



Skill Pathways out of Poverty

Technical and vocational skills development: Breaking the cycle of poverty for poor youth and young adults in Ghana?

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Context and Overview of the Problem

In Ghana, poverty reduction and youth employment have been explicit priorities of successive governments and political parties. For many poor Ghanaians, employment and income accumulation represent the single most important way to break free from poverty. In Ghana, 'employment', particularly for the poor, means self-employment or employment within the informal or micro- and small-enterprise (MSE) sector in both rural and urban areas; indeed nine-tenths of the population work in informal MSEs (farm and nonfarm). Traditionally, successive governments and political campaigns have been most concerned with *youth* employment and unemployment, in a country where 40-50% of the population is under 15 years of age.

Between 2001 and 2008, the government – led by the New Patriotic Party - increasingly saw technical and vocational skills development – TVSD- (in school, in vocational training institutes/VTIs, in short-duration programmes and on-the-job in informal apprenticeship training) and the need to create an enabling environment for private sector development (PSD) as critical to their employment creation and poverty reduction agendas. However, skills policy tends to have continued – as it was during earlier governments - to be driven more by assumptions and political pressure rather than by any real evidence base, and PSD policy tends to be more concerned with the small formal economy, rather than informal economy where most people are working.

Indeed various Ghanaian governments, and the colonial administration before that, have periodically reformed the education and training system in the country with the principal objective of making it more relevant to the world of work. Since the 1960s, there have been several government-led vocational skills programmes (e.g. such as the continuation schools, the vocationalised junior secondary school (JSS) policy, the technical training institutes, the NVTIs⁴, the ICCES⁵ and the short-duration STEP⁶) as well as several donor-supported projects (e.g. the VSP⁷), that have sought to facilitate the transition from school to gainful work and address the problems of under- or unemployment in Ghana, particularly for the youth.

The latest Government initiatives in the TVSD sector include: the establishment of a new TVSD coordinating body, the Council for Technical and Vocational Education and Training (COTVET); the diversification of senior high schools (previously senior secondary schools) into four streams (agricultural, vocational, technical and general); the scrapping of the vocationalised JSS which will now be known as junior high schools (JHS); plans to implement a more formalised apprenticeship programme for JHS graduates; the introduction of competency-based training (CBT) and a national qualifications framework (NQF), among other areas.

⁴ National Vocational Training Institutes

⁵ Integrated Community Centres for Employable Skills.

⁶ Skills Training and Entrepreneurship Programme, previously the Skills Training and Employment Placement Programme.

⁷ Vocational Skills and Informal Sector Support Project.

As noted above, since the new millennium skills training has been stepped up. However, with the exception of a few externally-required evaluations of the donor-funded projects, there has been virtually no research investigating how effectively the skills acquired are being translated into the labour market. Predictably, therefore, policymaking is not rooted in evidence-based arguments. The government can only speculate on what it is that graduates of these programmes do, but there is a strong presumption that the objectives of their training schemes are being met. This is the underlying assumption of the Ghanaian skills development agenda: that provision of technical and vocational skills will have beneficial impacts on the poor – making them ‘employable’,⁸ equipping them with the skill and know-how to enter and/or progress in self-employment and, ultimately, reducing poverty through raised incomes. But there is really very little research evidence to back up this optimism and the link between skill acquisition and skill utilisation is, of course, much more complex than this assumption implies.

A further key aspect of the skills debate is that while these government- and donor-funded skills training programmes are not insignificant by any means, they only reach a minority of the estimated 300,000 annual basic education (JHS) graduates. In 2007 about 50% of these JHS graduates could not progress to further formal education and training. Many youth end up acquiring skills informally, mainly through informal apprenticeships. In recent years, the plans to expand technical and vocational skills provision has given rise to serious concerns about programme quality and outcomes (including the distributional characteristics). In addition, there are questions arising concerning who is getting access to this training; are the poor and marginalised excluded, or rather do they rapidly drop out, as some anecdotal evidence suggests?

The Government’s skills agenda is wide and includes increasing the global competitiveness of Ghana’s human resources, but it is also concerned with the relationship between skill and poverty. Hence a related, rather fundamental, question that has also been widely neglected is whether the children of the poor are even to be found in the various types of training provision, whether school-based, institution-based, or enterprise-based. There is, therefore, very little good data on what we may term the social composition of skills provision, but the substantial cost of much skills training, even including fees for training in the traditional apprenticeships of the informal sector, would suggest that the children of the poorer families are unlikely to be significantly represented. This perspective emphasises that a precondition to discussing whether skills training impacts on the poor is to know whether the children of the poor actually participate in such training provision at all.

