ADB

Concept Paper

Project Number: 52203-001
November 2019

Proposed Results-Based Loan and Loan Democratic Socialist Republic of Sri Lanka: Secondary Education Sector Improvement Program

Asian Development Bank

CURRENCY EQUIVALENTS
(as of 20 October 2019)

Currency unit	–	Sri Lanka Rupee (SLRe/SLRs)
SLRe1.00	=	$0.0054975
$1.00	=	SLRs181.90

ABBREVIATIONS

ADB	–	Asian Development Bank
DLI	–	disbursement-linked indicator
M&E	–	monitoring and evaluation
MOE	–	Ministry of Education
PEA	–	Provincial Education Authority
RBL	–	results-based lending
SESIP	–	Secondary Education Sector Improvement Program
STEM	–	science, technology, engineering, and mathematics
STMC	–	science, technology, mathematics, and commerce

NOTE

In this report, "$" refers to United States dollars.

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RESULTS BASED PROGRAM AT A GLANCE

1. Basic Data **Project Number:** 52203-001

Project Name	Secondary Education Sector Improvement Program	**Department/Division**	SARD/SAHS
Country	Sri Lanka	**Executing Agency**	Ministry of Education
Borrower	Government of Sri Lanka		
Country Economic Indicators	https://www.adb.org/Documents/LinkedDocs/?id=52203-001-CEI		
Portfolio at a Glance	https://www.adb.org/Documents/LinkedDocs/?id=52203-001-PortAtaGlance		

2. Sector	**Subsector(s)**	**ADB Financing ($ million)**
✓ **Education**	Secondary	200.00
	Total	**200.00**

3. Operational Priorities

- ✓ Addressing remaining poverty and reducing inequalities
- ✓ Accelerating progress in gender equality
- ✓ Strengthening governance and institutional capacity

Sustainable Development Goals

SDG 4.1
SDG 5.b

Climate Change Information

Climate Change impact on the Project: Low

Gender Equity and Mainstreaming

Effective gender mainstreaming (EGM) ✓

Poverty Targeting

General Intervention on Poverty ✓

4. Risk Categorization: Low

5. Safeguard Categorization **Environment:** B **Involuntary Resettlement:** C **Indigenous Peoples:** C

6. Financing

Modality and Sources	Amount ($ million)
ADB	**200.00**
Sovereign Project (Regular Loan): Ordinary capital resources	5.00
Sovereign Results Based Lending (Regular Loan): Ordinary capital resources	195.00
Cofinancing	**0.00**
None	0.00
Counterpart	**5,608.00**
Government	5,608.00
Total	**5,808.00**

Currency of ADB Financing: US Dollar

Source: Asian Development Bank

I. THE PROGRAM

A. Program Strategic Context and Rationale

1. Sri Lanka has recorded a steady economic growth of 5% per annum for the past decade.[1] In 2019, it attained an upper middle-income country status with a per capita income of $4,020.[2] To continue achieving higher incomes and better standards of living, the government commits to becoming a knowledge-based economy by 2025.[3] Investments in human capital and education have been prioritized for economic diversification and enhanced productivity.

2. **Education sector performance**. Compared with other middle-income countries, Sri Lanka ranks high in access to education, with enrollment in primary education at 99%, junior secondary education at 84%, and with gender parity at both levels.[4] Access to senior secondary school is also high at 70%, with the enrollment rate of girls higher than that of boys. Secondary education is vital for preparing the youth for post-secondary education and the labor market. Since 2013, the government has been implementing reforms to make secondary education relevant to the country's aspirational shift towards a knowledge economy. The reforms supported by the Asian Development Bank (ADB), included (i) the introduction of a technology stream to diversify pathways that reached 65,000 senior secondary students in 510 schools in 2018; (ii) a 1,000 Schools Program that expanded access to science and mathematics education to 58,000 senior secondary students in provincial and rural areas; and (iii) leadership training to principals for better school management.[5] These reforms contributed to improved grade 11 ('O' Level) and grade 13 ('A' Level) pass rates in 2017, which were 73% and 66% respectively, surpassing the 2017 target of 65% for both levels.

3. **Changing requirements of Sri Lankan workforce.** Sri Lanka faces a shortage of trained workers in the industrial and service sectors coupled with the lack of job readiness among its young population. The unemployment rates among youth (17%) and women (7%) are higher than the national average of 4%. The 27% rate for people not in employment, education, or training (NEET) in 2017, exceeded the average of upper middle-income countries (25%).[6] Industry, services, and trade sectors with a high demand for workers complain that the new labor market entrants lacked critical cognitive (literacy and numeracy), non-cognitive, twenty-first century skills (teamwork, communication, creative thinking), English and computer skills. While modern jobs increasingly require a foundation of science and technology, less than a third of senior secondary students were enrolled in science and technology streams in 2018. This is clearly indicated by 90% employment rate among science, technology, engineering, and mathematics (STEM) degree holders compared to 32% of arts degree holders in Sri Lanka. A recent report on the future of work in Sri Lanka underscored that the country's competitiveness depends on its ability to build a diversified and agile workforce able to take advantage of rapid technological developments.[7] Capacity for adaptation, innovation, and life-long learning is a critical competency for workers in

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1 ADB. 2018. *Asian Development Outlook 2018.* Manila.
2 Atlas Method, World Bank. See also databank.worldbank.org/data/download/site-content/OGHIST.xls
3 Government of Sri Lanka. 2017. *Vision 2025: A Country Enriched*. Colombo.
4 The school structure consists of primary (grades 1–5), junior secondary (grades 6–9), and senior secondary (grades 10–13).
5 Supported under the previous results-based lending program: ADB. 2013. *Report and Recommendation of the President to the Board of Directors: Democratic Socialist Republic of Sri Lanka: Education Sector Development Program*. Manila
6 Ministry of National Policies and Economic Affaires - Department of Census and Statistics, Sri Lanka. 2017. *Sri Lanka Labour Demand Survey of 2017*. Colombo.
7 International Labour Organization. 2019. Sri Lanka will have future jobs in geriatric and medical industries and sustainable products and services in agriculture, renewable energy, and tourism.

the modern economy. Sri Lanka's education system needs urgent reform to face the challenges presented by the evolving labor market.

4. **Limited access to STEM education.** Despite overall achievements in access and efforts to increase access to STEM subjects, secondary school enrollments remain skewed towards the arts subjects. Only 10% of secondary schools in Sri Lanka offer the STEM streams.[8] The government's 1,000 Schools and Nearest School is the Best School programs and the introduction of the technology stream have sought to increase access by increasing the number of comprehensive schools offering STEM streams through the provision of additional classrooms and laboratories. But this has not increased access to STEM courses as intended due to a lack of qualified STEM teachers. The bias towards the arts stream in secondary education is compounded by the shortage of places in STEM courses at the tertiary level. This pushes many students in secondary education to enroll in the arts stream because it increases their chance to enter tertiary education.

5. **Issues in quality and relevance.** Secondary education learning outcomes are poor, as measured by national examinations and internationally comparable tests.[9] About one in four students do not pass the grade 11 ordinary level ('O' Level) examination, and about one in three do not pass the grade 13 advanced level ('A' Level) examination.[10] Students tend to score low in STEM subjects in these examinations. The grade 11 science examination score was, on average, 35.59 in 2018. The curriculum, in general, is heavy on content knowledge and lacks an inquiry-based approach and practical application of knowledge. Consequently, the current system builds routine cognitive skills among students, with minimal emphasis on non-routine cognitive skills and socio-emotional skills, such as critical thinking, problem solving, creativity and communication and teamwork.

