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**Report No. P-5336-TO**

**MEMORANDUM AND RECOMMENDATION**  
**OF THE**  
**PRESIDENT OF THE**  
**INTERNATIONAL DEVELOPMENT ASSOCIATION**  
**TO THE**  
**EXECUTIVE DIRECTORS**  
**ON A**  
**PROPOSED CREDIT**  
**OF SDR 7.0 MILLION**  
**TO THE REPUBLIC OF TOGO**  
**FOR A**  
**TECHNICAL EDUCATION AND VOCATIONAL TRAINING PROJECT**

**JULY 23, 1990**

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### CURRENCY EQUIVALENTS

Currency Unit = CFA Franc (CFAF)  
US\$ 1 = CFAF 285 (July 1990)  
CFAF 1 Million = US\$ 3,184.71  
SDR 1 = US\$ 1.2987

### MEASURES

1 m = 1.09 yd.  
1 m<sup>2</sup> = 10.76 sq. ft.  
1 km<sup>2</sup> = 0.38 sq. mi.

### ABBREVIATIONS AND ACRONYMS

DAC = Directorate of Administrative Affairs  
DAFPP = Directorate of Apprenticeship and Vocational Training  
DERP = Directorate of Studies, Research and Strategic Studies  
DET = Directorate of Technical Education  
FED = European Development Fund  
NTF = National Training Fund  
GTZ = German Technical Cooperation  
METFP = Ministry of Technical Education and Vocational Training  
VET = Technical Education and Vocational Training

### FISCAL YEAR

January 1 - December 31

### SCHOOL YEAR

September - August

REPUBLIC OF TOGOTECHNICAL EDUCATION AND VOCATIONAL TRAINING PROJECTCREDIT AND PROJECT SUMMARY

Borrower: Government of the Republic of Togo

Beneficiary: Ministry of Technical Education and Vocational Training (METFP)

IDA Credit Amount: SDR 7.0 million (US\$9.2 million equivalent)

Terms: Standard with 40 years maturity

Onlending Terms: Not applicable

Financing Plan:

	Local	Foreign	Total
	(US\$ Million)		
IDA	2.48	6.67	9.15
EC	0.86	2.85	3.71
Government	2.87	0.00	2.87
Total	6.21	9.52	15.73

Estimated Disbursements from IDA credit:

	Calendar Year							
	(US\$ millions)							
	1990	1991	1992	1993	1994	1995	1996	1997
Annual:	0.3	0.8	0.9	1.2	2.4	2.5	1.0	0.1
Cumulative:	0.3	1.1	2.0	3.2	5.6	8.1	9.1	9.2

Economic Rate of Return: Not applicable

Staff Appraisal Report: 8655-TO

Map: IBRD 22419

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**MEMORANDUM AND RECOMMENDATION OF THE PRESIDENT  
OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION  
TO THE EXECUTIVE DIRECTORS  
ON A PROPOSED DEVELOPMENT CREDIT  
TO THE REPUBLIC OF TOGO  
FOR A TECHNICAL EDUCATION AND VOCATIONAL TRAINING PROJECT**

1. I submit for your approval the following memorandum and recommendation on a proposed development credit to the Republic of Togo for SDR 7.0 million (US\$ 9.2 million equivalent). The proposed credit would be on standard IDA terms with forty years maturity and would help finance a technical education and vocational training project. The project would be cofinanced by a grant from the European Development Fund (FED) for US\$ 3.7 million equivalent and by a Government contribution of US\$2.9 million equivalent.

2. Country Sector Background: With the creation of the Ministry of Technical Education and Professional Training (METFP) in 1984, the Government started to focus attention on the need to reform technical education and vocational training (VET). However, because the vocational training tax was not used for training but fed Treasury's general resources, and because METFP's structure was incomplete, little progress has taken place in reshaping the system. VET continues to be regarded as a second choice for those who cannot continue directly within general education. Yet, although VET will continue to be rather limited in size (due in part to the small modern sector of the economy which absorbs only 4% of school leavers), its importance for long-term growth and development will increase. In particular, it is crucial in addressing the employment needs of a private sector being enhanced by the adjustment process.

3. The key sectoral issues are: (i) the "social" orientation of VET which has aimed at fulfilling the aspirations of students for further studies rather than enhancing employability; (ii) METFP's management and planning weakness and the lack of linkages to employers and the private sector; (iii) outdated qualifications of VET staff, inherited for the most part from general education and thus unrelated to current labor market conditions; and (iv) inadequate and unstable sector financing which has declined over the last six years.