This planned research will investigate the route out of poverty for young people via work, which will primarily mean informal micro-enterprise, and the role of skill acquisition in that process.

⁸ Politicians in Ghana often tend to link skills and employment directly together by referring to “employable skills”.

Research Question

Do the poor acquire and utilise technical and vocational skills?

Two key issues are explored, namely:

- Modes of skill acquisition and their accessibility to the poor.
- Utilisation of skills by the poor; the transition from training to work and the effect of skills on poverty reduction.

Three cross-cutting issues are also explored for each of the above, namely:

- Education and its impact on skills acquisition and utilisation.
- Role of the enabling and disabling environments; the impact of economic, social, cultural and political environments on skills acquisition and utilisation.
- Gender and poverty dynamics of skills acquisition and utilisation.

Methodology and sampling

1. Institutional profiling of vocational training institutes, public and private

In this phase of the research, undertaken in July/August 2006, public and private vocational training institutes (VTIs) were profiled in both northern and southern sites:⁹

- 13 VTIs in the south – Nima/Kanda (urban), Agomeda (rural), and Otaakrom (rural) 6 public, 7 private
- 8 VTIs in the north - Tamale (urban) and Savelugu (urban), 4 public, 4 private

Information was collected from the institutional heads and instructors regarding the extent to which poor youth were represented among trainees and how this group of trainees was able to move through the training system. Institutional heads and instructors were asked about their definition of a ‘poor youth’ and the most common characteristics identified included the following:

- Insufficient money to buy food / frequency and type of food taken;
- Low ability to pay training/practical fees;
- Low ability to pay for their exams;
- Arriving late to school or being repeatedly absent;
- Poor quality of clothing/appearance/foot wear;
- The need to work to pay fees.

This information was supplemented by interviews with 16 VTI graduates (in the south), with questions asking about how they were able to put their skills to use.

2. In-depth interviews with young people (20-35 yrs) who acquired skills

This phase of the research, conducted during July/August 2008, involved a total of 80 in-depth interviews with young people (20-35 years) who acquired skills. The interviews

⁹ Robert Palmer led the data collection in the south, while David Korboe led the data collection in the north.

were conducted in both southern and northern sites:¹⁰ La (urban) and Obeyeyie (rural) in Southern Ghana and Savelugu (urban) and Nakpanzoo/Nabogu (rural) in Northern Ghana. 20 in-depth interviews were conducted in each site, with selection based on purposive sampling from household census data and purposive snow balling approaches. In each of the four sites, we aimed to identify specific categories of youth according to their level of formal education, poverty status and gender (see Fig. below).

- The “educated” category referred to those who had either completed SSS and above, or who has completed JSS. Meanwhile the “uneducated” category referred to those who had completed primary school or less.
- The poverty status (poor vs. non-poor) split was based both on household census data analysis using households assets (PCA), and interviewer’s assessment.

Fig. Sample size in one research site

	Poor educated	Poor uneducated	Non poor educated	Non-poor uneducated	Total
Male	3	3	2	2	10
Female	3	3	2	2	10
Total	6	6	4	4	20

The type of trade areas covered included, among others: hairdressing, dressmaking, tailoring, mechanics, masonry, carpenters, electrical, caterers.

3. Key informants interviews about the enabling and disabling environments related to skill acquisition and skill utilisation by the poor

This phase of the research, conducted during both the 2006 (see 1 above) and 2008 (see 2 above) data collected phases involved the interviewing of key informants about the enabling and disabling environments related to skill acquisition and skill utilisation by the poor. Key informants included: well-known/successful/long-established individuals (40+ old) operating in trades areas; managers of VTIs (for phase 1 above); head teachers of JSS; NGOs; trade associations; District/municipal assembly officials; local bank/financial managers; community leaders among others.

4. Interviews with key government and development partner officials about skill acquisition and skill utilisation by the poor

This phase of the research involved the interviewing of key government (e.g. MoESS, MoMYE, NYEP, COTVET etc) and development partner officials (e.g. in DFID, World Bank, JICA etc) about skill acquisition and skill utilisation by the poor.