6. Poor learning outcomes are also the result of inadequate quality of teaching in secondary schools, particularly in grades 10–13. Only 44% of the total number of teachers are graduates. There is a shortage of teachers with adequate subject specific knowledge particularly in STEM subjects and an imbalance in teacher deployment between urban and rural schools. As a result, many teachers teach in subjects they were not qualified or trained to teach. Teachers' initial training and continuous professional development have tended to focus on content knowledge as a means of improving the pass rates in national examinations. Therefore, teachers often teach to the test rather than focus on developing well-rounded students with 21st century skills. In addition, there is insufficient attention to training teachers in inquiry-based teaching-learning practices that support students to think critically, adapt, and apply what they have learned.

7. The ability to address the issue of low quality is hindered by the current assessment system, which relies solely on high-stakes testing, heavily associated with information recall. The focus is on knowledge of theory rather than analysis and problem-solving. The assessment system needs to be reformed to measure a wider spectrum of student abilities (knowledge, skills, and applications) aligned with the requirements of different pathways beyond school to university, technical college, or directly to jobs. Classroom assessments also need to be adequately

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[8] Access to advanced arts and commerce streams is widespread in provincial and rural areas accounting for 29% of schools. Ministry of Education (MOE), Sri Lanka. 2018. *School Census Report - 2017*. Colombo.

[9] Although Sri Lanka is not a participating country in international tests, an agreement was made to administer a TIMSS (Trends in Mathematics, Science Survey) test at Grade 8 in mathematics in 2014 and 2016 in order to establish an international benchmark. Students scored very low in both years with a mean score of 23% (Median 20%, with the highest percentage scoring 11–20%). TIMSS. https://edu.cmb.ac.lk/nerec/wp-content/uploads/2017/11/3.-TIMSS-Report Gr.8_2016.pdf (accessed 17 September 2019).

[10] Ministry of Education, Sri Lanka. 2018. *School Census Report - 2017*. Colombo.

integrated into daily teaching practices to support students' learning and guide teachers' instruction.

8. **Female students' choice of stream and employability.** Girls outperform boys at all levels. However, they tend to enroll in different streams. For science and commerce streams in grades 12 and 13, female and male enrollments are similar. For the arts stream, female enrollment is twice as high as that of male enrollment. In an increasingly knowledge- and technology-based economy, this tendency of female students to prefer the arts stream diminishes their future employability, as indicated in the high female unemployment rate of 14.1% among senior secondary graduates and above.[11]

9. **Gaps in education sector management.** The government made a pioneering effort in strengthening education governance and improving the management capacity of principals, which will have long-term impacts on developing and sustaining cadres of strong educational leaders (footnote 5). Nonetheless, the capacity of principals to provide instructional leadership to improve the quality of teaching and learning in the classroom needs improvement. Lack of clarity in the roles of Ministry of Education (MOE) departments and Provincial Education Authorities (PEAs) hinders accountability for implementation of the education reform agenda. Although the school funding system redistributes funding toward poorer provinces with lower education outcomes, public spending on education remains skewed towards schools in urban areas.[12] Effective management using a school-centered approach to improve learning outcomes and rationalized deployment of teachers, along with reforms in curricula and pedagogy, may increase the efficiency of funding. The monitoring and evaluation (M&E) system is fragmented; a lack of standards, frameworks, and guidelines for effective production and utilization of data is an issue that adversely affects planning and monitoring of sector performance.

10. **Government initiatives, lessons, and project focus.** Successive national education policies since 2006 have underscored equity, quality, stewardship, planning, and monitoring. Focus has been on universal primary and junior secondary education, improving secondary education to provide technological skills needed for the knowledge economy and broadening access. Lessons from previous ADB interventions and ADB independent evaluation of results-based lending (RBL) highlight that (i) to improve quality and relevance, it is important to take a holistic and integrated approach to reforming curricula, pedagogy, and assessments to align with contemporary labor force requirements; (ii) to balance students in the arts stream and, given the growth of the service sector, modernization of the commerce stream is a good opportunity to improve pathways to employment; (iii) deployment of qualified teachers, especially in rural areas, is a requisite for improving student learning outcomes and ensuring access to all streams; (iv) key to improving learning outcomes is strengthening instructional leadership and school focused activities to improve teaching and learning practices in the classroom; and (v) the importance of investing in MOE M&E capacity.[13,14] The Secondary Education Sector Improvement Program (SESIP) will target grades 10–13 for two reasons. First, it will facilitate better school to work transition by offering multiple pathways. Second, the current high-stakes assessments exert a detrimental influence on the nature of the curricula and pedagogy throughout the entire education

[11] Department of Census and Statistics. 2019. *Quarterly Report of The Sri Lanka Labour Force Survey - 2019*. Colombo.

[12] Provincial schools run by Provincial Education Authorities, account for 95% of schools, receive 65% of total general education expenditure. National schools, situated mostly in urban areas and run by MOE, account for 5% of schools and receive 35% of expenditure.

[13] ADB. 2013. *Report and Recommendation of the President: Proposed Results-Based Loans to Democratic Socialist Republic of Sri Lanka: Education Sector Development Program*. Manila; ADB. 2004. *Report and Recommendation of the President: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Secondary Education Modernization Project II*. Manila.

[14] ADB. 2017. *Results-Based Lending at the Asian Development Bank: An Early Assessment.* Manila.

system. Curricula and pedagogic reform in primary and junior secondary can only be implemented effectively by changing the nature of the public examinations and the grade 10–13 programs. The SESIP approach complements the World Bank's support in modernizing the English and mathematics curricula in primary and junior secondary (grades 6–9). The provision of secondary education has public good characteristics, justifying government intervention in the sector. The primary benefit of the program will be to improve labor market productivity in the long run.

11. **Results-based lending with associated project loan.** RBL modality is appropriate to support the government's well-defined reform program—the Education Sector Development plan, 2018–2025—because it focuses on large scale system reforms and critical results rather than specific transactions and expenditures as in the case of project modality.[15] The RBL modality will leverage resources to strengthen and sustain key reforms in curriculum, pedagogy, and assessment systems and catalyze increased government and development partner resources around a set of common program results. The RBL modality will also reduce high transaction costs associated with multiple small transactions with provincial authorities and schools across the country. Initial assessments indicate that while systems are adequate for RBL implementation, there is a need to further augment institutional development.[16] Given the ambitious reforms proposed in the RBL, the government requested for dedicated resources to finance critical technical inputs to support reform initiatives. Hence, an investment loan of $5 million will be incorporated with the RBL modality to finance consulting services for institutional strengthening of the MOE and related agencies only. As program systems are used to implement the RBL program, and reforms are implemented by government staff, the associated project loan will be used to strengthen RBL program systems and capacity, enhance sustainability and institutionalize good practices. Incorporating the project loan with the RBL will reduce transaction costs of processing two separate lending operations. The executing agency and stakeholders have experience in implementing a RBL program and the reform-focused, robust disbursement-linked indicators (DLIs) are being developed in close consultation with stakeholders.

