, which shall indicate the following:

- Contract packages
- Estimated cost for each package
- The procurement method, and
- The processing steps and times and
• Synchronized with resource requirements of component implementation plans.

The procurement plan also serves as a tool for monitoring funds utilization and overall implementation performance. The Development Credit Agreement (DCA) for the Ghana Skills and Technology Development Project (GSTDP) captures the thresholds for selecting procurement methods in the procurement plan, and whether the bank’s prior or post reviews no objection is required before procurement can be carried out.

The Procurement Plan will include relevant information on all goods, works, consulting services etc to be undertaken under the proposal as well as the scheduling of each milestone in the procurement process. The procurement plan shows the step-by-step procedures and processing times for procurement including: contract packages for goods, consultant services and training; estimated cost; procurement or consultant selection method; bidding, evaluation and contract award; the activities which follow contract signature such as manufacture, shipment, delivery and installation of goods.

Any update to the procurement plan must be approved by the Bank before implementation. Special training on procurement planning would be provided to all procurement staff including procurement focal persons designated by the Fund Beneficiaries to build their capacity to undertake this very important exercise.

3. Procurement Administration

Procurement through International Competitive Bidding (ICB) and the selection of consultants estimated to cost more than US$150,000 under the SDF will be carried out in accordance with the World Bank’s Procedures and Guidelines dated January 2011 and the Public Procurement Procedures as specified in the Ghana Public Procurement Act 663 of 2003 and the provisions stipulated in the Development Credit Agreement.

All other procurement and selection of consultants will be carried out in accordance with the Ghana Public Procurement Act 663 of 2003 using the National Competitive Bidding (NCB) process as spelt out in the Public Procurement Procedures. For NCBs, all the exceptions listed in the Financing Agreement and the Project Appraisal Document (PAD) will be incorporated in the Standard Bidding Document.

The general description of the various items under different expenditure category is provided. For each contract to be financed by the credit, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank project team in the Procurement Plan.

4. Procurement under the SDF Division

All procurements under the SDF Division will be carried out entirely by the Project Support Unit (PSU) in accordance with the World Bank’s Procurement Guidelines and Procedures dated January 2011 and as specified in the DCA (see Project Procurement Manual under PIM).
5. Procurement under the four (4) SDF Windows

Procurement under the four (4) windows shall be carried out either by the Fund Beneficiaries (FB) themselves or by the PSU. Before the FBs embark on procurement, the PSU will undertake procurement capacity assessments to determine whether or not they have the requisite capacity to undertake procurement. Where the capacity exists, the FBs will be given the permission to undertake their own procurement with supervision from the PSU. However, where the assessment reveals lack of capacity to undertake procurement, the PSU will coordinate support to strengthen the capacity of the FB to undertake its own procurement or the PSU will do the procurement on behalf of the FBs. This will be decided on a case by case basis. In cases where Fund Beneficiaries will carry out their own procurements (decentralized procurements), they will be required to appoint their own Procurement focal persons. The Procurement focal persons will vet all procurements to ensure that the various rules and guidelines are strictly adhered to.

The scope of responsibilities of the Procurement focal persons include:

- Plan procurement activities
- Inform potential bidders and consultants of contract opportunities
- Prepare bidding documents
- Procure Goods, Works and Related Services
- Prepare Expressions of Interest (EOI) and Requests for Proposals (RFP)
- Select and employ Consultants.

**Procurement under Window 1**

Under Window 1, the selection of training providers will be undertaken according to the type of training. Where training is to be obtained from an established institution running its own courses as part of their normal programmes (and not designed to address the particular needs of the applicant), the FB will not be required to follow any procurement process or procedures. However, if similar training is offered at a relatively cheaper cost elsewhere, the PSU will decide as part of its evaluation which one of the institutions is the most technically qualified to undertake the assignment.

In situations where the FB has identified a training provider to customize a training programme to address its particular needs, provided the FB has the requisite capacity to undertake procurement, it will have to identify two additional training providers offering the same training and evaluate them to select the most technically qualified provider to undertake the assignment using Quality-Based Selection (QBS) (where the threshold is high) and either Least Cost Selection (LCS) or Consultant’s Qualification Selection (CQS) for simplified assignments with lower thresholds.

For In-House or On-The-Job Training where the applicant has identified a training provider to deliver training in-house, provided the FB has the requisite capacity to undertake procurement, it will have to identify at least two (2) additional training providers and do an evaluation to select the most technically qualified provider to
undertake the assignment using either Individual Consultant Selection (ICS) or CQS for simpler assignments or QBS where the risks are high.

**Procurement under Window 2**

Under this window, where it is determined through procurement capacity assessment that the industry association which applies on behalf of its members does not have the requisite capacity to undertake procurement, the PSU will coordinate support to strengthen the capacity of such an association to undertake its own procurement. Where it is determined that the industry association does not have people who are trainable, then procurement will be undertaken centrally by the PSU.

**Procurement under Window 3**

Procurement under this window will either be undertaken by the PSU or the Training Providers themselves depending on the outcome of the procurement capacity assessments on whether the training providers have the systems, structures and the required capacity to undertake procurement. Where the training provider has the requisite capacity to undertake procurement, they will undertake their own procurement with the PSU exercising oversight over the process. Conversely, if the training provider does not have the required capacity to undertake procurement, the PSU will either coordinate support to strengthen the capacity of the Training Provider to undertake its own procurement or the PSU will undertake the procurement on its behalf.

**Procurement under Window 4**

Under this window, where the technology already exists, there will be the need to procure using Bank procurement guidelines and procedures. Where the applicant has the requisite capacity to undertake procurement, it will undertake its own procurement with the PSU exercising oversight over the process. Conversely, if the applicant does not have the required capacity to undertake procurement, the PSU will either coordinate support to strengthen its capacity to undertake its own procurement or the PSU will undertake the procurement on its behalf. In cases where the technology does not exist because it has to be researched or adapted, the applicant will undertake its own procurement to recruit/select the service provider best suited to refine the process or to undertake the needed research.

In situations where the FB is acquiring technology related services (e.g. training on new equipment, consulting services, etc) and has identified a provider to customize these services to address its particular needs, provided the FB has the requisite capacity to undertake procurement, it will have to identify at least two (2) additional training providers offering the same training and evaluate them to select the most technically qualified provider to undertake the assignment using Quality-Based Selection (QBS) (where the threshold is high) and either Least Cost Selection (LCS) or Consultant’s Qualification Selection (CQS) for simplified assignments with lower thresholds.

The Fund Beneficiaries whose proposals have been approved for funding will submit their procurement documentation through the Fund Manager to the PSU. The PSU will forward same to its Procurement Specialist for final vetting and advice. It will then be
sent either to IDA (in cases where 'no objection' clearance is required before the procurement process is continued) or back to the Fund Beneficiaries for the continuation of the procurement process. There may be prior consultations between the Fund Beneficiaries and the Procurement Unit of the PSU as and when the need arises.

6. Procurement Thresholds

Procurement will be carried out in accordance with the World Bank’s Procurement Guidelines and Procedures dated January 2011 and as specified in the DCA. The various thresholds are indicated in the table below.

**Thresholds for Procurement Methods and Prior Review**

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>Contract Value (Threshold) US$</th>
<th>Procurement Method</th>
<th>Contracts subject to Prior Review</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Works</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;2,000,000</td>
<td>ICB</td>
<td>All contracts</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000 - &lt;2,000,000</td>
<td>NCB</td>
<td>Contracts &gt; US$500,000</td>
</tr>
<tr>
<td></td>
<td>&lt;50,000</td>
<td>Shopping</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>All Values</td>
<td>Direct Contracting</td>
<td>All Contracts</td>
</tr>
<tr>
<td><strong>Goods and non-consulting Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;500,000</td>
<td>ICB</td>
<td>All Contracts</td>
</tr>
<tr>
<td></td>
<td>All Values</td>
<td>LIB</td>
<td>All Contracts</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000 - &lt;500,000</td>
<td>NCB</td>
<td>All Contracts</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000</td>
<td>Shopping</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>All Values</td>
<td>Direct Contracting</td>
<td>All Contracts</td>
</tr>
<tr>
<td><strong>Consulting Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;150,000 firms</td>
<td>QCBS/QBS</td>
<td>All Contracts</td>
</tr>
<tr>
<td></td>
<td>&lt;150,000 firms</td>
<td>QCBS/LCS/FBS/CQS</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>&gt;50,000 Individuals</td>
<td>Individual</td>
<td>All Contracts</td>
</tr>
<tr>
<td></td>
<td>&lt;50,000 Individuals</td>
<td>Individual</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>All Values</td>
<td>Direct Contracting</td>
<td>All Contracts</td>
</tr>
</tbody>
</table>

7. Procurement Categories and Methods

**Procurement of Works:** Works procurement to be undertaken under the SDF will be done using the Bank’s Standard Bidding Documents (SBD) for all ICB and National Standard Bid Documents satisfactory to the Bank.

**Procurement of Goods:** Goods procurement to be undertaken under the SDF will be done using the Bank’s SBD for all ICB and National Standard Bid Documents satisfactory to the Bank.

**Procurement of Non-consulting Services:** Non-consulting services to be procured under the SDF will be done using bidding documents satisfactory to the Bank.

Comment [DNM7]: Shouldn’t we differentiate between COTVET procurement and kind of procurement FBs will do—I don’t see grantees doing complicated procurement—so lets suggest simple methods such as CQS, shopping, etc. here.
Selection of Consultants: Consulting services to be undertaken under the SDF will be done using the Bank’s standard selection procedures. Short lists of consultants for services estimated to cost less than US$150,000 equivalent per contract may be composed entirely of national consultants.

Workshops, and Study Tours: These will be carried out on the basis of approved proposals. The proposals will identify the general framework including the nature and objectives of study tours, workshops, the number of participants, cost estimates, and the translation of the knowledge gained in the actual implementation of proposal.

8. Procurement Steps

These are as specified below under International Competitive Bidding (ICB), National Competitive (NCB), Shopping, Quality and Cost Based Selection (QCBS), Quality Based Selection (QBS), Least Cost Selection (LCS), Fixed Budget Selection (FBS); and Selection based on Consultant’s Qualification (CQ).

International Competitive Bidding

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Duration</th>
<th>Responsibility</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identification &amp; Packaging</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>2</td>
<td>Preparation of Specifications</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>3</td>
<td>Preparation of Bidding Documents</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>4</td>
<td>Seek ‘no objection’</td>
<td>± 2 weeks</td>
<td>PSU/IDA</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>5</td>
<td>Advertise (UN Development Business, dg-Market &amp; Local Newspapers)</td>
<td>6 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>6</td>
<td>Sale of Bid documents</td>
<td>6 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>7</td>
<td>Bid opening</td>
<td>1 day</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>8</td>
<td>Bid Evaluation</td>
<td>± 4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>9</td>
<td>Seek ‘no objection’</td>
<td>± 2 weeks</td>
<td>PSU/IDA</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>10</td>
<td>Draft Notification &amp; Contract</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>11</td>
<td>Sign Contract</td>
<td>4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>12</td>
<td>Expedite/Monitor Contract</td>
<td>Optional</td>
<td>Fund Beneficiary</td>
<td>Procurement &amp; Disbursement Assist</td>
</tr>
</tbody>
</table>

National Competitive Bidding

<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Duration</th>
<th>Responsibility</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identification &amp; Packaging</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>2</td>
<td>Preparation of Specifications</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>3</td>
<td>Preparation of Bidding Documents</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>4</td>
<td>Vet bid document</td>
<td>1 weeks</td>
<td>Procurement</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Advertise</td>
<td>4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>6</td>
<td>Sale of Bid documents</td>
<td>4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>7</td>
<td>Bid opening</td>
<td>1 day</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>8</td>
<td>Bid Evaluation</td>
<td>± 4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>9</td>
<td>Vet Evaluation Report</td>
<td>± 2 weeks</td>
<td>Procurement</td>
<td></td>
</tr>
</tbody>
</table>
### Draft Notification & Contract
- **Duration**: 1 week
- **Responsibility**: Fund Beneficiary
- **Remarks**: Procurement Assists

### Sign Contract
- **Duration**: 4 weeks
- **Responsibility**: Fund Beneficiary
- **Remarks**: Procurement Assists

### Expedite Contract
- **Duration**: Optional
- **Responsibility**: Fund Beneficiary
- **Remarks**: Procurement & Disbursement Assists

### Shopping
<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Duration</th>
<th>Responsibility</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Identification &amp; Packaging</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>2</td>
<td>Preparation of Specifications</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>3</td>
<td>Preparation of Invitation</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>4</td>
<td>Distribution of Invitation</td>
<td>2 Days</td>
<td>Fund Beneficiary</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Receipt of Quotations</td>
<td>14 Days</td>
<td>Fund Beneficiary</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Evaluation of Quotations</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Vetting of Report</td>
<td>1 day</td>
<td>Procurement</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Award of Contract</td>
<td>3 Days</td>
<td>Fund Beneficiary</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Expedite Contract</td>
<td>Optional</td>
<td>Fund Beneficiary</td>
<td>Procurement &amp; Disbursement Assists</td>
</tr>
</tbody>
</table>

### Selection of Consultants – QCBS/QBS/LCS/FBS
<table>
<thead>
<tr>
<th>No</th>
<th>Description</th>
<th>Duration</th>
<th>Responsibility</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preparation of TOR &amp; Cost estimate</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>2</td>
<td>Seek ‘no objection’</td>
<td>± 2 weeks</td>
<td>PSU/IDA</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>3</td>
<td>Advertise EOI</td>
<td>2 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>4</td>
<td>Receive EOI responses and shortlist 6 firms</td>
<td>± 4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>5</td>
<td>Evaluation EOI responses and shortlist 6 firms</td>
<td>± 4 weeks</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>6</td>
<td>Prepare RFP</td>
<td>1 week</td>
<td>Fund Beneficiary</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>7</td>
<td>Seek ‘no objection’</td>
<td>± 2 weeks</td>
<td>PSU/IDA</td>
<td>Procurement Assists</td>
</tr>
<tr>
<td>8</td>
<td>Finalize RFP</td>
<td>± 1 week</td>
<td>Fund Beneficiary</td>
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9. Integrating Procurement and Financial Management and Disbursement Processes under the SDF

**Financial Management under the SDF**

Financial Management will be centralized at the PSU. The PSU will manage the bank accounts for the SDF, supervise and account for disbursement. A Financial Management Procedures Manual for the GSTDP and SDF provides a guide to the management and control of the SDF's records and funds and will also form the basis for computerization of the SDF accounts. The contents of the manual will include the chart and structure of accounts, budgeting, internal controls, accounting procedures, records management, computerization of accounts, financial monitoring reporting format, operation of special account, and withdrawal application procedures.