4. Government's revised VET policy is designed to address the above issues. It consists of a shift from a socially oriented supply-driven VET system to an employment oriented demand-driven system. It requires greater involvement of the business and industrial community, and will necessitate streamlining and completing the METFP's organizational structure. New content and instructional methods will be based upon two ideas: "professionalization" of content and the use of "dual" training methods. "Professionalization" will increase both the practical content of technical education and the theoretical content of apprenticeship training. "Dual" training will combine theory courses in

training establishments with part-time practical instruction and work experience in business and industry. On the financial side, in 1989 the vocational training tax was formally allocated to training and will thus increase resources for VET. Revisions, based on a competitive national training fund, in the method of allocating resources for training will lead to more efficient and effective resource use.

5. Rationale for IDA involvement: The thrust of IDA's country strategy is to provide consistent and coherent support for the Government's efforts to eliminate obstacles to long term growth and development. Education and training issues, especially as they relate to labor market needs, have not been explicitly addressed in past structural adjustment programs, and previous human resources projects have been limited to general education with no specific concern for training for employment in the private sector. Through its involvement, IDA will help integrate these issues into the development process, and assist in improving Government expenditure patterns in the sector, while increasing the overall productivity of the work-force through a better match between supply of and demand for skilled manpower. It will also help coordinate other aid efforts, primarily through improvements in sector analysis, planning, budgeting, and management, and the promotion of new approaches to training.

6. Project Objectives: The first objective of the project is to make the technical education and vocational training system demand driven, employment oriented and responsive to the needs of the productive sectors. The main strategy to address this objective is to create: (1) a capacity to monitor the state of the labor market and the performance of training institutions, and provide feedback to guide the funding of training; and (2) a flexible funding mechanism to allocate finance to specific training programs based on identified labor market needs. The second objective is to strengthen the structure and activities of METFP, the key arm of the Government for implementing VET policies. This will be achieved by strengthening the institutional capacity of the METFP, and supporting the development of a regional VET network.

7. Project Description: The project has three components: (i) strengthening the administrative capacity of all METFP directorates, and specifically creating a "Training and Employment Observatory" which will monitor the labor market and the employability of VET trainees and provide feedback to guide the funding of training; (ii) training and upgrading VET staff to improve managerial and administrative staff's familiarity with dual training methods, and to improve instructional staff's skill specializations; (iii) creating a "National Training Fund" which will allocate finance to specific training sub-projects such as the reform of existing training institutions and work experience internships, based on labor market needs. The total project cost is estimated at US\$15.7 million equivalent, with a foreign exchange component of US\$9.5 million (60%). A breakdown of costs and the financing plan are shown in Schedule A. Amounts and methods of procurement and of disbursements, and the disbursement profile are shown in Schedule B. A timetable of key project

processing events and the status of Bank Group operations in the Republic of Togo are given in Schedules C and D, respectively. A map is attached. The Staff Appraisal Report, No. 8655-T0, dated July 23, 1990, is also attached.

8. Agreed Actions: Agreement has been reached with the Government on project objectives and design. Specific agreements cover: (1) the streamlining and realignment of responsibilities between the METFP's Directorates; (2) the effective allocation of the vocational training tax to the National Training Fund (NTF) for the funding of training activities; (3) the legal texts governing the administrative procedures and management of the NTF; (4) the pipeline of training projects for the first eighteen months of the NTF's operations; and (5) the criteria governing selection of training sub-projects eligible for financing by the NTF. These criteria cover the economic, instructional, and financial characteristics of sub-projects and include cost-sharing between Government and the private sector. Other agreements reached during negotiations include: (i) the overall size of the formal training system and its share in the education sector's budget; (ii) the technical education and vocational training investment program for the next three years and its investment budget for 1991; and (iii) the appointment of personnel to three key posts (Project Coordinator, Director of the METFP's Directorate of Studies, Research and Strategic Studies, and the Executive Secretary of the NTF).

9. Environmental Aspects: As part of the instructional courses, the environmental awareness of trainees will be raised. The project activities themselves will have no adverse environmental effects.