12. **Alignment with country strategy and ADB's value addition.** SESIP is aligned with ADB's Strategy 2030, ADB's Country Partnership Strategy 2018–2022 and contributes to pillar 1 (promoting economic diversification and productivity enhancement) by upgrading human capital.[17, 18] It is included in the ADB's Country Operations Business Plan 2020–2022.[19] Although SESIP financing represents only 3.4% of government secondary education spending, it aims to bring transformational change to secondary education and will add value by (i) supporting integrated reforms in curriculum, pedagogy, and assessment that will influence the overall education sector; (ii) training teachers with innovative training modalities that will impact on both pre-service and in-service teacher training quality and modalities; and (iii) focusing efforts at the school level with dedicated resources to improve learning outcomes of the underperforming rural school students. ADB's extensive engagement and experience in implementing similar reforms in several other Asian countries can be utilized. ADB is a long-term, trusted partner of Sri Lanka in secondary

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[15] MOE, Sri Lanka. 2017. *Education Sector Development Plan: General Education in Sri Lanka, 2018–2025.* Colombo

[16] Initial findings of the fiduciary assessment show that the Government of Sri Lanka's public financial management systems are considered adequate to manage and report on the use of ADB funds. Monitoring and evaluation systems are adequate and collect relevant data, but require greater integration. MOE also has adequate safeguards skills. The risks are assessed as moderate and mitigation actions will be incorporated in the program action plan.

[17] The program is aligned with ADB's Strategy 2030 priorities: (i) addressing remaining poverty and reducing inequalities; and (ii) accelerating progress in gender equality.

[18] ADB. 2017. *Country Partnership Strategy: Sri Lanka, 2018–2022: Transition to Upper Middle-Income Country Status*. Manila.

[19] Included in the ADB Country Operations Business Plan 2020–2022 as Second Education Sector Development Program. A new project name is proposed by MOE as Secondary Education Sector Improvement Program.

education and skills development and has ongoing projects in skills development and higher education, where strong synergy with secondary education will be sought.[20]

B. Indicative Program Scope

13. The proposed program is aligned with the Education Sector Development Plan, 2018–2025 and focuses on selected secondary education reforms (footnote 19). Following the RBL policy, the program will not include high value procurement contracts and packages.[21]

Table 1: Program Scope

Item	Broader Government Program	Results-Based Lending Program
Outcome	Development of science, technology, and mathematics education for improving skilled human capital	Secondary students learning outcomes enhanced (particularly in science, technology, and mathematics)
Key outputs	Four key areas: (i) Improved quality: modernize and diversify curricula; quality, responsive and future focused teaching; integrate 21st century skills in teaching and learning; (ii) Enhanced equity: ensure learning opportunities for all and focus on bottom 40% in access and participation; (iii) Improved stewardship: delegated decision-making to improve system efficiency and quality pedagogical leadership and management; and (vi) Strengthened planning and monitoring.	(i) Quality and relevance of secondary STMC programs enhanced; (ii) Provincial and school capacity to implement education reforms strengthened; and (iii) Secondary education sector management capacity strengthened
Expenditure size	$17.81 billion (primary and secondary education)	$5.80 billion
Main financiers and their respective total amounts	Government, ADB, World Bank, UNESCO, UNICEF, GIZ, and JICA (the detailed development partner list in Appendix 7) [a]	Government $5.60 billion ADB $195.00 million (RBL) ADB $5 million (associated project loan)
Geographic coverage	Nationwide	Nationwide
Implementation period	2018–2025	2020–2025

ADB = Asian Development Bank, JICA = Japan International Cooperation Agency, RBL = results-based lending, UNESCO = United Nations Educational, Scientific and Cultural Organization, UNICEF = United Nations Children's Fund, STMC = science, technology, mathematics, and commerce.

[a] Korea International Cooperation Agency: $70 million and OPEC Fund for International Development (OFID): $50 million, are providing direct contributions.

Sources: Ministry of Education and Asian Development Bank estimates.

C. Indicative Program Results

14. The impact the program is aligned with is human capital development enhanced to support a globally competitive and inclusive knowledge-based economy.[22] The outcome will be secondary students' learning outcomes enhanced. It is expected that the proposed SESIP will equip over one million learners (grades 10–13) with 21st century competencies for lifelong learning and employability each year. In addition to system-wide reforms, SESIP will focus support in 750 schools, including all 708 schools in provincial and rural areas. Of the seven DLIs, DLI 1 will

[20] ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Democratic Socialist Republic of Sri Lanka: Skills Sector Enhancement Program – Additional Financing*. Manila; and ADB. 2018. *Report and Recommendation of the President to the Board of Directors: Democratic Socialist Republic of Sri Lanka: Science and Technology Human Resource Development Project*. Manila.

[21] High-value procurement includes contracts of $50 million for works, $30 million for goods, $20 million for information technology systems and non-consulting services, and $15 million for consulting services.

[22] MOE, Sri Lanka. 2017. *Education Sector Development Plan: General Education in Sri Lanka 2018–2025.* Colombo.

support assessment system reform and measure the achievement of the outcome by the improved performance of students in grade 11/'O' Level science and mathematics subjects. The rest of the DLIs are grouped into three program outputs described below. The indicative design and monitoring framework is in Appendix 1.

15. **Output 1: Quality and relevance of secondary science, technology, mathematics, and commerce (STMC) programs enhanced.** This output will support integrated reforms in curriculum, pedagogy, and assessment systems. The capacity of the National Institute of Education staff will be strengthened to reform the curricula to integrate practical, problem-solving approaches, cognitive and socio-emotional skills, including the development of teaching guides and materials. To effectively implement the curricula, teachers will be trained on inquiry-based and interactive teaching practices (DLI 3), utilizing a number of innovative modalities, including the use of applied resource hubs (teacher training centers for the conduct of practical STMC activities for teacher training); teacher clusters; and on- and offline teacher training. Information and Communication Technology (ICT) is at the core of 21st century skills and will be embedded as a teaching and learning tool across the secondary curriculum. Minimum standards for facilities and equipment for innovation laboratories for STMC subjects will be developed and the use of innovation laboratories will be monitored, especially in provincial schools to strengthen hands-on and online student learning (DLI 2). To raise awareness and create demand for the reforms on curricula, pedagogy, and assessment, and diversifying post-secondary pathways, a national media campaign will be implemented (DLI 2). Interventions supporting the constructive alignment between curriculum, pedagogy, and assessment, will improve senior secondary graduates' competencies required by employers and further studies, thus increase their readiness for the job market, and/or pathways to further development and higher-level skills.

16. **Output 2: Provincial and school capacity to implement education reforms strengthened**. This output will strengthen capacity of principals and PEAs to support a school centered approach to improve teaching and learning practices and outcomes. It will emphasize the implementation of government policy on equitable distribution of teachers in provincial schools (DLI 4). To incentivize teachers to serve in schools in rural areas, the current system of monetary and non-monetary incentives will be reviewed and enhanced based on research evidence of what works in country as well as lessons learned from other countries. This output will also support the development and implementation of strategies to increase the intake of 'O' Level science and mathematics teachers by National Colleges of Education and rationalize teacher deployment in underserved areas. Building on the achievements of Education Sector Development Program, SESIP will further strengthen instructional leadership to achieve improved learning outcomes, implement school development plans, and attract more girls into STMC subjects (DLI 5). In addition, the output will strengthen the capacity of PEAs to implement the annual performance-based partnership agreements with MOE on priority reforms (DLI 6).

17. **Output 3: Secondary education sector management capacity strengthened.** Output 3 will aim to enhance the reliability and utilization of data from existing M&E systems and from the education management information system (DLI 7). This will strengthen MOE capacity to use evidence to plan, manage, and deliver the education system. This output will improve (i) fiduciary management and compliance with the government's financial and procurement regulations; (ii) capacity on social and environmental safeguards; and (iii) ensure that all needs analysis, capacity development, and material development activities will be gender mainstreamed and data on program processes and results are disaggregated by sex.