¹⁰ Robert Palmer and Joshua Wumbee led the data collection in the south, while Joshua Wumbee led the data collection in the north.

Key findings

1. Modes of skill acquisition and their accessibility to the poor

A first level of concern in any analysis of technical and vocational skills development (TVSD) and the poor relates to the extent to which the poor are actually to be found training in Ghana's TVSD system. We examine below both informal apprenticeship and formal training provision through technical and vocational institutions.

Key questions explored: What are the avenues of skill training typically open to the poor? In particular, are the poor excluded from any source(s) of skill training? Are some modes of skill acquisition preferred over others in terms of their returns? Why do the poor acquire technical and vocational skills? How does formal education impact the processes of skill acquisition for the poor? What is the impact of economic, social, cultural and political environments on skills acquisition for the poor? What are the gender and poverty dynamics of skills acquisition for the poor?

Informal/traditional apprenticeship

Informal/traditional apprenticeship remains the most accessible option of skills acquisition for the poor. Unlike formal TVSD there are no educational entry requirements (such as a complete basic education); this said most apprentices now have a basic education (though they most likely performed poorly in the BECE examination). **Master-craftspeople in the study often commented that it was more difficult, and took more time, to train youth who have little or no education.** For example, for dressmaking uneducated apprentices have to be taught the alphabet and numbers before they can be taught about measurement. **Training fees are often lower and the payment system is more flexible;** apprentices can usually arrange the payment schedule according to their circumstances. Some apprentices are trained and pay in instalments, some pay after the training, while others are trained free by relatives and friends. Still others work for their master for a number of years after "graduation" in order to repay the training fee amount that they could not afford; the result in this case is that **the poor take longer to complete training.** Furthermore, **apprentices usually receive "chop money" from their masters** during their training, thus reducing the burden on their family. In formal TVSD trainees do not earn anything during training.

Apprentices are able to take the non-written NVTI proficiency examination (to gain certification), but in practice the most common form of certification from apprenticeship are informal testimonials from masters or trade association certificates. Both of the latter forms of certification are not widely accepted.

Formal vocational and technical institutions

Formal vocational and technical institutions are not oriented towards the needs of the poor. Entry to most of the regular formal TVSD programmes requires at least a basic education certificate which automatically excludes those who were unable to

attain this level; most of whom will be the poor or poorest. Since educational attainment in northern communities, in particular, can be very low, access to formal training by northern youth is further limited. Even though most trainees in formal TVSD programmes have completed basic education, many are still functionally illiterate.

The limited numbers of formal training institutions and the distance of these institutions to communities impede their access to people in these communities. Those VTIs that do exist are usually urban based, making it difficult for rural youth – and especially the poor – to attend. The public ICCES VTIs and some NGO training centres are the exception to this, being located in more rural areas.

Formal VTI training has a strong focus on long duration (2-3 years) pre-employment courses; this period is far too long for many poor families to cater for their child and to pay the opportunity cost of their child being out of the labour market. The provision of short or modular courses by formal VTIs remains very limited.

Skills training in formal VTIs tends to be very theoretically focussed, oriented towards formal employment and the attainment of formal certification is one of the main reasons youth opt to acquire skills in this manner; such certificates are highly valued and facilitate access to further education and training, formal employment, and the awarding of contracts (for the self-employed). However, the quality and relevance of the training received is often dubious, equipment and materials are often lacking, industry attachments for trainees are uncommon, and instructors usually have little or no understanding of the problems of doing business in the informal economy, and particularly the specific problems of the very poor. While formal TVSD offers trainees the chance of acquiring theoretical knowledge and gaining certification, there is a general perception that the formal TVSD system does not provide adequate practical skills training; youth comment that in order to master practical skills there is a need to undertake apprenticeship. Central government and District Assembly support to formal TVSD institutions is generally inadequate; and what resources are made available are used inefficiently and certainly do little – if anything – to encourage formal TVSD institutions to make their training more available to the poor.

Trainees are more likely to drop out where they perceive that they are not receiving meaningful training (e.g. if training materials are not available) or where the opportunity costs are especially high. At the institutional level, **the quality of trainer-trainee relationships and the availability of responsive counselling impact on the chances of poor trainees completing the training programme.**

The direct cost of formal training can lead to the exclusion of the poor, especially in for-profit VTIs or more-favoured public VTIs such as the technical training institutes. Training/school fees, PTA fees, practical fees, uniforms, books and other costs association with formal training excludes many youth from going to formal institutions for skill training.