The Manual will prescribe procedures for the payment of procurement and contract execution claims. And in order to achieve this objective, all procurements shall generate an audit trail that conforms to the Bank's post contract award review criteria with all the necessary supporting documentation.

All procurement activities (shopping, selection of consultants and NCB etc) that are subject to post review by the Bank may be audited with the application of established criteria as check lists, and any significant deviation may lead to a declaration of mis-procurement or ineligible procurement if not qualified and approved under the Procurement Plan.

**Contract Execution and Disbursement Claims**
The financial administration manual of the SDF will clarify the conditions under which claims may be made, and payment effected, but from the perspective of procurement, the following basic documents are required to be arranged in the top down sequence presented below:

First all claims invoices must be covered by a short letter to the Fund Manager (to be forwarded to the PSU Coordinator) requesting payment for supplies made, services rendered or works completed. The PSU Coordinator will forward the request directly to the Financial Management Specialist (Project Accountant) of the PSU to process payment. The request letter must be signed by the Chief Executive/Managing Director of the Fund Beneficiary or his/her authorized representative, and should confirm the attachment of the following documentation in the order of listing:

1. VAT Invoice covering the delivery or performance of the contract
2. Supplier/Contractor/Consultant’s claims invoice referencing the purchase order/contract number, and the waybill/certificate number
3. Certificate of contract execution issued by the supervising consultant or engineer and for goods, the Goods Receipt Note (GRN) and the Waybill that accompanied the delivery. The receipt of the goods should be verified by the Chief Executive/Managing Director of the Fund Beneficiary who will countersign the Goods Receipt Note.
4. The original purchase order or copy of the contract (for simplification in verification, copies of all consultancy, services or works contracts should have been lodged at the PSU prior to submission of payment claims, so that Fund Beneficiaries need not attach fresh copies anytime a new payment claim is to be submitted under the original contract).
5. For procurement via shopping method, a copy of the RFQ issued to suppliers, and for consultancy services, a copy of the EOIs as they appeared in the local newspapers. For procurement under NCB, because of the bulky nature of tender documents, copies of which would already have been lodged with the PSU at finalization of the document, prior to advertising, a reference to the contract identification number only in the covering letter would be adequate.
6. An approval from the SDF Manager (and in the case of the four (4) windows the Chief Executive/Managing Director of the Fund Beneficiary) or his/her authorized representative to proceed with the procurement of the goods, works or consultancy assignment.
7. The original procurement requisition memo to the SDF Manager (and in the case of the four (4) windows the original procurement requisition letter/memo to the Chief Executive/Managing Director) justifying the procurement on the grounds of:
   a. Having been approved in the procurement plan
   b. Costs estimates being within the approved budget for the particular procurement activity.

10. Mis-Procurement
The Manual prescribes procedures for the following:
- Procurement under the various thresholds
- Prior and post reviews
- Payment of procurement and contract execution claims
- Persons authorized to approve procurement payment requests

Any significant deviation from the above may lead to a declaration of mis-procurement or ineligible procurement and expenditure.

11. Bid Evaluation Reporting

This manual highlights the procurement steps to be followed under ICB, NCB, Shopping and the selection of consultants. In all situations the PSU/IDA has been mandated to superintend over the procurement processes. A series of no objections or approvals requirements have been woven into the procurement processes by the IDA for all procurement activities requiring the Bank’s prior review, subject to the appropriate thresholds, and all procurement focal persons are required to familiarize themselves with these requirements. All requirements to seek the Bank’s prior review shall be routed through the PSU.

Approvals for procurement processes meeting the Bank’s ‘post review’ criteria shall be given by the PSU as appropriate before a continuation of the procurement process at the next stages. In particular, prior to contract award, or the issue of a purchase order, the technical, financial or combined technical and financial evaluation reports shall be submitted under cover of a memo from the Evaluation Committee to the PSU Coordinator (and in the case of the 4 windows, a formal letter from the Chief Executive/Managing Director of the Fund Beneficiary to the SDF Manager to be forwarded to the PSU Coordinator) for verification and review that there has been full compliance with procurement under IDA guidelines or the Public Procurement Act (Act 663), before approval for the award of the contract would be given.

12. Documentation and Filing System

The PSU shall ensure that all Fund Beneficiaries undertaking procurement maintain full records of procurement including minutes of any evaluations, documentation and a competent filing system that delivers a complete audit trail in their procurement activities. The Bank’s annual independent procurement and financial audits of the SDF shall be a combination of both documentary and physical procurement auditing. The records of procurement activities and associated filing system are expected to facilitate the auditing assignment of consultants selected to perform the audits.

13. Reporting of Procurement Activities

All Fund Beneficiaries undertaking procurement are required to undertake monthly reporting of their procurement activities. The basic reporting format is the Procurement
Plan template, which will report the progress of actual procurement activities against the plan. Challenges and constraints encountered that impede the procurement process must be reported as well.

14. **Standard Bidding Documents**

The World Bank's Standard Bidding Document will be used for all International Competitive Bidding (ICB) for Goods and Works and its Request for Proposals (RFPs) for consultancy. For National Competitive Bidding (NCB), the exceptions listed in the Financing Agreement and the Project Appraisal Document (PAD) will be incorporated into the NCB document. In order to ensure that these exceptions are applied in a uniform and harmonized manner, a standard bidding document will be prepared by the PSU incorporating the listed exceptions and made available to beneficiaries for their specific NCB contracts for Goods and Works.

15. **Evaluation of Bids and Proposals**

A Bid Evaluation Team shall be constituted as and when necessary to evaluate bids and proposals. The Team shall include persons with skills, knowledge and experience relevant to the procurement requirements, which may include

- Relevant technical skills
- End user representation
- Procurement and contracting skills
- Financial management or analysis skills, or
- Legal expertise

A formal evaluation report shall be prepared for each evaluation conducted and signed by all participating members of the Team.

Recommendations for award of contract shall be made for each evaluation solely on the basis of information and evaluation criteria provided in the bid document or request for proposals without recourse to any extrinsic evidence, or influenced by personal or political preferences.

16. **Contracting**

All contracts under the SDF Division shall be signed by the Executive Director of COTVET and managed by the PSU. However, contracts under the four (4) windows shall be signed by the Chief Executive/Managing Director of the Fund Beneficiary and managed by the firm itself. In both cases, there is the need to ensure that routine monitoring of all contracts is maintained so that swift remedial actions can be taken when problems arise, or preventative action taken when problems are foreseen.

17. **Dispute Resolution and Mechanism**

Any dispute arising out of contracts under the project shall be resolved as follows:
in the case of a dispute between the SDF Division and a Supplier/Consultant/Contractor which is a national of Ghana, the dispute shall be referred to adjudication/ arbitration; and

in the case of a dispute between the SDF Division and a Foreign Supplier/Consultant/Contractor, the dispute shall be settled by arbitration in accordance with the provisions of the United Nations Commission on International Trade Law (UNCITRAL) Arbitration Rules.

18. Fraud and Corruption

It is the World Bank’s policy to require that Borrowers (including beneficiaries of Bank loans), as well as bidders, suppliers, and contractors and their subcontractors under Bank-financed contracts, observe the highest standard of ethics during the procurement and execution of such contracts. In pursuance of this policy, the Bank:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

(i) “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;

(ii) “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;

(iii) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(iv) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;

(v) “obstructive practice” is

(aa) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede a Bank investigation into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or

(bb) acts intended to materially impede the exercise of the Bank’s inspection and audit rights provided for under sub-clause 3.1 (e) below.

(b) will reject a proposal for award if it determines that the Tenderer recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for the contract in question;

(c) will cancel the portion of the loan allocated to a contract if it determines at any time that representatives of the Borrower or of a beneficiary of the loan engaged in corrupt, fraudulent, collusive, or coercive practices during the
procurement or the execution of that contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur;

(d) will sanction a firm or individual, including declaring ineligible, either indefinitely or for a stated period of time, to be awarded a Bank-financed contract if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a Bank-financed contract; and

(e) will have the right to require that a provision be included in Tendering documents and in contracts financed by a Bank loan, requiring Tenderers, suppliers, and contractors and their sub-contractors to permit the Bank to inspect their accounts and records and other documents relating to the Tender submission and contract performance and to have them audited by auditors appointed by the Bank.
600 ANNEXES
Financial Management & Procurement
## SKILLS DEVELOPMENT FUND
Disbursement Request
(Allow six weeks for processing)
(Complete both sides)

### GENERAL INFORMATION

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Total Amount Requested

Submitted by:

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Title
SKILLS DEVELOPMENT FUND

Disbursement Request

DISBURSEMENT INSTRUCTIONS & CERTIFICATION

(send funds to:)

Bank
Name

Beneficiary Account Name:

Beneficiary Bank Account Number:

Bank
Address

Bank Telex or Fax Number:

Name of Contact Person at Bank:

THIRD PARTY DISBURSEMENTS

IF YOU ARE REQUESTING THAT THIS DISBURSEMENT BE MADE DIRECTLY TO A VENDOR OR PROVIDER, THE FOLLOWING MUST BE COMPLETED

I authorize that the funds herein requested to be paid by SDF on behalf of Grantee (name of grantee) out of available grant funds to the vendor shown above.

This payment is for items or services we have ordered from this vendor for use in carrying out the project described in our grant agreement with SDF. If the payment is to be made in a currency other than the currency in which the grant agreement is denominated, I agree that SDF may charge the grant at the exchange rate prevailing on the last day of the month in which the disbursement is made, as determined by SDF.

______________________________
Signature

______________________________
Name

______________________________
Title

Note: Include any information needed by SDF about your request.
ACCOUNTING PROCEDURES

1. Introduction

1.1 Mission statement

The mission statement for the SDF’s Finance Department is ‘to record and report on all financial transactions relating to the Fund in accordance with generally accepted accounting principles and standards’.

1.2 Purpose

The purpose of the accounting procedures is to:
- Serve as a guide to all financial activities pertaining to the Fund
- State the duties and responsibilities of the department
- Explain in detail to those who are not in the department the mode of operations of the department
- Explain to newcomers to the department the accounting procedures in place.

1.3 Objectives

The objectives are to:
- Maintain complete and accurate supporting books of account and supporting documentation
- Safeguard the Fund and its assets by incorporating adequate internal controls and internal checks that prevent and detect fraud and errors
- Ensure proper recording of costs, revenues and all sundry transactions associated with the operation of the Fund
- Prepare timely and reliable financial information to The Board and other users of the operating results of the Fund for decision making, planning and control
- Prepare budgets in line with the strategic and operational plans of the Fund and compare same against actuals to determine variances, and adopt necessary corrective measures
- Prepare costing and variance analysis reports in furtherance to the budgeting control process
- Maintain a register of fixed assets
- Maintain proper control over cash.

2. Petty cash / imprest

2.1 Policy

A petty cash float is to reimburse for minor expenses incurred on behalf of the Fund. These expenses must be authorised by the sectional/departmental head.
Petty cash should be regularly balanced and reimbursement is to be made on an imprest basis only.

2.2 Procedure

1. All transactions must be documented and original receipts must be obtained, where possible. Where original receipts cannot be obtained, The Fund’s honour certificate must be obtained.
2. Request for reimbursement must be approved and authorised before cheques/cash are issued.
3. Accounts department shall check petty cash form for validity, receipts and authority level before processing.
4. The request shall include a full reconciliation of cash on hand, expenses incurred and amount received.
5. Reimbursement will be made when needed and the amount should equal the total of all receipts, expenses voucher and cash on hand.
6. Copies of air-tickets or other appropriate evidence of travel must be forwarded to the Accounts Department evidencing that the staff had undertaken the foreign trip.
7. Departmental imprest, where applicable, must be retired at the end of the month.
8. Imprest for specific jobs, contracts or activities must be retired immediately after completion of the job/contract.
9. All petty cash being held by departmental / sectional heads must be retired before the end of every year, i.e. by December 31.

2.3 Examples

1. All petty cash being held by departmental / sectional heads must be retired before the end of every year, i.e. by December 31.
2. One-off and minor consumable expenses.
3. Travel and transportation expenses.
4. Postage etc.

3. Cash office

The objective of the cash office is to ‘ensure that all cash and checks received are accounted for and recorded accurately’.

4. Bank accounts

The Fund operates current accounts in Ghana in both local and foreign currencies.

5. Investment items policy

Investment items are expenditure incurred in the acquisition, alteration or improvement of fixed assets having a life expectancy exceeding one year. A minimum value of GHC
200 For new fixed assets shall be capitalised. However all calculators, perforators, staple machine and the like shall be expensed when purchased.