D. Indicative Expenditure Framework and Financing Plan

18. SESIP will support the government's secondary education sub-sector program, expected to cost $5.80 billion from 2020 to 2025. ADB will finance $195 million for the RBL and $5 million for the associated project loan, with the balance to be funded by the government. The program expenditure framework and financing plan is in Appendix 4. Considering the ongoing efforts being made by the government in preparing SESIP, financing for prior results may be considered in areas that are integral to curriculum and pedagogical reform – central to the success of reform implementation.[23]

E. Capacity Development

19. The final program action plan will outline measures to support capacity development in critical reform areas based on the RBL program and government systems.

F. Indicative Implementation Arrangements

20. The RBL program and the associated project loan will be implemented from May 2020 to December 2025. The MOE will be the executing agency for both RBL and investment project. A SESIP steering committee will be established, comprising MOE, National Education Commission, National Institute of Education, Department of Examinations, Provincial Council, Finance Commission, and PEAs and other key stakeholders. The steering committee will be headed by Secretary, MOE. A SESIP program unit will be established within MOE to coordinate and monitor the progress in achieving the DLIs as well as implement and monitor the procurement of consulting services under the investment project.[24] Procurement for the associated project loan will be undertaken following the *ADB Procurement Policy: Goods, Works, Non-consulting and Consulting Services* (2017, as amended from time to time); and the *ADB Procurement Regulations for ADB Borrowers: Goods, Works, Non-consulting and Consulting Services* (2017, as amended from time to time).

II. ASSESSMENTS EXPECTED

21. The project team is undertaking the following assessments for both the RBL and associated project loan: (i) program soundness; (ii) results; (iii) expenditure and financing plans in terms of effectiveness, efficiency, adequacy, and sustainability; as well as (iv) fiduciary; (v) social/ gender and environmental safeguards; (vi) monitoring systems; (vii) risks; and a (viii) procurement assessment, which will cover both program and project aspects. The detailed description is in Appendix 5.

III. PROCESSING PLAN

A. Risk Categorization for Processing

22. The RBL is categorized as *low risk* as (i) the loan amount does not exceed $200 million, (ii) ADB has a sound record in the education sector in Sri Lanka, and (iii) the MOE has reasonable capacity in managing several externally funded projects in recent years including from ADB.

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[23] Prior result may include (i) development of a secondary education curriculum framework; and (ii) development of a teacher professional standards framework.

[24] Consulting services refer to recruitment of a firm and/or individual consultant/s.

B. Resource Requirements

23. ADB technical assistance (TA) has provided consultant inputs for the required due diligence assessments.[25] The project preparation requires around 24 person-months of staff time.

C. Processing Schedule

24. The loan is expected to be considered by the ADB Board in April 2020. The full processing schedule is provided in the table below.

Table 2: Project Processing Schedule

Milestone	Expected Completion Date
Fact finding mission	20–29 January 2020
Management review meeting	17 February 2020
Loan negotiation	15 March 2020
Loan documents circulation	3 April 2020
Loan approval (Board)	24 April 2020
Loan signing	31 May 2020

Source: Asian Development Bank estimates.

IV. KEY ISSUES

25. This is the first project that will utilize a combination of an RBL and a regular loan. Continued guidance from the Strategy, Policy and Partnerships Department and Office of the General Counsel will be sought for specific requirements and processes, as necessary.

[25] Consultant requirements are estimated at 20 person-months of international and 11 person-months of national consultant inputs. ADB. 2012. *Technical Assistance to the Democratic Socialist Republic of Sri Lanka: Human Capital Development Capacity and Implementation Support*. Manila (TA 8235-SRI).

DESIGN AND MONITORING FRAMEWORK

Impacts the RBL Program is Aligned with: Human capital development enhanced to support a globally competitive and inclusive knowledge-based economy (Medium Term Education Sector Development Plan, 2018–2025).[a]

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
Outcome Systems for enhancing secondary students' learning outcomes institutionalized.	By 2025: a. Assessment system for improving student learning outcomes in 'O' level mathematics and science subjects operational. (2019 baseline: not applicable). **DLI 1.**[b] (TI 1.1.1 and TI 2.2.1) b. 21st century skills embedded within the new curriculum, pedagogy and assessment system. (2019 baseline: not applicable).	a. DOE information systems, and public reports issued on exams. b. Evaluation report, MOE, NIE records, and DOE public reports, interviews	Institutional inertia and political changes may cause delays in the adoption of new systems and their evaluation
Outputs 1. Quality and relevance of secondary science, technology, mathematics, and commerce programs enhanced.	By 2025: 1a. New 'O' and 'A' Level gender-sensitive curricula in program target subjects developed and implemented.[c] (2019 baseline: not applicable). **DLI 2.** 1b. At least 65% of Grades 10–12 teachers in 'O' and 'A' Level program target subjects implement inquiry-based and interactive teaching practices. *(disaggregated by female/male teachers)*.[d] (2019 baseline: not applicable). **DLI 3**.	1a. MOE and NIE information systems 1b. MOE and NIE information systems; evaluation reports against school education quality index and checklists	Inadequate motivation among some trained teachers may constrain the effective application of teaching practices.
2. Provincial and school capacity to implement education reforms strengthened.	By 2025: 2a. Percentage of schools implementing MOE Circular *Determination of Teacher Cadre on teacher deployment in program target subjects for each school* increased to at least 75% (disaggregated by national/provincial schools). (2019 baseline: X% schools implementing MOE Circular) **DLI 4.** 2b. At least 75% of Principals, Assistant and Deputy Principals in program schools, and 75% of Provincial/Divisional/ Zonal Education Officers in program areas trained in instructional leadership, (at least 40% and 60% women trainees respectively) (*by national/provincial schools, male/female trainees*) (2019 baseline: not applicable). **DLI 5a.** 2c. At least 70% of program schools have implemented SDP strategies for (a) improving learning outcomes in STMC	2a. MOE and NIE information systems; verification against MOE Circular; and annual provincial performance reports 2b. MOE and NIE information systems; attendance lists; and training completion certificates 2c. MOE and NIE information systems; and	Teacher deployment may be negatively affected by political factors outside the program control. Resistance of local communities may hamper implementation of SDP strategies

Results Chain	Performance Indicators with Targets and Baselines	Data Sources and Reporting Mechanisms	Risks
	subjects and (b) attracting girls into STMC subjects (*by national/provincial program schools*). (2019 baseline: not applicable). **DLI 5b.**	annual provincial performance reports	
	2d. All performance-based partnership agreements between central and provincial governments aligned with the priority educational reform agenda each year. (2019 baseline: not applicable). **DLI 6.**	2d. MOE and NIE information systems; approved annual agreements and workplans between MOE and PEAs	
3. Secondary education sector management capacity strengthened.	3a. By 2025, All key sector indicators, including sex-disaggregated data, from MOE, NIE, and DOE made publicly available on the new NEMIS website and published as annual sector performance reports. (2019 baseline: no integrated M&E system producing consolidated sector indicators or performance reports) **DLI 7.**	3a. MOE information systems; and annual sector performance report	Political factors may impede data sharing and integration.
	3b. By 2021, Program Based Budgeting compliant with sector targets at MOE introduced and applied yearly. (PAP) (2019 baseline: not applicable)	3b. Annual planning and budgeting reviews at MOE	