With few exceptions (e.g. non-profit VTIs like Don Bosco) **most VTIs do not offer official bursaries to the poor, though some VTIs visited had informal ad hoc arrangements for poorer trainees struggling with fee payment** (e.g. extended payment terms or ad hoc support from staff to trainees). With few other options for seeking financial support the poor are not assisted into VTIs. Where support does exist (e.g. MP's sometimes sponsor a few needy children in their constituency) they usually do not target the bright poor.

Most formal VTIs have few options when dealing with non-payment of fees by poorer trainees. Some VTIs opt to 'sack' their trainees from school and don't allow them to return until they have paid. This policy, however, is not adopted in all VTIs as instructors and managers know that many of the poorer youth will not return to class if sacked. **As an alternative strategy, a lot of VTIs opt to retain the final examination results, certificates and testimonials of those trainees who have fee arrears.** In some cases, this policy results in large numbers of exam result slips never being collected, year after year; "graduates" end up completing their training, but are unable to get official certification to prove they have done so. While some students, therefore, are effectively getting free training, without their certificates that are unable to re-sit examinations, continue to further formal education/training and have no proof of their training to offer to formal employers (so they cannot even apply for the limited number of formal jobs). In other words, **the poor might get the training but they can't prove it; and they miss out one of the main reasons for doing formal training in the first place: certification.** Furthermore, some VTIs that pursue this informal policy (such as ICCES) may end up with large sums of money owed to the school; and this obviously impacts on the quality of training that is delivered.

While fees do constitute a constraint to poor people's ability to participate in training, such **costs do not appear to be the primary barrier to the accomplishment of sustainable labour market outcomes.** Indeed, **requiring students to contribute to training costs can actually help to foster a commitment to learning** (for example, STEP¹¹ trainees, who received fee-free training were consistently perceived as the least committed). However, such cost-recovery/ cost-sharing policies can also exclude the poor from training if applied mechanically and insensitively, with no provision for assessing individual needs and supporting the poorest to overcome relevant financial barriers.

Non-profit NGO-run training providers in Ghana tend to be much more involved than the state in their engagement with the poor, and usually provide more accessible and relevant training to this group. Entry requirements (such as a complete basic education) are often relaxed, thus making training more accessible to poorer groups who have been unable to complete this level of formal schooling. NGO-run training providers usually offer much more than just training, but use integrated approaches which address the specific needs of differentiated target groups; to support access to training and, often, to support graduates' transition to work. For example, in the Don Bosco VTI in Ghana (Tema), where over 80% of trainees are classified as poor, merit-based bursaries are offered to some poor trainees and the centre offers loans to graduates to ease

¹¹ The government financed 'skills training and entrepreneurship programme' (STEP), 2002-2005.

start-up. Furthermore, NGO commitment to the poor – for religious or political reasons – often results in a higher quality of training provision; though it is well known that the quality of private TVSD institutes varies greatly. NGO provided skills training sometimes comes in the form of short course (perhaps 6 months duration); periods of time that the poor find easier to bear the opportunity cost for.

The choice to acquire skills, between different skill acquisition modalities and between specific trades/courses

When choosing between an informal apprenticeship or formal TVSD provider, poor youth – and their parents – tend to opt for informal apprenticeship for many of the factors alluded to above; fees are often lower and can be paid on a more flexible basis, opportunity costs are lower (as trainees receive ‘chop money’), and there are opportunities for saving a little money during apprenticeship training (either saving chop money and/or tips from customers/their master). Many poor parents find that the only option available for them and their children is to put them in apprenticeship when they can not continue supporting them financially in school or afford formal TVSD. **Poverty levels can also determine the choice of apprenticeship** as some apprenticeships cost more than others; both in terms of the fee paid to the master-craftsperson and the cost of the basic tools and equipment needed to start working in that trade area. E.g. Skills like dressmaking, masonry, fitting etc requires less than catering to train and to start up a business. **Gender is also a strong determinant of the trade area or type of course chosen**; female youth invariably opt for the traditionally female areas of catering, dressmaking and hairdressing, while males similarly opt for traditionally male trades including carpentry, mechanics and welding. The options of skill areas available to young men appears to be much greater than it is for young women. Furthermore, **it appears that the relatively newer informal apprenticeship trade areas – which have a lot of growth potential - such as computer and mobile phone repairing have already become male dominated**, further limiting the options of young women. Women that are undertaking training in apprenticeship or formal programmes and get pregnant – either within a marriage or outside of marriage – are usually forced to drop-out of training and normally don’t return after giving birth.