5.1 Procedure

The Accounts Department shall:
1. Ensure there shall be a proper justification for the investment item
2. Ensure proper planning of cash flow by requiring inclusion of investment activities in the annual budget
3. Require proper approvals and authorisation in advance before entering into commitment to spend
4. Require proper authorisation of variations to previously approved projects/amounts
5. Ensure that Local Purchase Order (LPO) or Foreign Purchase Order (FPO) are issued to cover capital expenditures where necessary
6. Ensure that technical reports are obtained where necessary e.g., IT hardware, machinery and equipment, motor vehicle etc before purchase
7. Ensure that proper cost and benefit analysis / appraisal is conducted about the purchase
8. Ensure that Goods/Assets Received Note is attached to the supplier’s invoice before processing
9. Ensure that Stores has verified that the goods/asset has been delivered to the Fund
10. Ensure that all capital expenditure are captured in the accounts
11. Ensure that proper vetting is done especially on civil works, equipment purchase etc. in the following areas:
   - Payment terms
   - Specification
   - Performance bonds/guarantee
   - Warranty periods
   - Price validity and variations
   - Retention amounts
   - Contract documents

6. Fixed assets register policy

A permanent register is kept which details all fixed assets acquired or constructed. This information is required for accounting, insurance and maintenance / replacement and disposals. The register is categorised into the following group of assets:
- Land & Building
- Equipment & Machinery
- Furniture and fittings
- IT equipment (computers, printers, photocopiers, etc.)
- Office equipments
- Motor vehicles
For each fixed asset, the following information is maintained:

- Date of acquisition / purchase
- Description
- Serial number (if any)
- Location (signifying user/ department)
- Supplier
- Original (historical) cost
- Rate of depreciation
- Accumulated depreciation
- Asset code
- Additions during the year
- Amount realised on disposal (if any)
- Revaluation date
- Revaluation amount

6.1 Procedure

1. All fixed assets must be entered into the register with the relevant details.
2. All fixed assets disposed off must be indicated in the register.
3. Reconcile the total individual sections in the fixed assets register every month to the general ledger account.

6.2 Fixed assets revaluation

All fixed assets should be revalued every five years.

6.3 Depreciation

Objective: The fundamental objective in charging depreciation on all tangible assets is to include in the accounts, the cost of use of the asset or the economic benefit consumed during the period.

Policy: The straight line method is used to write off the cost of each fixed asset over its estimated useful life. The following annual rates are generally in use:

- Land & Building – 3%.
- Equipment & Machinery – 10%.
- IT equipment – 33.3%
- Office equipment – 20%
- Furniture and fittings – 20%
- Motor vehicle – 20%

6.4 Disposal of fund assets objective
Objective: To ensure that assets that are surplus to the needs of the Fund, are at the end of their useful life, or are no longer required, are disposed off for the maximum price obtainable.

Procedure:
1. Identify surplus assets, assets at the end of their useful life, or assets that are no longer required
2. Obtain relevant approval from ED / The Board
3. Assets to be disposed off should be advertised
4. Evaluation committee should evaluate the bids received from prospective buyers
5. Forward the evaluation report to the Procurement Committee / The Board for final approval
6. Arrange for timely disposal and reception of proceeds from the bidder with the highest possible net return
7. Failure of the highest bidder to pay promptly for the asset entitles the second highest bidder to pay and take the asset
8. Effect appropriate accounting entries and adjust assets records accordingly
9. After disposals, assets must be removed from the Fund’s premises.

6.5 Physical fixed asset count

At lease once a year, the Fund needs to determine the validity of the fixed assets register by physically counting the fixed assets. This will verify the existence of all fixed assets and test the accuracy of the register. All fixed assets must be properly coded.

7. Stores

1. A report detailing the cost of the stores receipts and issues is posted through the Accounting Software by the Accounts department to update the accounting records
2. A Stores Receipt Advice (SRA) must be generated by Stores immediately stocks are received and a copy sent to the Accounts office for posting to the accounting software
3. All requests for issues from the stores must be on a properly filled and approved requisition form
4. After issues, a copy of the duly signed release note/waybill must be sent to the accounts office for posting to the accounting software
5. A physical stock count must be done at least once a year, and evidence of the stock count appropriately signed by the stock keeper and stock taker. The signed stocktaking records should be filed.

8. Budget preparation and monitoring

A budget is a quantitative statement for a defined period of time, which may include planned revenues, expenses, assets, liabilities and cash flows.
Objective: A budget provides a focus for the Fund and aids the coordination of activities. It also facilitates control.

8.1 Procedures

1. Derive key assumptions or forecast for the preparation of the budget. Examples of these assumptions are:
   - Expected average exchange rate for the budget period
   - Expected inflation rate
   - Principal budget or limiting factor, e.g. external funds flow, donor restrictions and conditions, environmental factors etc.
2. Preparation of individual departmental, functional and master budget
3. Budgets are submitted to Executive Director for discussion
4. Budgets are submitted to the Finance Committee / the Board for approval.

8.2 Budget monitoring

A budget monitoring document is structured in such a way as to facilitate the analysis of all individual payments to specific departments / units.

The document has the following columns:
- Details/Items
- Budgeted amount
- Actual payment
- Variance (absolute figures)
- Variance (as a % of budget)
- Revenue and receipts

Explanatory notes on the variances are added. This document is prepared monthly on a cumulative basis and distributed to all heads of department and other users.

At the monthly management committee meeting, each department/unit is expected to comment as to how its actual revenues and/or expenditure compare with the budget. This enables the department / unit to exercise control over its expenditure and improve upon its revenue in the subsequent months, especially where adverse variances occur.

8.2.1 Sources of Information for Budget Monitoring:
- Payment vouchers (PV)
- Stores issues made to all departments
- Fuel consumption etc.

9. General ledger
9.1 Policy

To maintain a complete and reliable set of the Fund's accounting records, the Accounts department shall keep a general ledger account. Examples of these are:

- Stocks accounts
- Payables/ creditors
- Cash and banks
- Fixed assets and Investments etc.

The ledger will operate on a twelve (12) calendar month cycle i.e. January to December for each financial year.

9.2 Procedure

1. All cost centres or accounts codes must be approved by the head of department and in line with the dictates of the Controller and Accountant General.
2. All balance sheet type general ledger account must be reconciled each month.
3. All postings in the ledger must be checked and approved.
4. Once every month, a detailed transaction report should be printed and reconciled.

9.3 Journals

Journals will be used for:
- Cashbook entries
- Depreciation charges
- Accruals
- Petty cash expenses
- Revaluation
- All other monthly accounting entries

9.3.1 Procedures:
1. Journals must be supported by adequate documentation so that non accounting personnel can understand
2. All journals must be approved before being entered into the accounting system
3. Check details on the journals and ensure that the journal entries balance
4. Post journals and stamp journal entry sheet with POSTED stamp or any such appropriate marking to avoid double posting
10. Investments

**Objectives:** To ensure that investment items are acquired only after proper authorisation had been obtained.

10.1 Procedure

1. There must be proper segregation of duties such as initiating of transactions, custody of documents of the title and recording transactions.
2. Ensure that proper analysis is done regarding various investment options before commitment.
3. Ensure that a register is maintained of all investments including title deeds and certificates and kept in a safe.
4. Ensure that disposal of any investment is duly authorised after proper investigation of the desirability of such investment.
5. Ensure that the treatment in the accounts are segregated into:
   - Investments which are current assets;
   - Investments which are not current assets.

11. Accounts payable / creditors

**Objective:** The aim of the accounts payable is to ensure the proper recording of all liabilities as they are incurred and payment of suppliers' invoices as they fall due. Major items involved are fixed asset purchases, spare parts, tools and other training materials, consumables, etc. All suppliers must be duly registered with the Fund. Accounts are created for the various suppliers from whom these items are purchased.

**Procedure:** The Accounts Department shall:

1. Receive and record all charges / invoices
2. Check all calculations on invoices / account
3. Check that purchase requisition, purchase order, Stores Receipt Advice (SRA) and costing prepared by Procurement are attached to the supplier's invoice
4. Match invoices/accounts with SRAs and other receiving and shipping documents to verify receipts of goods/services as charged by the supplier
5. Match invoices/ accounts with purchase requisitions and purchase orders to verify quantities, prices and authorisation
6. Enter all invoices for services into the accounts system
7. Ensure that payments are made on **original** invoices to COTVET/Skills Development Fund
8. Ensure that credit terms, discounts etc are fully utilised when dealing with suppliers
9. Ensure the required payment vouchers (PV) are prepared, vetted and authorised
10. After authorisation, the checks are prepared and sent to the ED and other authorised signatories for signing
11. Ensure all checks issued are registered before payments are effected to the suppliers
12. The beneficiaries or payees are supposed to sign the check register and PV before collecting their checks
13. Payments also include utility bills like electricity, water, telephone, etc.
14. Ensure that reconciliation is done for suppliers’ balance monthly and at the time of payment of all accounts
15. Where discrepancies exist between purchase orders and invoices, ensure that approval is obtained as to the variations before processing
16. General ledger codes are to be assigned to all non-stock items
17. Stores Receipt Advice (SRA) costing for both local and imports are ticked as costing completed
18. Postings are done on a monthly basis after verification and certification.

12. End of year accounts

Objective:
- To prepare accurate financial statements about the year’s activities;
- To inform The Board, third parties and other stakeholders about the performance of the Fund
- To conform to laid down regulations, statues and comply with internationally accepted standards.

Procedure:
1. End of year accounts are prepared by extracting the information from the journals, ledger, etc.
2. Schedules supporting the accounts are prepared and properly analysed
3. External auditors audit accounts
4. External auditors submit draft accounts
5. Draft accounts are reconciled by the department and all audit adjustments incorporated
6. Completed final accounts signed by the directors.
1. Background

The SDF Field Audit Guidelines are to be used by independent auditors in performing recipient-contracted audits required by SDF agreements with recipient organisations. These organisations are referred to as “recipients” throughout these Guidelines. “Agreements” or “awards” are defined as SDF-funded grants. The Guidelines also provide guidance to the recipients in selecting independent auditors to perform the audits.

SDF’s field audit programme relies on the services of independent audit firms. Audits must be performed by firms certified by the Ghana Audit Service as eligible to perform audits of Ministries, Departments and Agencies (MDAs) (and therefore SDF) agreements to the extent possible. If an approved audit firm cannot be used because such firms did not respond to an RFP or because costs were prohibitive, this must be documented.

The financial audits contracted to independent audit firms are coordinated directly from the SDF Secretariat at COTVET. All contracts with audit firms are signed with the Executive Director, COTVET, and the Procurement Specialist and Financial Management Specialist negotiate the terms of reference, payment conditions and costs for each audit task order directly with the audit firm tasked with the audit. Notwithstanding the acceptable audits performed by auditors, SDF reserves the right to conduct audits using its own staff, in circumstances deemed necessary.

Applicability
SDF grant agreements require that an audit be performed once in the lifetime of the grant if the grant is more than **GHC 75,000**. Audits must be performed in accordance with these Guidelines.

Audit Costs and Sanctions
Recipients may charge to the SDF agreements all costs for performing the specific audit of their SDF-funded programmes. As no audit costs may be charged to an SDF agreement if audits are not performed in accordance with these Guidelines, it is incumbent upon the auditor to produce a final product that meets this requirement.

SDF will consider appropriate sanctions against a recipient in the event of continued inability or unwillingness to have an audit performed in accordance with these Guidelines. Sanctions could include suspension of disbursements to the recipient until a satisfactory audit is performed.

Compliance with auditing standards
SDF is aware that some independent auditors contracted by recipients initially may not fully comply with these Guidelines because of a lack of technical knowledge and experience in using **generally accepted auditing standards**. SDF will assess and consider this lack of institutional capability when accepting or rejecting reports based on QCRs.
SDF Manual

ANNEXES

Section 600 Annex C

SDF may allow exceptions to compliance with generally accepted auditing standards and these Guidelines provided that: (a) audit reports are determined to be reliable, and (b) any deviations from generally accepted auditing standards, such as noncompliance with internal and external quality control review programmes and continuing education requirements, are clearly stated in the report as scope limitations.

2. Selection of independent auditors

SDF requires that the independent auditors selected to perform audits are on the Ghana Audit Service’s list of approved audit firms.

Audits of SDF funds provided to recipients are to be performed by independent audit firms in accordance with generally accepted auditing standards.

Recipients must ensure that all records are available to the independent auditors, all accounting entries and adjustments are made, and all other necessary steps are taken to enable the auditors to complete their work.

Audits should begin before the close of a fiscal year, since initiating audits after the close of a fiscal year could hinder timely audit reporting and may unduly restrict the scope of certain audit procedures. SDF recommends that independent audits be contracted well in advance of the fiscal year close so that interim audit work, if necessary, can be performed during the year. This practice could also result in reduced audit costs.

Audit firms

The Financial Management Specialist (FMS) must approve the audit firm prior to execution of the audit services contract. The preferred procedure is for SDF to obtain proposals and select an audit firm from the list of firms determined to be eligible by the Ghana Audit Service. Audit cost cannot be a controlling factor in the selection.

All selected audit firms should meet or make satisfactory efforts toward meeting the Continuing Education Requirements (CPE) and internal and external peer review requirements in accordance with generally accepted auditing standards.

It is the responsibility of contracted audit firms to perform audits pursuant to these Guidelines and to present audit reports in a timely manner. If the SDF rejects the work of an audit firm due to noncompliance with these Guidelines, the audit costs may not be charged to the SDF agreement until such time as SDF finds the report to be acceptable.