Key Program Actions:

1. Quality and relevance of secondary science, technology, mathematics, and commerce programs enhanced.

1.1. Conduct pilot studies of students' learning outcomes in 2021 and feed results into development of new curricula and new assessment design. (Q2 2021)
1.2. Undertake international benchmarking studies of new 'O' Level and 'A' Level exams (Q4 2023–Q4 2024)
1.3. Institute a system to monitor (i) appropriateness of training on new assessments, and (ii) effective implementation in schools (Q2 2021–Q4 2025).
1.4. Develop minimum standards for facilities and equipment for functioning innovation labs for STMC subjects (Q4 2020)
1.5. Implement teacher capacity development using one or more of the following modalities/ professional learning communities: (i) school based professional development; (ii) applied resource hubs; (iii) teacher clusters; and (iii) on-line teacher training. (Q1 2022–Q4 2025)

2. Provincial and school capacity to implement education reforms strengthened.

2.1. Review, design, and implement a system of monetary and/or non-monetary incentives, as appropriate, for teachers to work in schools in disadvantaged areas in STMC subjects (Q4 2020–Q2 2021).
2.2. Develop and implement a policy to increase intake and/or rationally deploy O Level teachers in mathematics and science as required, based on needs assessment (Q3 2021)
2.3. Include a budget line under the recurrent budget of MOE to implement the small grants scheme schools (Q4 2020–Q3 2021).
2.4. Develop a standardized/common PPA template including DLIs, specific activities, and targets for provinces to submit annual proposals (Q4 2020)

3. Secondary education sector management capacity strengthened.

3.1. Undertake diagnostic study on current M&E practices and status of EMIS and related capacity development needs (Q4 2020).
3.2. Develop and implement action plan on capacity development of national and field level staff on M&E and EMIS (Q2 2021–Q4 2024).
3.3. Develop advocacy and communication plan to disseminate data, education sector performance reports and thematic research reports to key stakeholders (Q2 2022).

3.4. *Program Based Budgeting:* Introduce Program Based Budgeting with a model for forecasting sector resource needs compliant with sector targets at MOE, and which will also serve to support provincial planning and budgeting (Q4 2020–Q4 2025). 3.5. *External audit:* (i) Monitor the number of recurring audit qualifications reported by the AGD; ensure each entity develops and implements on time an action plan to resolve any existing systemic issues to ensure that the recurring audit qualifications are reduced from previous year; and (ii) ensure all significant audit observations stated in the management letter are resolved within 6 months from the issuance of the audit report (Q1 2021–Q4 2025). 3.6. *Transparency in procurement:* Adopt fiduciary provisions of the procurement guidelines of NPA and subsequently after Parliament approval of the NPC guidelines, adopt the requirements of the NPC guidelines (Q4 2020–Q4 2025). 3.7. Develop a monitoring system for the implementation of ESMPs and IEEs, and implement ESMPs and IEEs (Q4 2020–Q4 2025). **Program and project management activities:** 4.1 Establish a mechanism of quarterly review of DLI status by key decision makers, perform corrective actions as required, and share minutes of DLI quarterly reviews with ADB (Q3 2020–Q4 2025). 4.2. Ensure that all data on program results, DLI targets and program processes are systematically disaggregated by sex (Q3 2020–Q4 2025). 4.3. Ensure that all needs analysis, capacity development and development of materials, are gender mainstreamed (Q3 2020–Q4 2025).
Financing Plan Total financing program from 2020 to 2025: $5.808 billion Government: $5.608 billion ADB (RBL): $195 million (loan) ADB (project): $5 million (loan)
Assumptions for Partner Financing Not applicable.

ADB = Asian Development Bank, AGD = Auditor General's Department, 'A' Level = General Certificate of Education Advanced Level, DLI = disbursement-linked indicator, DOE = Department of Examinations, ESMP = Environmental and Social Management Plan, ICT = information and communication technology, IEE = initial environmental examination, M&E = monitoring and evaluation, MOE = Ministry of Education, NEMIS = National Education Management Information System, NIE = National Institute of Education of Sri Lanka, NPA = National Procurement Agency, NPC = National Procurement Commission, 'O' Level = General Certificate of Education Ordinary Level, PAP = program action plan, PEA = Provincial Education Authority, PPA = performance-based partnership agreement, RBL = results-based lending, RFI = results framework indicator, SDP = school development plan, SESIP = Secondary Education Sector Improvement Program, STMC = science, technology, mathematics, and commerce.

Notes:

[a] Extracted from Government of Sri Lanka. 2017. *Medium Term Education Sector Development Plan: General Education in Sri Lanka 2018–2025. Long Term Outcomes*. Colombo.

[b] The new assessment for grade 11 / 'O' Level examination will be implemented in 2024.

[c] At 'O' Level, SESIP will target science and mathematics which are referred to as program 'O' Level subjects. At 'A' Level, SESIP will target the following 'A' Level stream/ subjects: science (physics, chemistry, and biology); combined mathematics; technology (engineering technology, bio-systems technology, and science for technology); commerce (business studies, accounting, economics, and ICT). This is a total of 11 subjects, and these are referred to as program 'A' Level subjects.

[d] This is a new program for improving teaching practices in Sri Lanka. Inquiry-based means students investigate problems and issues, and construct their understanding from the evidence they gather. Interactive teaching means that students collaborate, discuss, and evaluate knowledge and arguments to derive understanding. Applied problems mean practical issues and challenges that are familiar to students in their everyday contexts. All technical terms are defined further in the verification protocols.