Many of the poor and those in rural areas are excluded, or exclude themselves, from any form of skill acquisition

Some poorer youth, and their families, cannot afford the **opportunity cost** associated with undertaking training – whether informal apprenticeship or formal TVSD. In some communities poor youth, in a quest for ‘quick money’ to survive and also take care of their families, choose to engage in income generating activities that do not require any technical or vocational skills as an alternative to learning a skill. This is perhaps more the case in urban areas (e.g. Nima in Accra) where there are many opportunities for (low-return) petty trading, but is also a phenomena found in some rural areas where income opportunities exist (e.g. in the Obeyeyie research site youth often chose to undertake ‘sand winning’). In these cases - **where opportunities exist for such ‘quick money’ –**

even if the income gained is low – youth sometimes see the learning of technical and vocational skills as waste of time.

Moreover, **those living in rural areas may find that there are neither master-craftspeople offering informal apprenticeship nor formal VTIs in their community;** and the cost of travelling to town (by trotro or buying a bicycle), or staying in the town where training is available (cost of rent and pocket money), limits the access of the poor to both formal VTI and apprenticeship training. In rural areas many **master-craftspeople use their skills as a part-time activity, further limiting opportunities for youth to be apprentices.** Thus the very poor in general and the poor living in remoter areas will most likely be excluded from skills acquisition, formal or informal.

Even when training opportunities are available – formal or informal – many poor youth choose to exclude themselves. Talented, but poor, youth may refuse to learn a trade skill as the general perception among youth is that TVSD is for the less educated, and for those that could not do well at school. This said, other youth consider that it is better to acquire such skills rather than have no training at all.

Concluding comments on skill acquisition and their accessibility to the poor

In Ghana, where there is an excess demand for post-basic education and training, training intended for the poor and other disadvantaged groups may be ‘captured’ by better qualified school leavers. **The majority of people enrolling for formal skills training are youth who have been unsuccessful in making the transition from JSS to SSS.** In general the poor are to be found, in decreasing proportions, in private non-profit VTIs, public VTIs and private for-profit VTIs. **In general terms the poorer trainees tend to end up in the least resourced and lowest quality formal VTIs;** for example within the public TVSD system, observation suggests that there are higher proportions of poorer trainees in ICCES, followed by NVTIs, then the technical training institutes – and it is no coincidence that ICCES is the least resourced and cheapest public VTI type.

Formal training institutes in Ghana have, in the past, tried to open up their training to those working in the informal economy. However, this has proved very difficult to do – as the World Bank funded Vocational Skills and Informal Sector Support Project (1995-2001) demonstrated. Currently, formal institutional training providers find themselves totally without the capacity, resources, vision or incentives to re-orient themselves to providing an option for the poor workers in the rural and urban informal economies.

2. Utilisation of skills by the poor; the transition from training to work and the effect of skills on poverty reduction

Key questions explored: Utilisation of skills and the transition from training to work: How do entrants into the labour market find jobs or establish their own work? What are the preferences and experiences of young skilled people with respect to forms of employment? To what extent are the skills acquired utilised? How do skilled individuals escape poverty? How do others end up remaining poor? What are the significant factors (e.g. availability of start-up capital, quality of skill, location of business, personal enterprise, hard work etc.) that affect labour market outcomes for skilled people? Education and its impact on skills utilisation: How does formal education impact the processes of skill utilisation for the poor? What is the impact of economic, social, cultural and political environments on skills utilisation for the poor? What are the gender and poverty dynamics of skills utilisation for the poor?

2.1. Utilisation of skills by the poor; the transition from training to work

The transition from formal TVSD programmes to work

Youth who enrol in formal TVSD programmes usually hope to use their formally acquired skills – as represented by their certificate - to obtain formal wage-employment in a private company or the public sector (in teaching or administration). Such employment is seen as stable and, often, more preferable to self-employment; even when incomes from wage-employment might be lower than in self-employment, getting a guaranteed wage each month – rather than one that fluctuates - is a goal many strive for. However, such opportunities for wage-employment are very limited nationwide, and significantly more so in rural communities. **Most graduates of formal TVSD programmes end up either using their skills in self employed work in the informal economy or not utilizing their skills at all; usually being self-employed in activities not related to their technical and vocational skills.** Graduates also find that their certificates may help them to obtain informal wage-employment (e.g. working for a contractor), or it may help them to win contracts themselves. Those youth that either do not take or do not pass their examinations are therefore disadvantaged in the labour market. Equally, as noted above, poor youth that are unable to pay fee arrears to their training institute may find that their certificates are withheld, thus limiting their options.