10. Project Benefits: The first benefit of the project is institutional. The project will strengthen the key strategic functions of the METFP, and put in place improved procedures for the allocation and use of public funds. Thus, Government will be better able to administer the VET system. Direct association of the private sector in the content and operation of the training activities will establish automatic regulation of the system, thereby improving its responsiveness to the needs of the economy. The second benefit is economic. It will come in the form of an annual output of between 500 and 1000 highly skilled and productive workers ready for immediate employment in pre-identified posts. This will reduce the level of graduate unemployment and raise the productivity of the workforce, thereby contributing to private enterprise competitiveness and economic growth. The third benefit is also economic; the project will produce a number of efficiency gains. Changes in testing and examinations, together with the adoption of dual training methods should contribute to decrease student repetitions. Dual training, besides providing practical work experience, will also free-up training places allowing more efficient use of existing training facilities and an increase in the number of in-service trainees. Finally, the use of competitive funds will promote both quality control of training and cost efficiency improvements. Efficient resource allocation with better management will reinforce, at the sector level, the Government's structural adjustment program.

11. Risks: There are three main risks. First, Government's commitment to allocate funds for VET through a competitive national training fund (NTF) rather than through annual budgetary allocations might wane. This was addressed during project preparation with the finalization of all necessary legal documents needed to allocate the proceeds of the vocational training tax to the training fund. To ensure implementation, a specific condition has been attached to this credit. Resource allocation will also be addressed through the regular annual reviews of public expenditures and public investments which are due to take place for this sector in the framework of the macroeconomic adjustment program. Second, there is a possibility of reluctance on the part of the private sector to play an active role in training of the workforce. The second risk has been addressed during project preparation. At that time, the private sector was fully consulted and played an active role in the preparation and design of the projects now in the pipeline awaiting NTF financing approval. In addition, METFP is preparing a guide for employers interested in using the NTF and will run a national publicity campaign. Finally, the METFP has limited capacity to manage the implementation of a project of this nature. This issue is addressed by phasing the implementation of the project to minimize the burden on the institutions involved in the VET system. The METFP will be reinforced with short-term consultant services in specialized training issues, and training programs will be run for the national team in charge of the project.

12. Recommendation: I am satisfied that the proposed credit would comply with the Articles of Agreement of the Association and recommend that the Executive Directors approve the proposed credit.

Barber B. Conable  
President

Washington, D.C.  
July 23, 1990

**REPUBLIC OF TOGO**  
**TECHNICAL EDUCATION AND VOCATIONAL TRAINING PROJECT**

**ESTIMATED COSTS AND FINANCING PLAN**

**Project Cost Summary**

	----- (US\$ Million) -----		
	Local	Foreign	Total
<b>I. Institutional Development</b>			
1. Strengthening METFP's Directorates			
DERP	0.65	0.33	0.98
DET	0.21	0.67	0.87
DAFPP	0.06	0.15	0.21
DAC	0.09	0.39	0.48
2. Labor Market Information System			
DEF	0.16	0.21	0.37
3. Monitoring the VET Reform Program			
Monitoring the Reform	0.15	0.03	0.18
Coordinating the project/PPF	0.00	0.51	0.51
Sub-Total I	<u>(1.31)</u>	<u>(2.29)</u>	<u>(3.61)</u>
<b>II. Training of sector personnel in "dual" VET</b>			
1. Management and Administrative Staff	0.00	0.41	0.41
2. Instructional Staff	0.00	0.45	0.45
Sub-Total II	<u>(0.00)</u>	<u>(0.87)</u>	<u>(0.87)</u>
<b>III. National Training Fund</b>			
1. Creating the managerial structures			
Management Committee	0.02	0.00	0.02
Executive Secretariat	0.23	0.18	0.41
2. Funding Training Activities			
VET reform sub projects	1.55	2.34	3.89
SAVP	0.24	0.00	0.24
Other non specified sub projects	1.52	2.36	3.88
Sub-Total III	<u>(3.55)</u>	<u>(4.88)</u>	<u>(8.43)</u>
<b>Total Base Costs</b>	<u>4.86</u>	<u>8.04</u>	<u>12.90</u>
Physical Contingencies	0.37	0.68	1.05
Price Contingencies	0.98	0.81	1.78
<b>Total Project Costs</b>	<u>6.21</u>	<u>9.52</u>	<u>15.73</u>
 <b>Financing Plan</b>			
IDA	2.48	6.67	9.15
EC	0.86	2.85	3.71
Government	2.87	0.00	2.87
Total	6.21	9.52	15.73