3. Audit objectives

The financial audit shall include the following: (i) a specific audit of the grantee’s SDF projects; and where applicable, (ii) an audit of the grantee’s organisation-wide general purpose financial statements (balance sheet, income statement, and cash flow statement) if requested by SDF. The fund accountability statement is the basic financial statement to be audited that presents the recipient’s revenue, costs incurred, cash balance of funds provided by SDF, and commodities and technical assistance directly
procured by SDF for the grantee’s use. Part 4 of these Guidelines illustrates a typical fund accountability statement.

### 3.1 Audit of SDF funds

The specific objectives of the audit of SDF funds are to:

- **express an opinion on whether the fund accountability statement for the SDF-funded programmes presents fairly, in all material respects, revenues received, costs incurred, and commodities and technical assistance directly procured by SDF for the period audited in conformity with the terms of the agreements and generally accepted accounting principles or other comprehensive basis of accounting (including the cash receipts and disbursements basis and modifications of the cash basis).**

- **evaluate and obtain a sufficient understanding of the grantee's internal control structure related to the SDF-funded programmes, assess control risk, and identify reportable conditions, including material internal control structure weaknesses.**

- **perform tests to determine whether the grantee complied, in all material respects, with agreement terms and applicable laws and regulations related to SDF-funded programmes. All material instances of noncompliance and all illegal acts that have occurred or are likely to have occurred should be identified. Such tests should include the compliance requirements related to required community re-investment contributions; and**

- **(where applicable) determine if the grantee has taken adequate corrective action on prior audit report recommendations.**

Auditors should design audit steps and procedures to provide reasonable assurance of detecting situations or transactions in which irregularities or illegal acts have occurred or are likely to have occurred. If such evidence exists, the auditors should contact the SDF and should exercise due professional care in pursuing indications of possible irregularities and illegal acts so as not to interfere with potential future investigations or legal proceedings.

In determining grantee’s compliance with laws and regulations, auditing standards require auditors to design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, abuse, or illegal acts that could (i) have a direct (or indirect) and material effect on grantee financial representations, or the results of financial related audits, or (ii) significantly affect the audit objectives. Auditors should also exercise (i) due care in planning, performing, and evaluating the results of audit procedures, and (ii) a proper degree of professional scepticism to achieve reasonable assurance that material unlawful activities or improper practices are detected.

Auditors commonly complete their audit work after reviewing grantee records and financial reports at the grantee project site. Depending on the volume of transactions to review and/or other areas outlined in the audit task order, the audit site visit may last from two to five days. Auditors will discuss their preliminary findings with grantees in an exit conference before returning to their office to complete a draft audit report. The draft report will be sent to the SDF, the grantee, and the SDF Partner. After incorporating
grantee responses to the draft report (within 30 days), auditors will finalize the audit report and send it to SDF for review and payment of their services and expenses.

The FMS will conduct Quality Control Reviews (QCRs) of the working papers for a selected sample of the audits. These reviews will determine whether audit work was performed in accordance with these Guidelines. The FMS will notify the recipient and the independent auditors of the results of these reviews.

3.2 Audit of financial statements

A financial audit of the grantee’s financial statements on an organisation-wide basis shall be submitted to SDF together with the audit of the SDF funds if SDF specifically requests such an audit. The audit must be performed in accordance with generally accepted auditing standards, and the laws of Ghana. The objective of this audit is to express an opinion on whether those statements present fairly, in all material respects, the grantee’s financial position at year-end, and the results of its operations and cash flows for the year ended, in accordance with generally accepted accounting principles.

Note:
Standard working papers should be developed for the audit and retained for a period of three years after the date of issuance of the audit report unless notified otherwise by the SDF. The audit working papers shall be made available upon request to the SDF as part of a quality review, to resolve audit findings, or to carry out oversight responsibilities. Access to working papers include the right to obtain copies, as is reasonable and necessary.

The auditors should institute adequate quality control procedures to ensure that sufficient competent evidential matter is obtained through inspection, observation, inquiries, and confirmation to afford a reasonable basis for an opinion on the financial statements audited. While auditors may use their own established standard procedures for ensuring quality control, those procedures must, at a minimum, ensure that:

- Audit reports and supporting working papers are reviewed by a supervisor;
- All quantities and monetary amounts involving calculations are footed and cross-footed; and
- All factual statements, numbers, conclusions and monetary amounts are cross-indexed to supporting working papers.

4. Scope of audit

Auditors are to use the following steps as the basis for preparing their audit programmes and their review. The audit steps provided by SDF are not considered all-inclusive or restrictive in nature and do not relieve the auditor from exercising due professional care and judgment. The audit steps should be modified to fit local conditions and specific programme design, implementation procedures, and agreement provisions that may vary from project to project. Any limitations in the scope of work must be communicated as soon as possible to the point of contact in SDF.
4.1 Pre-audit steps

The auditors should review the following grant documents considered necessary to perform the audit:

1. The agreements between SDF and the grantee
2. Contracts and subcontracts with third parties, if any
3. The budgets, implementation letters, and written procedures approved by the SDF
4. All project financial and progress reports; organisational charts; accounting systems descriptions; organisational policies and procedures.

4.2 Fund accountability statement

The auditors should examine the fund accountability statement for the project including the budgeted amounts by category and major items; the revenues received from SDF for the period covered by the audit; the costs reported by the grantee as incurred during that period; and the technical assistance directly procured by SDF for the grantee's use. The fund accountability statement should include all SDF grant funds identified by each specific project. The revenues received from SDF less the costs incurred, after considering any reconciling items, should reconcile with the balance of cash-on-hand or in bank accounts. The fund accountability statement should not include contributions provided from the grantee's own funds or in-kind. However, where applicable, a separate schedule should be included and examined to determine whether contributions were provided and accounted for in accordance with the terms of the agreements.

Note:
The auditors may prepare or assist the grantee in preparing the fund accountability statement from the books and records maintained by the grantee, but the grantee must accept responsibility for the statement's accuracy before the audit commences.

The fund accountability statement should separately identify those revenues and costs applicable to the specific SDF agreement. The audit should evaluate programme implementation actions and accomplishments to determine whether specific costs incurred are allowable, allocable, and reasonable under the agreement terms, and to identify areas where irregularities and illegal acts have occurred or are likely to have occurred as a result of inadequate controls. At a minimum, the auditors should:

1. Review costs billed to and reimbursed by SDF and costs incurred but pending reimbursement by SDF, identifying and quantifying any questioned costs. All costs that are not supported with adequate documentation or are not in accordance with the agreement terms should be reported as questioned.

   Questioned costs should be presented in the fund accountability statement in two separate categories: (a) ineligible costs that are explicitly questioned because they are unreasonable; prohibited by the agreements or applicable laws and regulations; or not project related; and (b) unsupported costs that are not supported with adequate documentation or did not have required prior approvals or authorizations.
All questioned costs resulting from instances of noncompliance with agreement terms and applicable laws and regulations should be included as findings in the report on compliance. Also, the notes to the fund accountability statement should briefly describe the questioned costs and should be cross-referenced to the corresponding findings in the report on compliance;

2. Review general and project ledgers to determine whether costs incurred were properly recorded. Reconcile direct costs billed to and reimbursed by SDF to the general ledgers.

3. Review the procedures used to control the funds, including their channelling to contracted financial institutions or other implementing entities. Review the bank accounts and the controls on those bank accounts. Perform positive confirmation of balances, as necessary.

4. Determine whether advances of funds were justified with documentation, including reconciliations of funds advanced, disbursed, and available. The auditors should ensure that all funding received by the grantee from SDF was appropriately recorded in the grantee's accounting records and that those records were periodically reconciled with information provided by SDF.

5. Determine whether project income and reimbursements, if any, representing recoveries of costs, were recorded as income or as credits to programme cost accounts. If any revenue was earned by the grantee from project funding, the amounts should be questioned in the fund accountability statement if not used to further the project's objectives.

6. Review procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained, and adequate controls were in place over the qualities and quantities received.

7. Review travel and transportation charges to determine whether they were adequately supported and approved. Travel charges that are not supported with adequate documentation or not in accordance with agreements and regulations should be questioned in the fund accountability statement.

8. Review commodities (e.g., supplies, materials, vehicles, equipment, etc.) procured by the grantee as well as those directly procured by SDF for the grantee’s use. Determine whether: (a) commodities were accounted for; (b) control procedures exist and have been placed in operation to adequately safeguard the commodities; and (c) commodities were used for their intended purposes in accordance with the agreements. As part of the procedures to determine if commodities were used for intended purposes, the auditors should perform end-use reviews for an appropriate sample of all commodities based on the control risk assessment. End-use reviews may include project site visits to verify that commodities exist or were used for intended purposes and in accordance with the terms of the agreements. The cost of commodities
unaccounted for or not used in accordance with the agreements should be questioned in the fund accountability statement.

11. *(Where applicable):* Review technical assistance and services procured by the grantee as well as those procured directly by SDF for the grantee. The auditors should determine whether technical assistance and services were: (a) adequately supported by the grantee as required by the terms of the agreements; and (b) properly accounted for. The cost of all technical assistance and services unaccounted for or not used in accordance with the agreements should be questioned in the fund accountability statement.

### 4.3 Internal control structure

All project financial and progress reports; organisational charts; accounting systems descriptions; organisational policies and procedures.

The auditors must review and evaluate the grantee's internal control structure related to the SDF project to obtain a sufficient understanding of the design of relevant control policies and procedures and whether those policies and procedures have been placed in operation. The internal control structure should be documented in the working papers.

Auditors must then prepare the report required by these Guidelines, identifying the reportable conditions that are significant deficiencies in the design or operation of the internal control structure, and the reportable conditions considered to be material weaknesses. Material weaknesses are reportable conditions in which the design or operation of the specific internal control structure elements do not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement may occur and not be detected in a timely manner by management performing its normal functions. Reportable conditions, including material weaknesses, should be set forth in the report as "findings." Reportable conditions involve matters coming to the auditor’s attention relating to significant deficiencies in the design or operation of internal control that, in the auditor’s judgment, could adversely affect the grantee’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statement. Non-reportable conditions should be included in a separate management letter to the grantee and referred to in the report on the internal control structure.

The major internal control components to be studied and evaluated include, but are not limited to, the controls related to each revenue and expense account on the fund accountability statement. The auditors must:

a. Obtain a sufficient understanding of internal control to plan the audit and to determine the nature, timing and extent of tests to be performed.

b. Assess inherent risk and control risk, and determine the combined risk. Inherent risk is the susceptibility of an assertion, such as an account balance, to a material misstatement assuming there are no related internal control policies or procedures.
Control risk is the risk that a material misstatement that could occur in an assertion will not be prevented or detected in a timely manner by the entity’s internal control policies or procedures. Combined risk (sometimes referred to as detection risk) is the risk that the auditor will not detect a material misstatement that exists in an assertion. Combined risk is based upon the effectiveness of an auditing procedure and the auditor’s application of that procedure.

c. Summarize the risk assessments for each assertion in a working paper. The risk assessments should consider the following broad categories under which each assertion should be classified: (a) existence or occurrence; (b) completeness; (c) rights and obligations; (d) valuation or allocation; and (e) presentation and disclosure. At a minimum, the working papers should identify the name of the account or assertion, the account balance or the amount represented by the assertion, the assessed level of inherent risk (high, moderate, or low), the assessed level of control risk (high, moderate, or low), the combined risk (high, moderate, or low), and a description of the nature, timing and extent of the tests performed based on the combined risk. These summary working papers should be cross-indexed to the supporting working papers that contain the detailed analysis of the fieldwork. If control risk is evaluated at less than the maximum level (high), then the basis for the auditor’s conclusion must be documented in the working papers.

If the auditors assess control risk at the maximum level for assertions related to material account balances, transaction classes, and disclosure components of financial statements when such assertions are significantly dependent upon computerized information systems, the auditors must document in the working papers the basis for such conclusions by addressing (i) the ineffectiveness of the design and/or operation of controls, or (ii) the reasons why it would be inefficient to test the control.

d. Evaluate the control environment, the adequacy of the accounting systems, and control procedures that pertain to the recipient’s ability to record, process, summarize, and report financial data consistent with the assertions embodied in each account of the fund accountability statement. This should include, but not be limited to, the control systems for:

- Ensuring that charges to the programme are proper and supported
- Managing cash on hand and in bank accounts
- Procuring goods and services
- Managing inventory and receiving functions
- Managing personnel functions such as timekeeping, salaries and benefits
- Managing and disposing of commodities (such as supplies, materials, vehicles, equipment, food products, tools, etc.) purchased either by the recipient or directly by SDF
- Ensuring compliance with agreement terms and applicable laws and regulations that collectively have a material impact on the fund accountability statement.

The results of this evaluation should be contained in the working paper section described in these Guidelines and presented in the compliance report.
e. Include in the study and evaluation other policies and procedures that may be relevant if they pertain to data the auditors use in applying auditing procedures. This may include, for example, policies and procedures that pertain to non-financial data that the auditors use in analytical procedures.

4.4 Compliance with Agreement Terms and Applicable Laws and Regulations

The auditor's report on compliance should set forth as findings all material instances of non-compliance with terms of the grant agreement. Non-material instances of non-compliance should be included in a separate management letter to the grantee and referred to in the report on compliance.

The auditor’s report should include all conclusions that a fraud or illegal act either has occurred or is likely to have occurred. In reporting material fraud, illegal acts, or other noncompliance, the auditors should place their findings in proper perspective. To give the reader a basis for judging the prevalence and consequences of these conditions, the instances identified should be related to the universe or the number of cases examined and is quantified in terms of Ghana cedis, if appropriate. If the auditors conclude that sufficient evidence of fraud or illegal acts exists, they must contact SDF and exercise due professional care in pursuing indications of possible fraud and illegal acts to avoid interfering with potential future investigations or legal proceedings.