While acknowledging exceptions, NGO non-profit training institutions generally do more to ease the transition from training to work than the public and private for-profit modes of training. Overall, therefore, **NGO programmes may be proving to be more successful in terms of delivering pro-poor outcomes.**

The transition from informal apprenticeship to work

Graduates of informal apprenticeships have few options; either they undertake informal wage-work for their former ‘master’, they manage to start-up their own enterprise using their skills, or they are forced to – temporarily or permanently – work in activities unrelated to their technical and vocational skills (either informal wage work or informal self-employment). Lack of recognised formal certification, combined with usually low

levels of literacy/numeracy,¹² means that formal employment opportunities for informal apprenticeship graduates are very rare.

Most informal apprenticeship graduates in Ghana – like most graduates of formal TVSD programmes - will ultimately find themselves in self-employment in the informal economy. Those entering into self-employment in their trade area are faced with the challenge of mustering sufficient resources – capital, land, tools, materials – in order that they can put their acquired skills to use.

The transition to self-employment in the informal economy

Poverty levels and associated lack of purchasing power – especially in rural areas - restricts the demand for items produced by, or services offered by, skilled master-craftspeople. This can result in both a low level of patronage of, and a delay in payment for, goods and services. Master-craftspeople are often expected to pre-finance the costs of a item – like the materials for a dress – and a delay in the customer paying results in a reduction in the overall amount of working capital for the master-craftsperson. Family and friends often expect to get reductions or flexible payment terms (or free work/goods!) which further impedes a master-craftsperson’s ability to function as a profit-making business. This is particularly the case for female masters – as noted below. Demand for goods and services in many rural – and to a lesser extent urban – areas fluctuates according to agricultural seasons/harvests or religious events (such as Easter, Christmas and Eid). As a result **many master-craftspeople only use their technical and vocational skills to earn income on a seasonal and/or part-time basis.** The part-time nature, seasonality and/or delayed receipt of payment means that earnings are usually low and unpredictable. As a result, quite a number of respondents found that they needed to pursue secondary businesses to complement their earnings. In many cases the use of technical and vocational skills to earn income is itself a secondary or tertiary activity.

The challenges associated with enterprise start-up after training differs from skill to skill and for both urban and rural locations. In rural areas (and to a lesser extent in urban areas), individuals can start using skills like hairdressing, dressmaking and carpentry from their homes, or from simple tables or under the shade of a tree. People in their community become aware of the location of these home-based or ‘table-top’ enterprises, so overt advertising by being located in busy areas or on a street is not initially necessary for start-up. Those that live in towns and urban areas often try to reach more customers by getting a store located in a market or by a road side; this requires a lot more resources of course, not least since land is more expensive and more difficult to obtain in urban areas.

Trainees adopt different strategies to secure the needed resources to start up. Some of these strategies include travelling to urban centres mostly to the south to look for money. Some apprentices try to save a little of their chop money and tips from customers/their master in order to buy some basic tools. Others engage in work not related to their skills such as farm work, picking shea nuts etc to get money for start; this

¹² Most informal apprentices are now JHS graduates but may still be functionally illiterate/ innumerate.

can last for a number of years while TVSD graduates try to save money. Other strategies include assistance and loans from relatives and relations. But people are not able to access assistance from formal financial institutions such as rural banks or micro financial institutions. Trade associations may be able to give members money on occasions such as funerals, outdoorings, etc but are not able to assist in start-up or expansion costs. Where training has been through an NGO, there may be some degree of assistance to trainees to start up their business after graduating (e.g. they might be provided with basic tools and equipment); but other related cost such as rent, materials, etc still inhibit those trainees with tools and equipment to start up on their own.