**REPUBLIC OF TOGO**  
**TECHNICAL EDUCATION AND VOCATIONAL TRAINING PROJECT**

Schedule B

**PROCUREMENT METHOD AND DISBURSEMENTS**

<u>Procurement element</u>	<u>Procurement methods</u>				<u>Total</u>
	<u>(US \$ millions)</u>				
	<u>ICB</u>	<u>LCB</u>	<u>Other</u>	<u>N/A</u>	
Civil Works	0.8 (0.6)	1.6 (1.0)	--	--	2.4 (1.6)
Furniture	0.1 (0.1)	0.2 (0.1)	--	--	0.3 (0.2)
Equipment	1.8 (1.8)	1.1 (0.9)	0.0 (0.0)	--	2.4 (2.2)
of which vehicles	0.8 (0.8)	0.0 (0.0)	--	--	0.8 (0.8)
Teaching Materials	0.1 (0.1)	0.1 (0.1)	0.6 (0.0)	--	0.8 (0.2)
Consultant Services	--	--	2.8 (1.9)	--	2.8 (1.9)
Training Costs	--	--	2.5 (0.8)	--	2.5 (0.8)
Fellowships	--	--	--	1.5 (1.5)	1.5 (1.5)
Operating costs	--	--	--	2.4 (0.7)	2.4 (0.7)
PPF Refinancing	--	--	--	0.6 (0.6)	0.6 (0.6)
<b>TOTAL</b>	<b>2.3</b>	<b>3.0</b>	<b>5.9</b>	<b>4.5</b>	<b>15.7</b>
<b>TOTAL FINANCED BY IDA</b>	<b>2.1</b>	<b>2.1</b>	<b>2.2</b>	<b>2.8</b>	<b>9.2</b>

Note: Figures in parentheses show the respective amounts financed by the IDA Credit.

**Allocation and Disbursement of IDA Credit**  
**(in US\$ millions)**

<u>Category</u>	<u>Amounts</u>	<u>Percentage of expenditures to be financed</u>
1. Civil Works	0.1	70
2. Furniture	0.1	90
3. Equipment	0.4	100
4. Consultant Services	1.8	100
5. Fellowships	1.8	100
6. Operating Costs/Personnel	0.6	80% in 1990 and 1991; 60% in 1992; 40% in 1993; and 20% in 1994.
7. Goods, Services & Works financed under Grants	3.7	80
8. PPF Refinancing	0.6	100
9. Unallocated	1.1	
<b>TOTAL</b>	<b>9.2</b>	

**Estimated Disbursements from IDA credit:**

	<u>Calendar Year</u>						
	<u>(millions US\$)</u>						
	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1997</u>
Annual:	0.8	0.8	0.9	1.2	2.4	2.5	1.0
Cumulative:	0.8	1.1	2.0	3.2	5.6	8.1	9.2

REPUBLIC OF TOGO  
TECHNICAL EDUCATION AND VOCATIONAL TRAINING PROJECT

Timetable of Key Project Processing Events:

- |                                    |  |
|------------------------------------|--|
| (a) Time taken to prepare:         | 20 months                                    |
| (b) Prepared by:                   | Government and consultants financed by a PPF |
| (c) First IDA mission:             | February, 1988                               |
| (d) Appraisal mission departure:   | October, 1989                                |
| (e) Negotiations:                  | July, 1990                                   |
| (f) Planned date of effectiveness: | October, 1990                                |
| (g) List of relevant PCRs & PPARs: | PCR Credit 1018-TO:- EFC/39 October 11, 1988 |

THE STATUS OF BANK GROUP OPERATIONS IN TOGO

A. STATEMENT OF BANK LOANS AND IDA CREDITS

(As of April 30, 1990)

Loan or Credit No.	Fiscal Year	Borrower	Purpose	Amount in US\$ million (less cancellations)		Undis- bursed	Closing Date
				Bank	IDA		
<b>Credits</b>							
21 Credits(s) closed					240.97		
C13020-T06	1983	T060	RURAL DEVT. II	23.50			03/31/91(R)
C13540-T06	1983	T060	WATER SUPPLY	12.00		5.48	12/31/90
C15680-T06	1985	T060	EDUCATION DEV. II	12.40		4.63	06/30/91
C16000-T06	1985	T060	T.A. III	6.20		2.37	06/30/91(R)
C13021-T06	1986	T060	RURAL DEVT. II	6.90		8.34	03/31/91(R)
C17450-T06	1987	T060	COCOA/COFFEE III	17.90		8.38	12/31/92
C18080-T06	1987	T060	AGRICULTURAL EXTENSI	9.70		8.25	06/30/93
C18430-T06	1988	T060	IDF	11.50		10.72	06/30/97
C18610-T06	1988	T060	TRANSP REHAB	40.00		33.62	06/30/94
C19290-T06	1988	T060	COTTON III	15.10		13.96	06/30/93
C19930-T06	1989	T060	GRASSROOTS DEV.INITI	5.00		4.33	12/31/94
C20180-T06	1989	T060	PRE-INVEST PROJECT	5.00		5.16	12/31/92
C20560-T06	1989	T060	TELECOM	16.00		16.42	12/31/94
C18922-T06(S)	1990	T060	SAL III	.20		.26	10/30/90
TOTAL number Credits = 14					181.40	121.92	
<b>Loans</b>							
4 Loans(s) closed				60.00			
All closed for TOGO							
TOTAL number Loans = 0							
TOTAL***				60.00	422.37		
of which repaid				51.39	2.82		
TOTAL held by Bank & IDA				8.61	419.56		
Amount sold							
of which repaid							
TOTAL undisbursed						122.03	*****