In planning and conducting the tests of compliance the auditors should:

1. Identify the agreement terms and pertinent laws and regulations and determine which of those, if not observed, could have a direct and material effect on the fund accountability statement.

   a. List all standard and programme-specific provisions contained in the agreements that cumulatively, if not observed, could have a direct and material effect on the fund accountability statement.

   b. Assess the inherent and control risk that material noncompliance could occur for each of the compliance requirements listed in paragraph a, above.

   c. Determine the nature, timing and extent of audit steps and procedures to test for errors, fraud, and illegal acts that provide reasonable assurance of detecting both intentional and unintentional instances of noncompliance with agreement terms and applicable laws and regulations that could have a material effect on the fund accountability statement. This should be based on the risk assessment described in paragraph b, above.

   d. Prepare a summary working paper that identifies each of the specific compliance requirements included in the review, the results of the inherent, control and combined (detection) risk assessments for each compliance requirement, the audit steps used to test for compliance with each of the requirements based on the risk assessment, and the results of the compliance
testing for each requirement. The summary working paper should be cross-indexed to detailed working papers that support the facts and conclusions contained in the summary working paper.

2. Determine if payments have been made in accordance with agreement terms and applicable laws and regulations.

3. Determine if funds have been expended for purposes not authorized or not in accordance with applicable agreement terms. If so, the auditors should question these costs in the fund accountability statement.

4. Identify any costs not considered appropriate, classifying and explaining why these costs are questioned.

5. Determine whether any commodities directly procured by SDF are unaccounted for or have not been used for their intended purposes in accordance with the agreements. If so, the cost of such commodities should be questioned.

6. Determine whether any technical assistance directly procured by SDF is unaccounted for or has not been used for its intended purpose in accordance with the agreements. If so, the cost of such technical assistance should be questioned.

7. Determine whether the grantee’s financial reports and claims for advances and reimbursement contain information that is supported by the books and records.

In addition, the auditor should:

1. Review previous audits of the project, if any.

2. Review the accounting system maintained by the Grantee to account for project funds and advise if the system provides an adequate basis for the preparation of the financial reports required by SDF. Examine the accounting records and ascertain that:

   a. They provide an accurate and complete record of funds received from SDF.

   b. The accounting records show correct and accurate recording of expenditures by line items as contained in the grant agreement and current approved budget, with over-expenditures reported and supported by authorization from SDF;

   c. In each instance where a check was issued to make a payment for goods and services, the amounts indicated on the checks reconcile with the amounts listed on the bank statement, and the expenditures journal.

3. Examine grantee records in order to:
a. Reconcile funds received information (bank statements, credit advices, and Funds Received Journal) with disbursement information provided by SDF. Variances between these sources will be described in an appendix to the final audit report.

b. Review the Expenditures Journal and compare this information with grantee submitted Financial Reports;

c. Establish whether the grantee has reasonable internal controls over the safeguarding and expenditure of project funds. Internal controls include:

   i. Assigning clearly defined responsibility to competent personnel to receive and disburse funds;
   ii. Requiring prior approval of expenditures by an appropriate individual in authority over the grant project;
   iii. Supporting expenditures by appropriate documentary evidence such as contractual documents, invoices, receiving reports of supplies or equipment purchased;
   iv. Having a reasonable method of verifying that work or travel was performed in the case of payments made to individuals for wages, salaries or travel.
   v. Reconciling bank accounts used for grant transactions on a monthly basis. (Note: Grantees are normally provided funds to cover bank fees/charges, including sufficient amounts to pay for regular bank statements and credit/debit advices.)

d. Determine if disbursements are made for the grant project in cash rather than by check, that the cash fund is adequately safeguarded from the control of a single authorized individual. Some of these expenditures should be randomly reviewed to determine whether or not sufficient documentation or justification has been provided for the cash purchases.

4. Review of expenditures

   a. Review the grant agreement with all amendments for the grant period being examined

   b. Determine whether recorded expenditures meet the needs of the project in regards to the project description and budgetary guidelines, and any subsequent amendments and/or budget shifts.

   c. Verify the accuracy of the amounts reported for significant expenditures.

   d. Physically verify that items of significant value have been purchased and/or built. For items of lesser value, on a random basis ascertain that the asset is identifiable as grantee property, being used for the grant project, being reasonably protected and cared for, and recorded in some manner, such as
on an assets register or accounting control, so that the grantee can account for all individual items of assets.

e. Distribute the total expenditures into the respective budget categories and line items provided in the grant agreement. If any expenditure appears not to apply to the budget categories or line items, the expenditure should be reported as a separate category, pending detailed examination.

f. Select a random sample of transactions for testing. Effort should be made to use statistical sampling plan where practical. (Note: All purchases that exceed USD $2,500, including third party payments and construction payments, need to be subjected to 100% review.

5. Other Audit Responsibilities

The auditors must perform the following steps:

1. Hold entrance and exit conferences with the recipient. The Fund Manager should be notified of these conferences in order that SDF representatives may attend, if deemed necessary.

2. During the planning stages of an audit, communicate information to the auditee regarding the nature and extent of planned testing and reporting on compliance with laws and regulations and internal control over financial reporting. Such communication should state that the auditors do not plan to provide opinions on compliance with laws and regulations and internal control over financial reporting. Written communication is preferred. Auditors should document the communication in the working papers.

3. Institute quality control procedures to ensure that sufficient competent evidence is obtained through inspection, observation, inquiries, and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit. While auditors may use their standard procedures for ensuring quality control, those procedures must, at a minimum, ensure that:

   a. Audit reports and supporting working papers are reviewed by an auditor, preferably at the partner level, who was not involved in the audit. This review must be documented.
   b. All quantities and monetary amounts involving calculations are footed and cross-footed.
   c. All factual statements, numbers, conclusions and monetary amounts are cross-indexed to supporting working papers.

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10 The auditors only express an opinion on the fund accountability statement and general purpose financial statements, if applicable.
4. Ascertain whether the recipient ensured that audits of its sub-recipients were performed to ensure accountability for SDF funds passed through to sub-recipients. If sub-recipient audit requirements were not met, the auditors should disclose this in the fund accountability statement and consider qualifying their opinion.

6. **Audit reports**

   **Note:** The final audit report will be issued in English.

   The auditors should submit to SDF two copies of the audit report in English electronically (soft copy), or by mail. The report shall contain:

   A. A title page, table of contents and a transmittal letter and a summary which includes: (1) a background section with a general description of the SDF projects audited, the period covered, the project objectives, and a clear identification of all entities mentioned in the report, (2) the objectives and scope of the financial audit and a clear explanation of the procedures performed and the scope limitations, if any; (3) a brief summary of the audit results on the fund accountability statement, questionable costs, internal control structure, compliance with agreement terms and applicable laws and regulations, and, if applicable, the grantee's general purpose financial statements on an organisation-wide basis; and (5) a brief summary of the grantee’s management comments regarding its views on the audit and review results and findings.

   B. The auditor's report on the fund accountability statement, identifying any questioned costs not fully supported with adequate records or not eligible under the terms of the agreements. The report should include:

   1. The auditor's opinion on whether the fund accountability statement presents fairly, in all material respects, project revenues, costs incurred, and commodities/technical assistance directly procured by SDF for the year then ended in accordance with the terms of the agreements and in conformity with generally accepted accounting principles or other basis of accounting. This opinion must clearly state that the audit was performed in accordance with generally accepted auditing standards. Any deviations from these standards, such as non-compliance with the requirements for continuing professional education and external quality control reviews, must be disclosed.

   2. The fund accountability statement identifying project revenues, costs incurred, and commodities/technical assistance directly procured by SDF for the fiscal year. The statement must also identify questioned costs not considered eligible for reimbursement and unsupported, if any, including the cost of any commodities and technical assistance directly procured by SDF that are unaccounted for or not used in accordance with agreement terms.

   All questioned costs should be included as findings in the report on compliance. Also, questioned costs should be briefly described in the notes to the fund
accountability statement and should be cross-referenced to the corresponding findings in the report on compliance.

3. Notes to the fund accountability statement, including a summary of the significant accounting policies, explanation of the most important items of the statements, the exchange rates during the audit period and foreign currency restrictions, if any.

C. The auditor’s report on the understanding of the grantee’s internal control structure related to SDF-funded project. The auditor's report should include as a minimum: (1) the scope of the auditor's work in obtaining an understanding of the internal control structure and in assessing the control risk, and; (2) the reportable conditions, including the identification of material weaknesses in the grantee’s internal control structure. Reportable conditions must be described in a separate section. Non-reportable conditions should be communicated to the grantee in a separate management letter, which should be referred to in the report on the internal control structure and sent with the audit report.

D. The auditor’s report on the grantee's compliance with agreement terms and applicable laws and regulations related to SDF-funded projects. Material instances of noncompliance should be reported and discussed in the related findings. Non-material instances of noncompliance should be communicated to the grantee in a separate management letter, which should be sent with the audit report. All material questioned costs resulting from instance of noncompliance must be included as findings in the report on compliance. Also, the notes to the fund accountability statement that describe both material and immaterial questioned costs must be cross-referenced to any corresponding findings in the report on compliance.

1. The auditor’s report shall include all conclusions, based on evidence obtained, that an irregularity or illegal act either has occurred or is likely to have occurred. This report shall include identification of all questioned costs, if any, as a result of irregularities or illegal acts, without regard to whether the conditions giving rise to the questioned costs have been corrected and whether the grantee does or does not agree with the findings and questioned costs.

2. In reporting material irregularities, illegal acts, or other noncompliance, the auditors should place their findings in proper perspective. To give the reader a basis for judging the prevalence and consequences of these conditions, the instances identified should be related to the universe or the number of cases examined and should be quantified in terms of Ghana cedi value, if appropriate. Auditors may provide less extensive disclosure of irregularities and illegal acts that are not material in either a quantitative or qualitative sense. If the auditors conclude that sufficient evidence of fraud or illegal acts exist, they must contact SDF and exercise due professional care in pursuing indications of possible fraud and illegal acts so as not to interfere with potential future investigations or legal proceedings.
E. The findings contained in the reports on internal controls and compliance related to SDF-funded projects should include a description of the condition (what is) and criteria (what should be). The cause (why it happened) and effect (what harm was caused by not complying with the criteria) should be included in the findings if they can be easily determined. In addition, the findings should contain an auditor’s recommendation that corrects the cause and the condition, as applicable. It is recognized that material internal control weaknesses and noncompliance found by the auditors might not always have all of these elements fully developed, given the scope and objectives of the specific audit. The auditors should, however, at least identify the condition, criteria and possible effect to enable management to determine the effect and cause. This will help management take timely and proper corrective action.

F. Findings, which involve monetary effect, should:
   - be quantified and included as questioned costs in the fund accountability statement and the Auditor’s Report on Compliance;
   - be reported without regard to whether the conditions giving rise to them were corrected;
   - be reported whether the grantee does or does not agree with the findings or questioned cost;
   - contain enough relevant information to expedite the audit resolution process (i.e., number of items tested, size of the universe, error rate, monetary value, etc.).

G. The reports should also contain, after each recommendation, pertinent views of responsible grantee officials concerning the auditor’s findings and actions taken by the grantee to implement the recommendations. If possible, the auditor should obtain written comments. When the auditors disagree with management comments opposing the findings, conclusions or recommendations, they should explain their reasons following the comments. Conversely, the auditors should modify their report if they find the comments valid.

H. Any evidence of irregularities or illegal acts that have occurred or are likely to have occurred must be included in a separate written report if deemed necessary by the SDF Financial Management Specialist. This report should include an identification of all questioned costs as a result of irregularities or illegal acts, without regard to whether the conditions giving rise to the questioned costs have been corrected or whether the grantee does or does not agree with the findings and questioned costs.
7. Illustrative reports

The following illustrations of auditor's reports will provide useful examples of the types of reports that will satisfy the requirements of these Guidelines.

8. Final Words

Any questions on the guidelines or the final audit report format may be addressed to the Financial Management Specialist at the SDF. This officer will also provide the auditing firms with requests to develop audit cost estimates, will negotiate audit fees and will be responsible for payment of auditor invoices. The responsibilities for reviewing auditor reports and following up on auditor findings reside in the SDF’s Finance Division. Any request to undertake activities or to review matters from an office or individual other than Finance Division should be brought to the attention of the Director.
EXAMPLE 1

Auditor’s Report on the Fund Accountability Statement

A. Example of a report with an unqualified opinion

Independent Auditor’s Report

Board of Directors
Name of Recipient Organisation
Complete Mailing Address

We have audited the fund accountability statement of (name of recipient) for the year ended Month/Day, 20XX. The fund accountability statement is the responsibility of (name of recipient)’s management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

We conducted our audit of the fund accountability statement in accordance with Auditing Standards issued by the Auditor General of. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the fund accountability statement referred to above presents fairly, in all material respects, programme revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by SDF for the year then ended in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note X.

*In accordance with Auditing Standards, we have also issued our reports dated Month/Day, 20XX, on our consideration of (name of recipient)’s internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with Auditing Standards and should be read in conjunction with this Independent’s Auditor’s Report in considering the results of our audit.

This report is intended for the information of (name of recipient) and the Skills Development Fund (SDF). However, upon release by SDF, this report is a matter of public record and its distribution is not limited.

Audit Firm’s Signature
Date
B. Example of a report with a qualified opinion

**Independent Auditor's Report**

Board of Directors  
Name of Recipient Organisation  
Complete Mailing Address

We have audited the fund accountability statement of *name of recipient* for the year ended *Month/Day, 20XX*. The fund accountability statement is the responsibility of *(name of foreign recipient)*'s management. Our responsibility is to express an opinion on the fund accountability statement based on our audit.