Gender plays a significant role in skill utilisation. In the first instance, as noted above, the variety of skills that males can pursue is much more diverse than for females; therefore employment avenues for males are generally broader and females are ‘pigeon-holed’ into a limited range of activities, many of which – like dressmaking – are becoming increasingly saturated. In many communities the women have less say in decision making than the males and access to certain facilities such as land to locate a shop, among others areas, may require the assistance of a male. Also home and farm work takes priority over female-run business especially for married woman and women with children. Child birth and marriage affect the utilization of skill by females in other ways. For example, when women stay at home to take care of newly born infants they may lose customers. Furthermore, marriage often moves females from her locality especially when she marries from a different town; this means she has to move her business and often ends up losing her customer base.

2.2. Utilisation of skills by the poor; the effect of skills on poverty reduction

The benefits of education to skill utilisation

Most respondents – men, women, those with education, those without education – were strongly of the view that education can have all sorts of beneficial impacts on a young person's ability to make use of technical/vocational skills in a business (see below).

Meanwhile for informal wage work those involved with the construction industry are usually paid according to their experience and competency (ability to undertake a task) rather than on their formal education background. This implies that for informal sector tradesmen who are involved with such informal wage work, the level of education is not, itself, a determinant of income. In other words, income for ‘per-day’ informal wage work can be the same for both educated (JHS) youth with technical/vocational skills and for those youth with only technical/vocational skills.

Compared to individuals with lower levels of education, self-employed people with more education highlight numerous general benefits of having more education. Individuals with a complete JHS or higher are more able to:

- develop stronger social capital (more contacts, larger networks);
- communicate with people and customers, especially in English

- learn about new technologies, new styles, new designs (either by reading books, manuals, magazines or from the internet)
- manage their customers (keeping customer book)
- carry out measurements, calculations, estimating quantities and costing a job.
- recognise safety risks of some products
- access ad hoc wage employment or contracts – for the self employed (a certificate is often required)

Individuals in different trade areas highlight the benefits of having some degree of education (at least the ability to read, write and speak English and do calculations), e.g:

- Hairdressers talk about the need to be able to read the instructions on their products (if they can't then the product can be mixed incorrectly and end up burning the scalp of the customer, which will obviously not give the hairdresser a good reputation – resulting in fewer customers and less income).
- Auto-mechanics and auto-electricians point out that with modern cars there is a need to: check the fault of the car using a computer, or at least be able to understand the fault read out on the dashboard. Newer models of cars sometimes have codes that need to be entered before work can be undertaken.
- Fridge repairers note that it is necessary to be able to read the warning notices on fridges before you can work on it, or be able to refer to the manufacturers handbook.
- Computer repairers need to be literate and numerate to understand computer manuals, screen outputs, plug positions.

As noted above, many of those interviewed commented that **earnings from technical/vocational skills can be seasonal, part-time and usually small. Even the most successful artisans attested to this poor earning from services.** They attributed this to poverty level in the communities, seasonal income of the people, non payment of services rendered to relatives and friends and competition among artisans. **This notwithstanding, many artisans interviewed were quick to catalogue the non economic benefit of their skills to them and their family** (see below).

Earnings and private economic returns alone should not be the only factor which policy makers consider when deciding on investments and trade offs in skills training and the development of skills programmes; more social and human factors in relation to returns should also be carefully considered: hope among youth, belief in self, independence from poverty and ability to escape poverty if hard work is applied may all be un-counted benefits of skills training.

Any analysis of informal apprenticeship of formal TVSD programmes needs to go beyond economic 'returns' calculations. This approach misses the socio-cultural aspects of acquiring and using skills. Furthermore, **making general claims about the economic returns to a "typical" informal apprenticeship or to formal TVSD is misleading; economic returns are very likely to be vary according to location, trade areas and modes of formal TVSD. Claims about returns to a "typical" apprenticeship in an unspecified context are no more helpful to policy makers than**

the claims about 4 years of schooling being beneficial to agricultural productivity (when schooling quality and the enabling/disabling agricultural context are ignored). Furthermore, general claims about the economic returns to a “typical” informal apprenticeship or to formal TVSD are also likely to be misleading where the individuals concerned only use their skills on a part time or seasonal basis; in household questionnaires an individual’s “occupation” may be classified as carpentry even though the person only does this on an irregular basis and engages in farming or petty trading for the most part. The returns to this so-called carpenter’s labour that only considers income from his carpentry will not be a true reflection of his multiple income streams.