**Notes:**

\* Not yet effective

\*\* Not yet signed

\*\*\* Total Approved, Repayments, and Outstanding balance represent both active and inactive Loans and Credits.

(R) indicates formally revised Closing Date.

(S) indicates SAL/SECAL Loans and Credits.

The Net Approved and Bank Repayments are historical value, all others are market value.

The Signing, Effective, and Closing dates are based upon the Loan Department official data and are not taken from the Task Budget file.

THE STATUS OF BANK GROUP OPERATIONS IN TOGOA. STATEMENT OF BANK LOANS AND IDA CREDITS continuedList of Closed SALs and SECALs

(As of June 30, 1990)

Loan or Credit No.	Fiscal Year	Borrower	Purpose	Amount in US\$ million (less cancellations)		Undis- bursed	Closing Date
				Bank	IDA		
CF0030-T06	1983	TOGO	SAC		20.00	.00	12/31/85
C13650-T06	1983	TOGO	SAC		20.00	.00	12/31/85
C15990-T06	1985	TOGO	STRUC.ADJ. II		27.80	.00	12/31/87
CA0020-T06	1986	TOGO	STRUC.ADJ. II		10.00	.00	12/31/87
C18920-T06	1988	TOGO	SAL III		45.00	.11	05/31/90
C18921-T06	1989	TOGO	SAL III		.10	.00	05/31/90
Total TOGO					122.90	.11	

**B. STATEMENT OF IFC INVESTMENTS**  
 (As of May 24, 1990)

<u>Fiscal Year</u>	<u>Obliger</u>	<u>Type of Business</u>	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
			-----US\$ mln-----		
1987	PAC-TOGO	Textiles & Fibers	7.09	1.00	8.09
1987	Ducros-TOGO	Food & Food Processing	1.40	-	1.40
1988	STS	Iron & Steel	<u>0.85</u>	<u>-</u>	<u>0.85</u>
			9.34	1.00	10.34
		Less Cancellations, Payments and exchange adjustments	7.07	1.00	8.07
		Total Commitments held by IFC	<u>2.27</u>	<u>-</u>	<u>2.27</u>

THE STATUS OF BANK GROUP OPERATIONS IN TOGOA. STATEMENT OF BANK LOANS AND IDA CREDITS continuedList of Closed SALs and SECALs

(As of June 30, 1990)

Loan or Credit No.	Fiscal Year	Borrower	Purpose	Amount in US\$ million (less cancellations)		Undis- bursed	Closing Date
				Bank	IDA		
CF0030-T06	1983	T060	SAC		20.00	.00	12/31/85
C13650-T06	1983	T060	SAC		20.00	.00	12/31/85
C15990-T06	1985	T060	STRUC.ADJ. II		27.80	.00	12/31/87
CA0020-T06	1986	T060	STRUC.ADJ. II		10.00	.00	12/31/87
C18920-T06	1988	T060	SAL III		45.00	.11	05/31/90
C18921-T06	1989	T060	SAL III		.10	.00	05/31/90
Total	T060				122.90	.11	

**B. STATEMENT OF IFC INVESTMENTS**  
**(As of May 24, 1990)**

<u>Fiscal</u> <u>Year</u>	<u>Obliger</u>	<u>Type of</u> <u>Business</u>	<u>Loan</u>	<u>Equity</u>	<u>Total</u>
			-----	US\$ mln-----	-----
1987	PAC-TOGO	Textiles & Fibers	7.09	1.00	8.09
1987	Ducros-TOGO	Food & Food Processing	1.40	-	1.40
1988	STS	Iron & Steel	<u>0.85</u>	<u>-</u>	<u>0.85</u>
			9.34	1.00	10.34
		Less Cancellations, Payments and exchange adjustments	7.07	1.00	8.07
		Total Commitments held by IFC	<u>2.27</u>	<u>-</u>	<u>2.27</u>