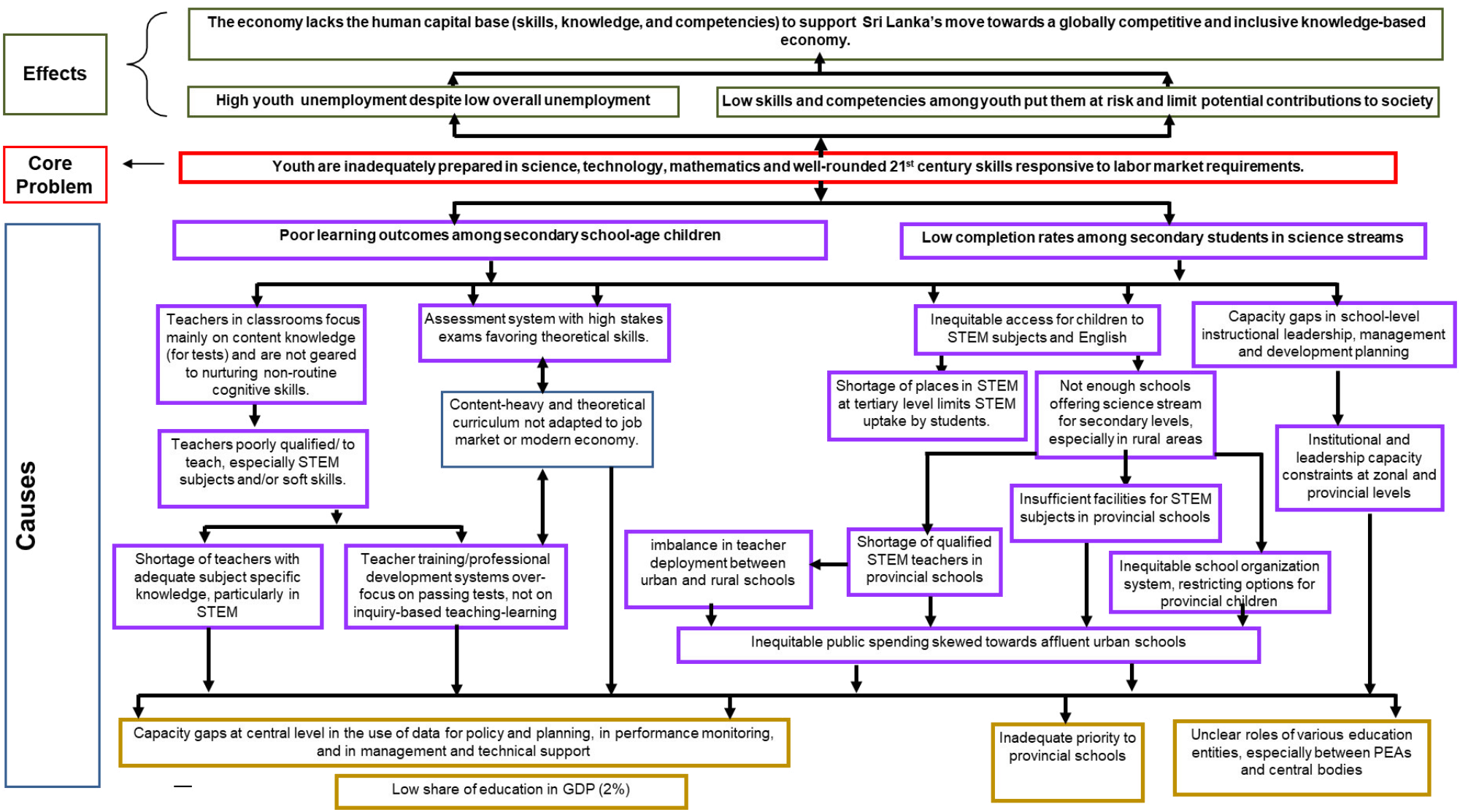
Contribution to the ADB Results Framework:

TI 1.1.1: The proposed SESIP will equip over one million learners (grades 10–13) with 21st century competencies for lifelong learning and employability each year from 2023 until 2025.

TI 2.2.1: Women and girls enrolled in STEM (Target: TBD).

Sources: Asian Development Bank and Ministry of Education.

PROBLEM TREE



INITIAL POVERTY AND SOCIAL ANALYSIS

Country:	Sri Lanka	Project Title	Secondary Education Sector Improvement Program
Lending/Financing Modality:	Results-Based Lending	Department/ Division:	South Asia Department/ Human and Social Development Division

I. POVERTY IMPACT AND SOCIAL DIMENSIONS

A. Links to the National Poverty Reduction Strategy and Country Partnership Strategy

The Government of Sri Lanka's (GOSL's) Vision 2025[1] sets out an ambitious plan that promotes a knowledge-based, globally competitive economy with higher value-added industries and services, with emphasis on efficient governance and inclusion. In support of GOSL's vision, the national education policy emphasizes the aim of the education system to build a diversified and agile workforce with advanced technical and soft skills. The proposed program (SESIP) aims to support these goals by improving the quality and labor market relevance of secondary education, and expand access to science, technology, engineering, and mathematics (STEM) streams. This will improve secondary graduates readiness for the job market, and / or pathways to further development and higher level skills. SESIP is closely aligned with Asian Development Bank's (ADB) Country Partnership Strategy 2018–2022, and contributes to pillar 1 (promoting economic diversification and productivity enhancement) by upgrading human capital. It is included in ADB's 2020—2022 Country Operations Business Plan, and aligned with ADB's Strategy 2030.

B. Poverty Targeting

☐ General intervention ☐Individual or household (TI-H) ☐Geographic (TI-G) ☒Non-income MDGs (SDG 4 and SDG 5.b) (TI-M1, M2, etc.)

The program will help expand tertiary education opportunities for poor students and girls, through increased access to STEM streams in provincial and rural areas. It will also equip the senior secondary students with foundational knowledge and skills related to critical thinking, problem solving, communication and teamwork, which are needed to adapt and succeed in the modern economy, especially those who leave secondary education for a job. It contributes to Sustainable Development Goal (SDG) 4 on education (targets 4.1, 4.3, 4.4, 4.5, 4.7, and 4.C) and SDG 5 on gender equality (target 5.5).

C. Poverty and Social Analysis

1. Key issues and potential beneficiaries. Sri Lanka has a relatively low national poverty headcount ratio (4.1% in 2016). However, the national poverty line itself is set quite low (LKR4,166, or around $28.6 per person per month of consumption expenditure).[2] In 2016, some 10% of Sri Lankans were living below the international poverty line of $3.20 a day (2011 PPP) for lower middle-income countries. Progress has been markedly uneven: disparities exist between districts and provinces and between urban and rural areas. Poverty in 2016 in Northern and Eastern provinces was above 7 per cent according to the Department of Census and Statistics while lowest in Western (1.7%) and Northwestern (2.7%) provinces. Poverty headcount ratio in the rural and poorer areas is two to four times higher than in urban areas. This translates to the rural areas having over 10 times the number of poor people than do urban areas, since the rural areas have more population. Sri Lanka has a long tradition of social assistance; however, the coverage and targeting of such programs need improvement – coverage extends to slightly less than half the potential beneficiaries.[3] Rural children are less likely than urban children to complete senior secondary education. The patterns of inequity in expenditure and consumption are reflected in education access and quality. Thus, Western Province, with the highest mean per capita expenditure in the country also has the highest access to senior secondary education. The school system is inequitable: less than 40 percent of students are in schools offering all education streams, which account for about 10% of total schools, mostly in urban areas. Students in provincial schools generally learn less due to inadequate numbers of quality teachers, teacher absenteeism, lower funding allocations, lack of laboratories, and limited access to advanced courses in Science, Mathematics, Commerce, and English. These provincial school students (in rural areas) are channeled to fields less favored in the labor market, such as the Arts. Learning outcomes are generally poor since the current curricula, pedagogy and assessment systems focus on memory recall, rather than on the application of knowledge and problem-solving. Low pass rates at grade 11 / 'O' Level and grade 13 / 'A' Level, combined with restricted entry into universities, mean that around half the students leave secondary school with no opportunity for further education or training. In summary, challenges in the education sector include an outdated curriculum and pedagogy too focused on theory and not enough practical application and limited access to STEM and commerce fields which are relevant to the labor market for enhancing productivity in manufacturing and service sectors. The consequence of these factors is that senior secondary education is a bottleneck limiting pathways to tertiary education, reduced employability of secondary graduates, and which results in a significant proportion of youth around 27%, not in employment, education and training in 2018. The above issues have an impact on the employment sector, which in Sri Lanka is characterized by high youth unemployment against a national unemployment rate of 4.4% of the labor force.[4] The primary beneficiaries of the program will be (i) senior secondary school students, including in particular, students from provincial schools; (ii) teachers who will be equipped with better knowledge in STEM subjects and inquiry based pedagogical skills; and (iii) principals and provincial education staff who will be trained to provide educational leadership and strengthen the management of schools.