To many of the artisans, **the benefits of acquiring skills transcend economic remuneration**. Several benefits of acquiring skills enumerated by interviews are not captured by approaches focussed on the economic benefits. **Many people with skills feel confident and empowered** even though they may not be making enough money to take them out of poverty. They usually think they are better off than their colleagues without skills. Youth and young adults also gain more **respect** in their communities because they have acquired some skills. The ability to provide skilled services to themselves, family members and friends is, for some, enough compensation for learning skills. Having skills **fosters hope** that one day they may be wage-employed or get enough money to expand their business and make more money. Many of those interviewed attributed their increased ability to meet basic needs (concerning food, clothing, shelter) and look after other family members to the income gained from their skill. In some cases, **it can be easier for women with skills to marry compared to women with no skills**.

3. Policy relevant findings

Earnings and private economic returns alone should not be the only factor which policy makers consider when deciding on investments and trade offs in skills training and the development of skills programmes; more social and human factors in relation to returns should also be carefully considered.

The most likely option for school drop outs or JHS graduates who fail to reach SHS or formal VTIs is informal apprenticeship training. In this regard, government plans to support such training are laudable. Such support should focus on quality assurance, certification of apprenticeship (for example by expanding the coverage of NVTI proficiency test for apprentices), providing theory classes for apprentices and, above all, upgrading the technical and pedagogical skills of master-craftspeople. **Incentives should be offered to encourage master-craftspeople to improve quality and adopt other measures** (such as allowing their apprentices to go for theory training). **For many of the poor who still find themselves excluded from informal apprenticeship training, the use of carefully targeted training stipends could be explored.** Government should encourage – through targeted support - a shift away from saturated trade areas (like carpentry and dress-making) to new and emerging areas (like mobile phone repairs, IT hardware repairs, electrical installation, electronics, auto-electricals etc).

The government might consider taking steps to exploit the synergies inherent in partnering with NGOs. NGO programmes should be screened to identify for support those which actively employ the desired pro-poor and enterprise-friendly methodologies. **Public training providers need to make their courses more accessible to the poor than is currently the case.** It will be important for heads of training institutions (as well as interested masters/ madams) to be assisted to acquire *and deploy* appropriate skills in counselling/ facilitation. Once the heads have acquired these essential skills, steps should be taken to diffuse these skills to the wider body of staff through institution-based in-service training. Quality assurance of public and private formal training providers is urgently required; and again government might like financial incentives to training institutes – public or private – that meet a certain quality threshold.

Government financing of TVSD needs to be urgently review. There needs to be a shift from input-focused financing to a financing formula concerned with inputs, outputs and outcomes. Furthermore, **Government financing could offer formal providers incentives for attracting – and retaining - a specified proportion of poor/needy trainees to their institutes.**

Supportive graduate monitoring is emerging as a crucial factor in realising and sustaining positive labour market outcomes for the poor. More and better quality information is needed on graduates of different types of TVSD programme.

Government should continue to support equitable access to quality basic education – without a complete JHS, youth are excluded from most formal TVSD provision and

evidence points towards a host of benefits that literacy and numeracy have in self-employment.

The skill-to-work transition needs to be better facilitated. For the majority, work means working in the informal economy. Hence the government – which has made some progress in creating a more enabling environment for the formal private sector – should pay serious attention to pro-poor policies for the informal economy that are concerned with helping youth to use skills they have acquired. For example, District Assemblies (DAs) might be encouraged to partner with the most pro-poor formal training providers – public or private - by supporting their graduates with starter toolkits (including essential furniture) on subsidised or soft terms. There is already a statutory provision for DAs to commit 5% of their Common Fund receipts to poverty alleviation initiatives. On their part, and to retain their eligibility to participate in the scheme, training providers would have to demonstrate a capacity to track their graduates and assist in recovering loans. NGO providers typically retain strong links with their graduates and should be encouraged to assist in the design of such a scheme. Innovative schemes are also required to support graduates of informal apprenticeship. Such schemes should not include those that simply give away free tool-kits to all apprenticeship graduates; such an approach is neither sustainable nor able to solve other start-up problems. Micro-finance institutions and rural banks might be encouraged to develop more innovative lending methodologies – perhaps based on the mutual guarantee approach – that are better able to offer start-up loans to TVSD graduates.

The shift towards demand-driven training under the new reforms needs to take account of both the demand from formal industry and from the very large informal economy. If demand-driven training in Ghana takes more account of the formal sector demand for skills, the poor – most of whom are to be found in the informal economy - will be further marginalised.