We conducted our audit of the fund accountability statement in accordance with *Auditing Standards* issued by the Auditor General of Ghana. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the fund accountability statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the fund accountability statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The results of our tests disclosed the following material questioned costs as detailed in the fund accountability statement: (1) $XXX in costs that are explicitly questioned because they are not programme related, unreasonable, or prohibited by the terms of the agreements; and (2) $XXX in costs that are not supported with adequate documentation or did not have required prior approvals or authorizations.11

In our opinion, except for the effects of the questioned costs discussed in the preceding paragraph, the fund accountability statement referred to above presents fairly, in all material respects, programme revenues, costs incurred and reimbursed, and commodities and technical assistance directly procured by SDF for the year then ended in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note X.

*In accordance with *Auditing Standards*, we have also issued our reports dated *Month/Day, 20XX*, on our consideration of *(name of recipient)*'s internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations. Those reports are an integral part of an audit performed in accordance with *Auditing Standards* and should be read in conjunction with this Independent Auditor's Report in considering the results of our audit.

This report is intended for the information of *(name of recipient)* and the Skills Development Fund (SDF). However, upon release by SDF, this report is a matter of public record and its distribution is not limited.

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11 This paragraph is illustrative only and can be modified or excluded based on the type of findings contained in the report.
Audit Firm’s Signature
Date
EXAMPLE 2

Auditor's Report on the Internal Control Structure
A. Example of report with no reportable conditions noted

Independent Auditor's Report on Internal Controls

Board of Directors
Name of Grantee Organisation
Complete Mailing Address

We have audited the fund accountability statement of (name of grantee) as of and for the year ended Month/Day/20XX, and have issued our report thereon dated Month/Day/20XX.

We conducted our audit in accordance with Auditing Standards issued by the Auditor General of Ghana. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records examined are free of material misstatement.

The management of (name of grantee) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the fund accountability statement in conformity with the basis of accounting described in Note X to the fund accountability statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the fund accountability statement of (name of grantee) for the year ended Month/Day/20XX, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the Ghana Audit Service. A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or
irregularities in amounts that would be material in relation to the fund accountability statement may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of (name of grantee) in a separate letter dated Month/Day, 20XX.*

This report is intended for the information of (name of grantee) and the Skills Development Fund (SDF). However, upon release by SDF, this report is a matter of public record and its distribution is not limited.

Firm's Signature
Date

*Exclude this paragraph if there are no non-reportable conditions.
B. Example of report with reportable conditions noted

Independent Auditor's Report on Internal Controls

Board of Directors
Name of Grantee Organisation
Complete Mailing Address

We have audited the fund accountability statement of (name of grantee) as of and for the year ended Month/Day/20XX, and have issued our report thereon dated Month/Day/20XX.

We conducted our audit in accordance with Auditing Standards issued by the Auditor General of Ghana. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records examined are free of material misstatement.

The management of (name of grantee) is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; transactions are executed in accordance with management's authorization and in accordance with the terms of the agreements; and transactions are recorded properly to permit the preparation of the fund accountability statement in conformity with the basis of accounting described in Note X to the fund accountability statement. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the fund accountability statement of (name of grantee) for the year ended Month/Day/20XX, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the fund accountability statement and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the Ghana Audit Service. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the grantee’s ability to record, process, summarize, and report financial data consistent with the assertions of management in the fund accountability statement.
A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the fund accountability statement may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of (name of grantee) in a separate letter dated Month/Day/20XX.*

This report is intended for the information of (name of grantee) and the Skills Development Fund (SDF). However, upon release by SDF, this report is a matter of public record and its distribution is not limited.

Firm's Signature

Date

*Exclude this paragraph if there are no non-reportable conditions.
EXAMPLE 3

Auditor's Report on Compliance

A. Example of report with no material non-compliance

Independent Auditor's Report on Compliance

Board of Directors
Name of Grantee Organisation
Complete Mailing Address

We have audited the fund accountability statement of (name of grantee) as of and for the year ended Month/Day/20XX, and have issued our report thereon dated Month/Day/20XX. We also reviewed the separate grantee contribution plan schedule to determine whether they were provided and accounted for in accordance with the terms of the agreements.

We conducted our audit in accordance with Auditing Standards issued by the Auditor General of Ghana. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records examined are free of material misstatement.

Compliance with agreement terms and laws and regulations applicable to (name of grantee) is the responsibility of (name of grantee)'s management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of (name of grantee)'s compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. We also performed tests of (name of grantee)'s compliance with certain provisions of agreement terms and laws and regulations applicable to the provision of cost sharing contributions.

The results of our tests disclosed no instances of non-compliance that are required to be reported herein under Auditing Standards.

We noted certain immaterial instances of noncompliance that we have reported to the management of (name of grantee) in a separate letter dated Month/Day/20XX.

This report is intended for the information of (name of grantee) and the Skills Development Fund (SDF). However, upon release SDF, this report is a matter of public record and its distribution is not limited.

Firm's Signature
Date
B. Example of report with material noncompliance

Independent Auditor's Report on Compliance

Board of Directors
Name of Grantee Organisation
Complete Mailing Address

We have audited the fund accountability statement of (name of grantee) as of and for the year ended Month/Day/20XX and have issued our report thereon dated Month/Day/20XX. We also reviewed the separate cost sharing schedule to determine whether they were provided and accounted for in accordance with the terms of the agreements.

We conducted our audit in accordance with Auditing Standards issued by the Auditor General of Ghana. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the data and records examined are free of material misstatement.

Compliance with agreement terms and laws and regulations applicable to (name of grantee) is the responsibility of (name of grantee)'s management. As part of obtaining reasonable assurance about whether the fund accountability statement is free of material misstatement, we performed tests of (name of grantee)'s compliance with certain provisions of agreement terms and laws and regulations. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. We also performed tests of (name of grantee)'s compliance with certain provisions of agreement terms and laws and regulations applicable to the provision of cost sharing contributions.

Material instances of noncompliance are failures to follow requirements or violations of agreement terms and laws and regulations that cause us to conclude that the aggregation of misstatements resulting from those failures or violations is material to the fund accountability statement and the cost sharing schedule. The results of our tests of compliance disclosed the following material instances of noncompliance, the effects of which are shown as questioned costs in (name of grantee)'s 20XX fund accountability statement.

(Include paragraphs summarizing the material instances of noncompliance, with references to the attached findings, which should fully describe the material instances of noncompliance.)

We considered these material instances of noncompliance in forming our opinion on whether (name of grantee)'s 19XX fund accountability statement is presented fairly, in all material respects, in accordance with the terms of the agreements and in conformity with the basis of accounting described in Note X to the fund accountability statement, and this report does not affect our report on the fund accountability statement dated (date of report). We noted certain immaterial instances of noncompliance that we have reported to the management of (name of grantee) in a separate letter dated Month/Day/20XX.
This report is intended for the information of (name of grantee) and the Skills Development Fund (SDF). However, upon release by SDF, this report is a matter of public record and its distribution is not limited.

Firm's Signature

Date
EXAMPLE 4

Illustrative Management Representation Letter

(Date)

XYZ & CO. (Independent Auditor)
Address of Independent Auditor

We are providing this letter in connection with your audit(s) of the (identification of financial statements) of (name of entity) as of (dates) and for the (periods) for the purpose of expressing an opinion as to whether the (consolidated) financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of (name of entity) in conformity with generally accepted accounting principles. We confirm that we are responsible for the fair presentation in the (consolidated) financial statements of financial position, results of operations, and cash flows in conformity with generally accepted accounting principles.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it possible that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, (as of date of auditor's report), the following representations made to you during your audit(s).

1. The financial statements referred to above are fairly presented in conformity with generally accepted accounting principles.
2. We have made available to you all:
   a. Financial records and related data.
   b. Minutes of the meetings of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We believe that the effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial both individually and in the aggregate, to the financial statements taken as a whole.
6. We acknowledge our responsibility for the design and implementation of programmes and controls to prevent and detect fraud.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving (a) management, (b) employees who have significant roles in internal controls, or (c) others where the fraud could have a material effect on the financial statements.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
**Illustrative Fund Accountability Statement** *(Is this a typical budget?)*

(NAME OF GRANTEE)

**FUND ACCOUNTABILITY STATEMENT**

SDF Grant No. XXXX

October 1, 20XX to September 30, 20XX

**REFERENCE**

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Total Revenue

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**COSTS INCURRED**

**Salaries:**

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Comment [DNM11]: I didn’t think the SDF would pay salaries, or vehicles or utilities….
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<td>On Hand</td>
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TERMS OF REFERENCE FOR EXTERNAL AUDITS

COUNCIL FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING

Ghana Skills and Technology Development Project

External Auditor

Terms of Reference

The Project
The GSTDP is designed to stimulate private sector demand for demand-driven and competitively provided training. The project development objective of the GSTDP is to stimulate skills and technology based development in key economic sectors through demand-driven improvements in the quality of formal and informal training and development and adoption of new technologies. The proposed approach will allow Ghana and the Bank to (a) target demand-driven skills investments in specific economic priority areas, such as construction, ICT, agriculture and tourism; (b) provide institutional strengthening to key agencies/ministries; and (c) support an innovative mechanism (competitive fund) to enhance the market for relevant training and provide a platform for other donors (i.e., DANIDA, AfDB, Germany, etc.) to support skills and technology development in Ghana.

The GSTDP will address the government’s priority of human capital development by combining interventions to improve the institutional framework and overall capacities of the TVET and STI systems with targeted programs to provide skills and technology to industries.

The project consists of the following components:

- Component 1: Institutional Strengthening of Skills Development
- Component 2: Institutional Strengthening of Science and Technology Development
- Component 3: Financing of Skills and Technology Development through the Skills Development Fund
- Component 4: Project Management and Monitoring and Evaluation

Component 1: Institutional Strengthening of Skills Development (estimated costs US$3 million) to strengthen the management capacity of providers of skills development to more effectively rationalize and coordinate relevant training activities to meet the demands of the labor market. Support will be provided to strengthen the Council for Technical and Vocational Education and Training (COTVET) and key elements of their strategic program including the development of competency based training (CBT) and a national qualifications framework (NQF). The project will also provide technical assistance to key training institutions in priority economic sectors.

Component 2: Institutional Strengthening of Science and Technology Development (estimated costs US$3 million) aims to strengthen the management and coordination of the country’s science, technology and innovation (STI) institutions and to support select organizations (primarily universities and research institutes) to increase their provision of technologies to priority economic sectors. This component would support the establishment of an STI directorate within the Ministry of Environment, Science, and Technology and provide capacity building for technology transfer activities at universities, public research institutes, and other technology providers.
Component 3: Financing of Skills and Technology Development Programs through the Skills Development Fund (estimated costs US$40 million). The objective of this component is to finance skills and technology development programs in prioritized economic sectors through a demand-driven skills development fund (SDF) managed by COTVET. The SDF is an established mechanism with funding already secured from DANIDA and the Bank financed EdSep. The Fund represents the main project instrument to achieve the government’s long term objectives of supporting both demand-driven skills and technology development which requires productive and strategic partnerships between firms, service providers and industry associations. By focusing on enterprise development, stimulating demand and encouraging cost-sharing, the SDF will assure that activities are focused on the economic agenda and that the demand for skills and technology increases. This in turn would also lead to more relevant supply of skills and technology services as well as cost-sharing between employers and training and technology providers. Furthermore, the competitive and transparent financing process would enable the Government to focus on coordination and quality assurance instead of being a provider of such services itself. The SDF also sets up a framework for harmonized donor support while ensuring that technology development is well integrated with skills development.

The SDF established by COTVET has three existing funding windows aimed at skills development. For the GSTDP, the fund will open a fourth window for the project’s science and technology component. Several prioritized economic sectors for IDA financing have been identified based on the Government’s overall economic and private sector development strategy including, ICT, Construction and Housing, Tourism and Hospitality, Livestock and Horticulture. The SDF will target four calls for proposals each year of project effectiveness. Proposals will be submitted in response to a call, for the targeted economic sectors listed above. Applications will be made on a self-selection basis by lead agencies representing partnerships, be it a training or technology provider, individual firm or association of enterprises. These lead agencies will have to present a tangible partnership, a strategic agenda focusing on planned outcomes related to economic growth or improved productivity, and a sound financial framework.

Existing windows
(i) **Formal sector** -- larger scale skills development for medium and large enterprises
(ii) **Informal sector** -- smaller scale skills development mostly for micro and small enterprises
(iii) **Training Innovations** -- innovative partnerships and PPPs

New window
(iv) **Science and Technology** -- partnerships between industry and technology providers for improved productivity and growth of selected economic sectors

Component 4: Project Management and Monitoring and Evaluation (estimated base cost US$4 million): The objective of this component is to provide effective implementation of the project by establishing a project support unit embedded within COTVET. The PSU will be a small group of dedicated staff assisting COTVET and all participating ministries for effective coordination and monitoring and evaluation, as well as the implementation of an information and communications strategy. The PSU will be led by a Project Coordinator who will also support and report to the Project Steering Committee. The technical support for implementation includes a
team of short and long-term consultants, specializing in project implementation (including project management, financial management, procurement and M&E), resident in COTVET, and providing regular support to all participating ministries, agencies and industry associations. The PSU would work closely with the Skills Development Fund (SDF) division housed in COTVET as well as the STI Directorate of the Ministry of Environment and Science and Technology (MEST).

Objective
The objective of this engagement is to conduct a financial audit of the resources managed by COTVET under the GSTD Program in accordance with relevant standards, laws and regulations.

The audit should be conducted in accordance with the following terms:

1. **Regulatory standards and laws**
   The relevant provisions of Act 718 of 2006 which established the Council.
   The audit should be conducted in accordance with International Auditing Standards and other relevant guidelines, including IFAC’s public sector guidelines.