2. Impact channels and expected systemic changes. SESIP will increase access to STEM subjects, improve quality and relevance of senior secondary curricula, pedagogy and assessments, and improve the efficiency and performance of the secondary education sub-sector. Equitable teacher deployment and improved teaching -learning resources in provincial schools will directly benefit poor and vulnerable students through ***improved access*** to ***better quality*** secondary education. Strengthening 21st century, inquiry-based STEM education with targeted support for underperforming schools, will enable rural students to gain a relevant education in school. This will help them in the long run to be competitive, access multiple pathways to learning and employment and adapt to the current and future needs of the economy. Improved human capital formation and expanded livelihood options will, in turn, help to reduce poverty in the long run.

3. Focus of (and resources allocated in) the transaction TA or due diligence. Analyses of the challenges faced by poor, rural and disadvantaged students and the implication for the design of the RBL were key components for consulting services, included in the terms of references of policy and planning specialist, reform specialist and safeguards specialist. The issues requiring review are those factors that could impede the equity design of the project, such as the deployment of teachers and the allocation of resources to provincial schools. The program design will ensure these and other risk areas and mitigating measures are included both in the disbursement-linked indicators (DLIs) and the program action plan (PAP).

4. Specific analysis for policy-based lending. Not applicable.

II. GENDER AND DEVELOPMENT

1. What are the key gender issues in the sector and/or subsector that are likely to be relevant to this project or program? Sri Lanka has achieved gender parity in enrollment for primary, and junior secondary students. But, there are less *boys in senior secondary education*, where net enrollment for boys is 67% against 72% for girls, due to lower retention rate for boys.[5] Enrollment, survival rate, and performance have been higher for girls throughout. However, the biggest concern is the ***concentration of girls in the arts and humanities stream***, because of the effect on later employability of females, which may be one factor among others, contributing to higher female youth employment. In the technology stream in 'A' Levels, girls accounted for only 33% in 2015.[6] Yet, 28–30% of girls are enrolled in arts, compared to 13–14% of boys. The main gender issue for young females then, is to increase female uptake of STEM subjects, and to improve their quality of learning so they are better prepared for further educational opportunities and the world of work. Educational programs and career paths for women that emphasize engineering, ICT, scientific and technical training require support. Among the key actions that the program will employ to address the gender issues are (i) promoting the entry of girls in the science and technology streams; (ii) ensuring that the curriculum is gender sensitive, along with all instructional guides and materials; (iii) supporting female Principals, deputy Principals and provincial education officers to access leadership and management training; and (iv) incorporating gender indicators in management and monitoring systems.

2. Does the proposed project or program have the potential to contribute to the promotion of gender equity and/or empowerment of women by providing women's access to and use of opportunities, services, resources, assets, and participation in decision-making? ☒ Yes ☐ No. Improving STMC curricula and incorporating strategies to attract girls into these subjects will provide young women with more opportunities to pursue tertiary education and career paths with better employment and salary prospects. The new curricula will be gender-sensitive and will integrate 21st century skills related to critical thinking, problem solving, communication and teamwork, which will improve the employability of girls, build their knowledge and skills and self-confidence to adapt to the needs of the labor market.

3. Could the proposed project have an adverse impact on women and/or girls or widen gender inequality? ☐ Yes ☒ No

4. Indicate the intended gender mainstreaming category:

☐ GEN (gender equity) ☒ EGM (effective gender mainstreaming)
☐ SGE (some gender elements) ☐ NGE (no gender elements)

III. PARTICIPATION AND EMPOWERMENT

1. *Who are the main stakeholders of the project, including beneficiaries and negatively affected people? Identify how they will participate in the project design.* The main beneficiaries of the program will be senior secondary students, particularly students from provinces and rural areas. The project preparation team met with students, parents, teachers, Principals and provincial education staff to seek their views and concerns and these have been incorporated in program design. While both boys and girls will benefit from improved STEM streams, the program provides a particular emphasis on attracting girls into STEM. Teachers will also benefit from training in improved pedagogy in STMC subjects. Principals, Deputy Principals and provincial and zonal education officers will benefit from educational leadership and management training. Other stakeholders of the project are staff from Ministry of Education, National Institute for Education and the Department of Education who will design and implement new curricula, pedagogies, assessments, and monitoring and evaluation systems. The stakeholders also include the School Development Committees, which prepare school development plans (SDP) and school management committees, including parents, community leaders, school management, provincial education authorities, who implement the decisions. There are no negatively affected people.

2. *How can the project contribute (in a systemic way) to engaging and empowering stakeholders and beneficiaries, particularly, the poor, vulnerable, and excluded groups? What issues in the project design require participation of the poor and excluded?* Parents, community members and representatives of vulnerable groups or students living in provincial and rural areas will contribute inputs to SDPs through school development committees. The program will enhance participation, confidence-building and interactive learning by children, including vulnerable children from the poorest families.

3. What are the key, active, and relevant civil society organizations in the project area? What is the level of civil society organization participation in the project design?

M - Information generation and sharing M - Consultation Not Applicable - Collaboration Not Applicable – Partnership

The civil society organizations working in the education sector include Room to Read, World Vision, Save the Children, and Child Fund. However, the priorities of these organizations are in the areas of primary and junior secondary levels. Therefore, the opportunities to collaborate with SESIP are minimal. The project will engage with school development societies for conducting the community awareness campaign on the new reforms i.e. curriculum reform, assessment reform, and awareness on SMTC subjects in future.

4. Are there issues during project design for which participation of the poor and excluded is important? What are they and how should they be addressed? ☒ Yes ☐ No SESIP project preparation team consulted with students and parents from provinces to obtain their feedback on the program design. The program will continue to consult and strengthen participation by students, parents and their communities through the school development committees, in the development of the communication campaign and in the implementation of school development plans.

IV. SOCIAL SAFEGUARDS

A. Involuntary Resettlement Category ☐ A ☐ B ☒ C ☐ FI

A social safeguard consultant will review the program scope for any potential Involuntary and indigenous people impact to confirm the categorization and document potential impact for screening out from the program in the safeguard systems assessment.

1. Does the project have the potential to involve involuntary land acquisition resulting in physical and economic displacement? ☐ Yes ☒ No

2. What action plan is required to address involuntary resettlement as part of the transaction TA or due diligence process? N/A
☐ Resettlement plan ☐ Resettlement framework ☐ Social impact matrix
☐ Environmental and social management system arrangement ☒ None

B. Indigenous Peoples Category ☐ A ☐ B ☒ C ☐ FI

1. Does the proposed project have the potential to directly or indirectly affect the dignity, human rights, livelihood systems, or culture of indigenous peoples? ☐ Yes ☒ No

2. Does it affect the territories or natural and cultural resources indigenous peoples own, use, occupy, or claim, as their ancestral domain? ☐ Yes ☒ No.
On the contrary, the program will benefit indigenous peoples with greater opportunities for quality education through the education reforms. Indigenous communities will be informed on benefits through media/communication campaigns supported by SESIP.

3. Will the project require broad community support of affected indigenous communities? ☐ Yes ☒ No
4. What action plan is required to address risks to indigenous peoples as part of the transaction TA or due diligence process?
☐ Indigenous peoples plan ☐ Indigenous peoples planning framework ☐ Social impact matrix
☐ Environmental and social management system arrangement ☒ None

V. OTHER SOCIAL ISSUES AND RISKS

1. What other social issues and risks should be considered in the project design? N/A
☐ Creating decent jobs and employment ☐ Adhering to core labor standards ☐ Labor retrenchment
☐ Spread of communicable diseases, including HIV/AIDS ☐ Increase in human trafficking ☐ Affordability
☐ Increase in unplanned migration ☐ Increase in vulnerability to natural disasters ☐ Creating political instability
☐ Creating internal social conflicts ☐ Others, please specify N/A_____

2. How are these additional social issues and risks going to be addressed in the project design? See section 1C.

VI. TRANSACTION TA OR DUE DILIGENCE RESOURCE REQUIREMENT

1. Do the terms of reference for the transaction TA (or other due diligence) contain key information needed to be gathered during transaction TA or due diligence process to better analyze (i) poverty and social impact, (ii) gender impact, (iii) participation dimensions, (iv) social safeguards, and (v) other social risks. Are the relevant specialists identified?
☒ Yes ☐ No If no, please explain why.
The terms of references of policy and planning specialist, reform specialist, and the safeguards specialist include assessing the key issues for provincial and rural students, issues related to gender and social safeguards. In addition, the mission leader prepared a gender analysis.