2. **Internal Controls**
   The auditor should evaluate COTVET’s internal control system in relation to its programs, assess control risk and identify significant deficiencies including material weaknesses. The evaluation should cover the causes and effects of the weaknesses and action recommended to rectify the situation.

   i. The auditor must obtain a sufficient understanding of the entity and its environment, including its internal control, to assess the risk of material misstatement of the financial statements whether due to fraud or error, and to design the nature, timing and extent of further audit procedures. In obtaining this understanding, the auditor must understand the design of internal controls related to World Bank and other international donor and fund providing entities and determine whether these have been incorporated into COTVET’s internal control system.

   The major internal control components to be evaluated include the controls related to each revenue/fund and the expense account of the Interim Financial Reports (IFRs.) In this regard, the auditor must:

   ii. Obtain an understanding of the design of the internal control related to specific donor/World Bank programs and determine whether they have been included in COTVET’s operations.

   iii. Assess inherent risk and control risk and determine detection risk as well as consider institutional/implementation risk and design. These will assist the auditor to plan his risk assessment.

   iv. The auditor should summarise his risk assessments for each assertion in the audit documentation. The assessments should consider the following broad categories under which each assessment should be classified:
Classes of transactions and events for the period under audit, including occurrence, completeness, accuracy, cut-off and classification,

Account balance at the end of the period including existence, rights, obligations, valuation, completeness, accuracy, valuation etc. and

Presentation and disclosure (occurrence, rights, obligations, completeness, classification, accuracy and valuation)

The auditor’s assessment of inherent risk, control risk and combined risk will determine to what extent he will embark on additional procedures to do a thorough job. If the auditor assesses control risk at the maximum level in a computerised environment, he must describe the basis for such conclusion by addressing the ineffectiveness of the design and the operation of the controls or the reasons why it would be inefficient to test the controls.

The auditor must evaluate the control environment, the adequacy of the accounting systems and control procedures. Emphasis should be placed on the policies and procedures that pertain to COTVET’s ability to record, process, summarise and report financial data consistent with the figures embodied in each account of the IFR.

3. Compliance testing
   Perform tests to determine whether COTVET complied, in all material respects, with terms of agreement, including counterpart fund arrangements and applicable laws and regulations related with the GSTD programs. The auditor should identify all instances of non-compliance and all illegal acts that have occurred or are likely to occur.

   i The auditor should do a compliance review to determine whether cost sharing /counterpart fund contributions were provided and accounted for in accordance with the terms of the agreement. The auditor’s report on compliance must contain findings of all material instances of non-compliance. All instances of non-material compliance may be included in a management letter.

   ii The auditor’s report should include conclusions that a fraud or illegal act has occurred or is likely to have occurred. In reporting material fraud, illegal acts or other non-compliance, the auditor should place his finding in proper perspective must exercise due professional care in pursuing indications of possible fraud and illegal acts to avoid any interference with any potential future investigation or legal proceedings.

4. Indirect expenditure audit
   Perform an audit of indirect expenditures approved for COTVET to ensure that charges have been authorised and approved by the fund providers. The auditor should report all infractions in this area.

5. Audit of COTVET financial reports
   The auditor should audit COTVET’s own financial reports to express an opinion on whether those statements present fairly, the financial position of COTVET at year-end, and the results of its operation and cash flow for the year then ended, in conformity with generally accepted accounting principles.

6. Project designated funds
The auditor should perform a financial audit of funds designated by the development partners under the project in accordance with approved standards which should include such tests of the accounting records as deemed necessary under the circumstances. In this regard, IFRs recommended under the program will form the basic report for audit. The objective of this audit is to express an opinion on whether the reports present fairly the funds received, costs incurred and procurements made during the year/period audited in conformity with the terms of the agreements and generally accepted accounting principles or other comprehensive basis of accounting, including cash receipts and disbursement basis and modifications of the cash basis.

The auditor should:

i. Review general and program ledgers to determine whether costs incurred were properly recorded and reconcile costs to program and general ledgers.

ii. Review procedures used to control funds, including their channeling to grantees and other program beneficiaries or implementing agencies.

iii. Review bank accounts and the controls on those accounts, including positive confirmation of balances,

iv. Determine whether advances of funds (if any) were supported with documentation, including reconciliations of funds advanced, disbursed and available. The auditor should ensure that all funding received by COTVET was appropriately recorded in its books and that these records were periodically reconciled with information provided by the fund providers.

v. Review procurement procedures to determine whether sound commercial practices including competition were used, reasonable prices were obtained and adequate controls were in place over quantities and qualities received. In this respect, World Bank Procedures and Ghana Public Procurement Act provisions will apply.

vi. Review salary charges to determine whether salary rates applied were in accordance with those approved by the fund providers, and supported by appropriate payroll records. Determine whether overtime payments, allowances and fringe benefits received by employees were in agreement with and applicable laws and regulations.

vii. Review transportation and travel charges to determine whether these are adequately supported and approved.

viii. Review procurement practices to ensure that items procured either for program beneficiaries or for COTVET itself exist or were used for the intended purposes in accordance with the terms of agreements and whether adequate control procedures exist and have been applied to safeguard these items. In this respect, procurements for COTVET, and for program beneficiaries under any of the components of the program and under any of the funding windows should engage the attention of the auditor.

ix. Review technical assistance and services procured by COTVET and beneficiaries. The auditor should determine whether the technical assistance and services were used for their intended purposes in accordance the terms of agreements.

7. Prior audit recommendations/notes from similar donor fund audits
Auditor must review the status of actions taken on findings and recommendations reported in prior audits or reviews. The auditor must describe the scope of their work on prior audit/review recommendation. He should refer to the most recent audit report or other audit report on funds provided by the donors in case this is the initial audit.

8. Audit planning
The auditor should also hold entrance and exit conferences with COTVET to which representatives of the funding entities may attend, if necessary.

i As part of the planning stages of the audit, the auditor should communicate to COTVET the nature and extent of planned testing and reporting on compliance with laws and regulations and internal control over financial reporting.

ii The auditor should institute quality control procedures to ensure that sufficient appropriate evidence is obtained through inspection, observation, inquiries and confirmations to afford a reasonable basis for an opinion regarding the financial statements under audit. Whatever procedures for ensuring quality control adopted by the auditor, they must, as a minimum, ensure that:

iii Audit reports and audit information are reviewed by an auditor, preferably at the partner level, who was not involved in the audit. This review must be documented.

9. Beneficiaries’ financial reports
The auditor, prior to presenting his proposal for the audit engagement or at the earliest opportunity during the engagement itself, must ascertain whether sub-recipients/beneficiaries had their own audits completed to ensure accountability for funds passed through these sub-recipients/beneficiaries.

10. Audit Report
The audit report must contain:

i A Title page, a table of contents, transmittal letter and summary which includes (a) a background section with a general description of GSTDP program audited, the period covered, the program objectives, a clear identification of the entities and groups of entities mentioned in the report, a section on the follow-up of prior audit recommendations, whether counterpart funding was covered under the program and whether COTVET was allowed charges for indirect expenses (b) the objectives and scope of the financial audit and a clear explanation of the procedures adopted, and whether there were any scope limitations (c) a brief summary of the audit results on the IFRs, internal control, compliance with agreement terms and applicable laws and regulations and COTVET's financial statements (d) a brief summary of the review of counterpart funds and a brief summary of COTVET management’s comments regarding its views on the audit and review results and findings.

ii The auditor will also report on the IFRs, identifying any questionable payments and fully supported with adequate records.

iii The auditor's opinion whether the IFR presents fairly, in all material respects, program funds/revenues, costs incurred, items procured in accordance with the terms of the agreements and in conformity with generally accepted accounting principles or other basis of accounting.
This opinion must clearly state the standards which have been followed eg International Auditing Standards.

iv The IFR which will identify the program funds/revenues, costs incurred and items procured for the year would cover all questionable expenditure and others for which no agreements could be produced. All material ‘doubtful’ expenditures resulting from instances of non-compliance with agreement terms and applicable laws and regulations must be included as findings in the report on compliance.

v Notes to the IFR should also briefly describe both material and immaterial questioned expenditures.

vi Notes to the IFR, should include a summary of significant accounting policies, explanations of the most important items of the report, the exchange rates during the year if appropriate.

vii A report on the auditor’s review of the schedule of counterpart funds.

This report must include a review of the counterpart fund and must provide negative assurance with regard to the counterpart funds and accounting for such funds which were not tested.

viii The auditor’s report on internal control must include the scope of the auditor’s work in obtaining an understanding of the internal control system and in assessing the control risk and ii) the significant deficiencies, including the identification of material weaknesses in COTVET’s internal controls.

ix The auditor’s report on COTVET’s compliance with agreement terms and applicable laws and regulations related to the GSTDP fund must report material instances of non-compliance. Non-material instances of non-compliance should be reported in a management letter to COTVET. The report must include all conclusions, based on evidence obtained, that a fraud or illegal act has occurred or is likely to have occurred. The report must bring to the fore all questionable expenditures, without regard to whether the conditions giving rise to the expenditures have been corrected or not and whether COTVET agrees or does not agree with the findings.

x The findings contained in the report on internal control and compliance must include the condition, criteria, cause and effect. In addition, the findings must contain a recommendation that corrects the cause and the condition, wherever applicable.

xi Firms are expected to exercise independent judgment throughout the audit engagement, including reporting on questionable expenditure. Indications of a lack of independence may result in the removal of the firm from the list of firms eligible to conduct such audits.

The reports must also contain the names of COTVET and other officials concerning the auditor’s findings and actions taken to implement the recommendations. If possible, the auditor should obtain written comments. When the auditor disagrees with comments opposing the findings, conclusions or recommendations, he should explain his reasons following the comments. Conversely, the auditor may modify his report if he finds the comments valid.

11. Acceptance of audit reports

IDA is responsible for assuring that the work performed under this contract complies with all the relevant laws and regulations and with provisions under this contract. To accomplish this objective, COTVET, IDA, Danida etc will perform desk reviews on the report and will do quality
control reviews of the audit documentation of the report received from the independent auditor. The auditor will ensure that audit records are available to enable these fund providers to complete and support their review.

The entire audit process must meet standards established in this document to qualify for payment under the fund.

12. Relationships and Responsibilities

The client for this contract is the Council for Technical and Vocational Education and Training (COTVET) representing the Skills Development Fund), the Steering Committee, Project Support Unit and all other units under the project. The IDA of the World Bank is the representative of the fund providers responsible for responding to inquiries on audit matters during the audit and monitoring the quality of the audit.

COTVET must ensure that all records are available to the independent auditor, all accounting entries and necessary adjustments are effected and all other necessary actions are taken to enable the auditor to complete his work.

It is the responsibility of the auditor to report in a timely manner and maintain and retain audit documentation for at least six years.

13. Terms of Performance

The effective date of this contract is the date on which a contract is signed. To make audit reporting timely, the auditor may consider interim audits where transactions and relationships are many.

The audit should be concluded within three months of the end of the GoG financial year.

Payment of fees which shall be settled as part of the procurement process, shall be made as follows:

- 20% on date of contract
- 40% on approval of draft report and
- 40% on date of approval of final report by IDA and COTVET.
701 MONITORING & EVALUATION GUIDELINES

1. Introduction

The objective of the M&E System of the SDF is twofold:
(i) to ensure that financing of the Fund is on course and desired outcomes are achieved, and
(ii) to ensure that the support by the SDF to applicants is used for the purpose intended.

The COTVET Board will examine recommendations for approval or otherwise furnished to it by the SDF Committee. A detailed M&E Manual will be prepared during the inception phase for approval by the COTVET Board. The M&E Manual to be prepared must be consistent with the terms and conditions for funding and ensure compliance and effective monitoring and evaluation consistent with the terms and conditions of the disbursement window financier. An effective M&E policy is crucial to the successful implementation of the SDF.

Proper M&E ensures the proper health of the SDF Funds and compliance with the financing provisions of financing by applicants. It provides suggestions and recommendations for better utilisation of resources of the Fund.

The SDF M&E system will be a key in measuring the extent to which the Fund contributes to the attainment of the overall goal of developing a TVET system that improves the skills acquisition of both the formal and informal sectors of the economy. This system is designed to fulfil its important role of providing information that allows for more effective interaction between stakeholders including the training providers.

The M&E system will benefit COTVET and its stakeholders in a number of ways to:
- determine whether the graduates of the various streams of TVET working in industry are of adequate quality;
- identify areas of strength, weakness and potential improvements;
- provide feedback to all stakeholders.

The M&E system must ensure that standards and procedures set out under section 3(2) of the Internal Audit Agency Act, 2003 (Act 658) relating to the economic, effective and efficient utilisation of national resources, achievement of the plans, goals and objectives of the Ministries, Departments and Agencies (MDAs) and adequate management of risks are adhered to. MDAs are defined under the Internal Audit Agency Act as ‘Ministries, Departments and Agencies and includes all governmental bodies and institutions that receive government subvention wholly or partially’.

It must be noted that M&E includes prosecution of applicants who apply the funds in circumstances indicative of criminal conduct. In such circumstances, if criminal conduct cannot be inferred, COTVET should be able to take legal action against the applicant and guarantors to recover misappropriated funds. An M&E which does not have the
capacity to bring civil and/or criminal actions against applicants who either fail to utilise funds appropriately or make fraudulent representations to access fund will place the success of the SDF at risk.

It must be noted that the COTVET Act does not have an offences section. This is most likely because the framers of the legislation did not anticipate that COTVET would in the course of its functions administer loan funding to applicants in the manner contemplated by the present concept of the SDF. Therefore, COTVET will rely on the provisions of the non-specific COTVET legislation in prosecuting criminal offences and in a well drafted contract in dealing with guarantors and the recovery of misappropriated disbursements.

The indicators and assessment tools developed will be useful in ensuring that implementation is coherent with financing objectives. The system developed will also strengthen the stakeholders’ capacity to capture valuable lessons from an effectively monitored financing system.

2. M&E information flow

The M&E information flow diagram below is intended to depict the information flow and is, as such, more functional than hierarchical.

At the centre of the diagram is the M&E Officer, who has the overall responsibility for M&E. The direct coordination of M&E activities is his or her responsibility with the support of the M&E Assistants and focal persons at implementing agency level.
M&E information flow (project level)
Monitoring

Monitoring of SDF supports will involve designing series of activities and undertaking these to continually deliver structured information concerning the actual status of the projects in terms of planned and executed results to all persons involved in the implementation process, including the target groups and beneficiaries. It will be an iterative process of checking to ensure that the correct procedures, practices, timeframes, resources and targets are being followed and achieved as specified within each project log frame. Monitoring will also provide the evidence that helps to present and justify project implementation status or progress to the SDF, implementing partners, donors, beneficiaries, etc. This activity is necessary to ensure that:

- Verifiable data are provided to enable SDF management, COTVET, and implementing partners take corrective measures to improve project performance.
- Logical systematic structure for understanding what changes are taking place as a result of implementation is provided.
- Those changes that are needed to improve project results and performance are identified and isolated.

Monitoring the overall objective for the SDF

It is the overall objective for the SDF to:

"Ensure a sustainable financing of Ghana’s technical and vocational education and training system."

The indicator for the overall objective is:

"A mechanism established for accruing and dispersing funds for Ghana’s technical and vocational and training system".

Monitoring of outcome

An impact assessment will be conducted after the first years of the establishment of the SDF. Furthermore, tracer studies of selected training courses funded by the SDF should be undertaken by the second year of the Fund’s existence and thereafter. An impact evaluation will also be conducted.

The following outcome indicators will be used to assess the performance of the SDF (Table 1):

Table 1: Outcome indicators

<table>
<thead>
<tr>
<th>GENERAL OUTCOME INDICATORS</th>
<th>MEANS OF VERIFICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Increase in proportion of private and public sector funding over total funding to SDF.</td>
<td>GoG financial reports SDF accounts</td>
</tr>
</tbody>
</table>
2. Number of training courses (formal and informal sector) aligned with the NQF increased by 10% per year from the introduction of NQF.  
SDF M&E data

3. Number of pre-service trainees in gainful employment 12 months after completion of training (by type of training, gender, age etc.) increased by 20% compared with previous year. 
Tracer studies

4. Number of in-service trainees with better jobs 6 months after completion of training (by type of training, gender, age etc.) increased by 20% compared with previous year. 
Tracer studies

5. Number of employers (sampled) satisfied with trainees’ skills increased by 30% compared with previous year. 
Survey

**Monitoring of outputs**

The purpose of the output monitoring is to make sure that the beneficiary institutions use the funds received from the SDF in accordance with the objectives and principles stipulated in the contract. Hence, the output monitoring has two elements:

- control of planned and implemented activities, and
- control of the use of allocated funds

The following output indicators will be used to assess the performance of the SDF (Table 2):

**Table 2: Output indicators**

<table>
<thead>
<tr>
<th>WINDOW</th>
<th>OBJECTIVE</th>
<th>INDICATORS</th>
<th>MEASUREMENT</th>
</tr>
</thead>
</table>
| 1. Education and training for the formal labour market. | (i) To promote partnerships between industry and training providers.  
(ii) To improve supply of relevant skills for the formal labour market. | (i) Number of partnerships per year.  
(ii) Employer satisfaction with training in terms of increased productivity, quality of work, and innovation. | (i) SDF statistics.  
(ii) Number of pre-service and in-service trainees working in industry. |
2. Training and entrepreneurship for development for the informal sector.

- (i) To increase the skills level in the informal sector.
  - (ii) To improve the quality of informal apprenticeships.
  - (iii) To engage intermediary institutions, trade associations and NGOs in organising training for the informal sector.

- (i) Increased employment in targeted informal enterprises.
  - (ii) Increased number of formalised and certified apprenticeships from informal enterprises.
  - (iii) Number of partnerships financed by the SDF.

- (i) Number of partnerships registered by the SDF.
  - (ii) Number of registered apprenticeships.
  - (iii) Number of partnerships registered by the SDF.

3. Development and piloting of new training concepts.

- (i) To develop innovative models of partnerships between industry, training and skills development in selected sectors.
- (i) Number of innovative partnerships.
- (i) Number of partnerships registered by the SDF.

- (i) Number of participants from industry attending newly developed training activities.

4. Science and technology partnership between industry and research and technology providers.

- (i) To finance partnerships between S&T providers and industry targeting productivity improvements, product diversification, and growth through technology development or organisational innovations.
- (i) Productivity improvements, product diversifications or increased revenue in industry.
- (i) Number of firms documented with documented productivity improvements, product diversifications or increased revenues.

**Process monitoring**

In addition to outcome and output monitoring, the efficiency and effectiveness of the SDF will be measured through a number of process indicators:

- number of applications
- processing time of applications
- volume of disbursement out of volume applied for (disaggregated by type of TVET institutions and purpose of training)
- per cent satisfaction rate of completed projects in annual valuation by Board (10% sample of all completed projects in a year against checklist)
- per cent satisfaction of SDF by self-assessment (by Board).

**4. Evaluation**

Evaluation entail the process of analysing project results and deducing lessons that would help SDF project managers and implementing partners adjust project implementation design accordingly to respond to planned objectives and outcomes. This process will help in:

- Assessing results of project activities to determine whether the desired impact has been realized or achieved.
- Assessing impacts of the project on beneficiaries, stakeholders and the wider community.
- Reviewing the outcomes of service delivery activities.
- Determining community perceptions of project activities from a range of social groups (including identified groups like women, the poor and the deprived).
- Capturing lessons to improve project activities, and to feed into policy formulation and studies for improving the long term sector delivery.
- Testing assumptions and hypothesis, and exploring critical questions; and reviewing major risks achievement of outputs and objectives.
- Enabling SDF to identify lessons learnt for future phases of the project.
- Establish the level of success of actual results achieved within each support window and assess the sustainability of these results during the subsequent phases.

5. **M&E responsibilities of key units and selected personnel**

The following responsibilities of key units and selected personnel will be followed by COTVET/SDF (Table 3).

<table>
<thead>
<tr>
<th>Unit or Position</th>
<th>Monitoring role</th>
<th>Evaluation role</th>
</tr>
</thead>
</table>
| **Executive Director – COTVET/SDF Committee** | - Providing policy oversight and feedback for project compliance with stakeholder expectations  
- Provide guideline feedback for overall monitoring and project performance | - Participate and provide feedback on evaluation workshops and identification of lessons  
- Review and provide feedback on project risks  
- Communicating, evaluation outcomes to policy level stakeholders (COTVET Board) |
| **Fund Manager**                      | - Monitoring project performance & expenditure against activity, resource and cost schedules as well as timing.  
- Monitoring outcomes and quality of TA contract deliverables  
- Impact monitoring | - Analysing project outputs, outcomes and impact assessments.  
- Evaluating beneficiary perceptions  
- Evaluation of project risks  
- Initiating corrective measures |
| **Procurement Officer**                | - Monitor procurement deliverables against procurement plans  
- Assist in tracking delivery of procured | - Guide the analysis and evaluation of procurement contracts  
- Assist in evaluating performance of |
<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
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<tbody>
<tr>
<td><strong>M&amp;E Officer</strong></td>
<td>• Collating M&amp;E data/information from M &amp; E Assistants.</td>
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<tr>
<td></td>
<td>• Monitoring project implementation performance &amp; expenditures for M &amp; E</td>
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<td></td>
<td>• Reviewing M &amp; E documentation &amp; assessing its quality</td>
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<td></td>
<td>• Inputting M &amp; E data into SDF and COTVET information system and policy formulation processes</td>
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<td></td>
<td>• Oversight and support of M &amp; E evaluation activities, studies and workshops</td>
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<td>• Eliciting &amp; collating lessons</td>
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<td>• Communication lessons for policy studies and improving SDF programming.</td>
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<td>• Dissemination of information to other stakeholders</td>
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<td>• Reporting to the SDF manager M&amp;E findings in timely manner</td>
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<td></td>
<td>• Provide timely evaluation reports to the SDF Manager</td>
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<tr>
<td><strong>M&amp;E Assistants (proposed)</strong></td>
<td>• Monitoring progress against work plan, target schedules and timing (both on-site and desk work)</td>
</tr>
<tr>
<td></td>
<td>• Providing timely M &amp; E reports</td>
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<tr>
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<td>• Providing Monitoring information on support performance and outputs against expenditures, resources, costs and time schedules.</td>
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<td>• Assist in inputting monitoring data into M&amp;E database</td>
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<tr>
<td><strong>M&amp;E Focal Persons (proposed)</strong></td>
<td>• Monitoring progress against work plan, target schedules and timing</td>
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<td></td>
<td>• Providing timely M &amp; E reports</td>
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<td></td>
<td>• Monitoring component performance and outputs against expenditures,</td>
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<td></td>
<td>• Assist in technical assessments of results, quality and efficiency at implementing Agency level</td>
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<td>• Participate in analysing evaluating reports</td>
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<td></td>
<td>• Assist in reviewing and verifying levels of project impacts and outcomes.</td>
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<tr>
<td>resources, costs and time schedules</td>
<td>outcomes</td>
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<tr>
<td>Joint Supervision Mission</td>
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<tr>
<td>• Monitoring of project performance and progress towards results.</td>
<td>• Field evaluations</td>
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<tr>
<td>• Support to monitoring of M &amp; E performance, particularly quality</td>
<td>• Assessment of results, quality and efficiency</td>
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<tr>
<td>• Supporting refinement of monitoring procedures</td>
<td>• Evaluation of risks</td>
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<tr>
<td>• Identifying problems, issues and constraints to achievement of outputs and objectives.</td>
<td>• Review of project documentation (incl. evaluation studies &amp; work plans)</td>
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<tr>
<td>•</td>
<td>• Contributing to technical and/or socio-economic evaluations of relevant outputs and supports</td>
</tr>
</tbody>
</table>

6. M&E Reporting requirements

The M&E reporting requirements are outlined in Section 700, Annex A
700 ANNEXES
Monitoring & Evaluation
## Reporting Requirements for M & E

<table>
<thead>
<tr>
<th>Report Type</th>
<th>Frequency</th>
<th>Prime user(s)</th>
<th>Scope / Content</th>
<th>Responsibilities</th>
</tr>
</thead>
</table>
| Non routine Report. | As required| M&E Officer, Task Teams, SDF Manager. | • Report specific activities and assignments requiring prompt action and feedback over the short term  
• Summary of activities undertaken in previous week. Any issues for M & E coordinator or CL attention | • M&E Assistants  
• M & E Focal Persons |
| Monthly Report      | Monthly    | M&E Officer, Task Teams, SDF Manager | • Narrative summary of progress for each component  
• Progress by output/ activities incl. issues/ problems & actions. Physical progress sheet  
• Financial status report (statement of expenditure) Monthly expenditure by output.  
• Staffing development report.  
• Procurement report. | • M&E Focal Persons  
• Task Team Leaders to compile information from Implementing Institutions  
• M & E Officer to collate reports  
• Financial Officer /M&E Officer to produce financial reports  
• Human Resource Manager  
• Procurement officer to produce procurement report |
| Quarterly Report | Quarterly | Development Partners, COTVET Board, SDF Committee |  • Narrative summary of progress and issues for each Funding Window.  
• Past quarter & projected expenditure and financial status (statement of expenditure)  
• Quarterly expenditure by output  
• Fund Manager, SDF Secretariat and M & E Officer to compile info from monthly reports and quarterly M & E review meeting.  
• Task Team Leaders to compile summary information from Funding Windows  
• M & E Officer to produce a compiled draft report for Fund Manager  
• Financial Officer to produce financial report  
• Procurement Officer to produce procurement status reports with Fund Manager |
| Composite Stakeholder Review Report | Biannual | Development Partners, Partner Implementing Agencies, Beneficiary Institutions, MoE, COTVET, SDF |  • Actions on recommendations from last review mission  
• Narrative summary of progress for each funding window  
• Major challenges in implementation  
• Lessons learned  
• Narrative summary of revised work plan for the remaining periods  
• Risk assessment (review and updating of risks)  
• Projected expenditure.  
• Procurement status  
• M & E Officer to compile information from Implementing Agencies, Beneficiary Institutions  
• SDF to draft the report with Technical Support from DPs if necessary |
| Annual Report | Annual | Minister, Parliament, COTVET Board, SDF Committee, |  • Narrative summary of implementation progress.  
• M&E Officer and Fund Manager to compile report from Project Records and files |
| Development Partners | • Major issues in implementation  
|                      | • Review of outputs and impacts  
|                      | • Financial analysis for past year  
|                      | • Lessons learned  
|                      | • Revised work plan for the coming year  
|                      | • Budgetary requirements for coming year  
|                      | • Recommendations for adoption or changes in policy and legal frameworks |
MONITORING AND REPORTING FORMAT

SKILLS DEVELOPMENT FUND M&E FORM 1

REPORTING PERIOD ........................................

MONTLY / QUARTERLY REPORT ..........................

REPORTING DATE ...........................................

REPORTING INSTITUTION .................................

<table>
<thead>
<tr>
<th>Item</th>
<th>Activity</th>
<th>Executing Institution</th>
<th>Indicators</th>
<th>Time Frame</th>
<th>Status of Implementation</th>
<th>Reasons for Status</th>
<th>Estimated Budget</th>
<th>Remarks</th>
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