2. What resources (e.g., consultants, survey budget, and workshop) are allocated for conducting poverty, social, and/or gender analysis, and participation plan during the transaction TA or due diligence? Stated above.

ADB = Asian Development Bank, ICT = Information and Communication Technology, GOSL = Government of Sri Lanka, PPP = public-private partnership, SDG = Sustainable Development Goal, SESIP = Secondary Education Sector Improvement Program, STEM = science, technology, engineering, and mathematics, STMC = science, technology, mathematics and commerce, SDP = school development plan, TA = technical assistance.

[1] Government of Sri Lanka. 2017. *Vision 2025: A Country Enriched*. Colombo.
[2] Department of Census and Statistics. 2016. *Household Income and Expenditure Survey*; and 2016 exchange rate.
[3] ADB. 2016. *The Social Protection Indicator: Assessing Results for Asia*. Manila.
[4] Department of Census and Statistics. 2018. *The Sri Lanka Labour Force Survey Annual Bulletin*.
[5] Dundar, H., Millot, B., Riboud, M., Shojo, M., Aturupane, H., Goyal, S., and Raju, D.. World Bank. 2017. *Sri Lanka Education Sector Assessment: Achievements, Challenges, and Policy Options. Directions in Development*. Washington, DC.
[6] ADB. 2016. *Sector Assessment: Education. CAPE Sri Lanka (Linked Document 6)*. Manila.
Source: Asian Development Bank.

PROGRAM EXPENDITURE FRAMEWORK AND FINANCING PLAN

Table A.4.1: Program Expenditure Framework 2020–2025

($ million)

	2020	2021	2022	2023	2024	2025	Total
Central Government (MOE)							
Personnel Emoluments	149.12	155.33	162.63	169.71	176.78	183.05	996.62
Other Recurrent	27.42	28.64	26.09	25.54	25.00	24.25	156.94
Capital	38.30	48.10	40.56	35.36	33.62	32.98	228.92
Total MOE	214.84	232.06	229.28	230.60	235.41	240.28	1,382.47
Provinces							
Personnel Emoluments	536.43	576.06	631.07	680.03	728.99	777.95	3,930.52
Other Recurrent	27.09	29.07	32.69	35.79	38.88	41.98	205.50
Capital	44.12	49.15	40.99	46.63	52.28	56.62	289.80
Total Provinces	**607.63**	**654.29**	**704.75**	**762.45**	**820.15**	**876.55**	**4,425.81**
Total Central and Provincial							
Grand total	822.47	886.35	934.03	993.05	1,055.56	1,116.83	5,808.29

MOE = Ministry of Education

Source: Government of Sri Lanka and provincial budgets for 2019, costing of Secondary Education Sector Improvement Program result framework and projections for 2022–2025 by ADB team in cooperation with MOE based on 2019 budgets with projections for 2020–2021.

Source: Asian Development Bank estimates.

Table A.4.2: Summary Financing Plan

Source	Amount ($ million)	Share of Total (%)
Asian Development Bank	200.0	3.4
Ordinary capital resources (results-based lending loan)	195.0	3.3
Ordinary capital resources (project loan)	5.0	0.1
Government	5,608.0	96.6
Total	**5,808.0**	**100.0**

Source: Asian Development Bank estimates.

ASSESSMENTS EXPECTED

1. An existing transaction technical assistance has provided technical inputs for program and project design and due diligence assessments.[1]

2. **Program soundness.** Due diligence is being undertaken to assess the government's medium-term education sector program to determine its relevance in addressing identified issues, especially from the perspective of inclusive growth, adequacy of the results-based lending program in terms of efficiency, effectiveness, and sustainability, economic and financial rationale, and implementation arrangements.

3. **Expenditure, financing, and fiduciary.** The economic and financial viability and sustainability of the program is being assessed. The analysis fiduciary system is aimed to determine the degree to which the government systems provide reasonable assurance that the financing will be used for intended purposes, with due consideration for economy and efficiency. The fiduciary system includes a review of the financial management, anticorruption, and procurement systems for both the results-based lending (RBL) and project investment component.

4. **Results, link with disbursement and monitoring and evaluation**. An assessment of the government's medium-term program's results chain is being undertaken to see if the proposed activities and outputs strongly support the achievement of the program objectives. An adequate sub-set of government results framework as program results framework is being developed and informs the choice of disbursement linked indicators. An assessment of the existing monitoring and evaluation (M&E) framework, systems, and M&E capacity of the Ministry of Education and Provincial Education Administrators has been conducted to identify strategies to address weaknesses in M&E system and capacity. In addition, a review of the existing Education Management Information System was undertaken to identify strengths and weaknesses and opportunities for further development to support evidence-based planning and management of the education sector.

5. **Poverty, gender, and social.** Poverty, social, and gender assessments were undertaken as part of technical assessments. In addition, a separate gender analysis has been prepared to identify key issues for girls in secondary education and identify relevant strategies to support girls' access and learning outcomes.

6. **Safeguards.** A program safeguards systems assessment has been prepared along with categorization forms and environment safeguard review framework. The project will support minor renovations of school laboratory facilities (science, mathematics, technology, and commerce/Information Communication Technology [ICT] laboratories) as well as laboratory facilities at teacher training centers in each district. The civil works to be undertaken are not expected to have any significant or irreversible adverse environmental impacts during either renovation or operation. Any environmental risks can be effectively addressed through the adoption of appropriate mitigation measures specified in the environmental assessment and review framework (this has also been prepared). New construction is not anticipated under SESIP; however, since the specifications for the teacher training centers are yet to be identified by the National Institute of Education of Sri Lanka (NIE) as part of the work to be carried out in Year 1, the program will be Categorized as "B" as a precautionary a measure. Once the civil work requirement is solidly established in Year 1, the categorization may be re-visited and downgraded if needed. This categorization will be applicable to both the RBL and the project investment component.

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[1] ADB. 2012. *Technical Assistance Report to the Democratic Socialist Republic of Sri Lanka for Human Capital Development Capacity and Implementation Support*. Manila (TA 8235-SRI).

LESSONS AND PROGRAM FOCUS: EDUCATION SECTOR DEVELOPMENT PROGRAM (ESDP) AND SECONDARY EDUCATION SECTOR IMPROVEMENT PROGRAM (SESIP)

Education Sector Development Program (ESDP)	Key Lessons	Secondary Education Sector Improvement Program
ESDP aimed to improve student learning. ESDP succeeded in meeting the desired result and contributed to improved GCE 'O' Level and 'A' Level pass rates in 2017, which were 73.05% and 66.02% respectively, surpassing the 2017 target of 65% for both levels.	Lesson learned for further improvements in learning outcomes include: (i) the importance of an adequate supply of quality teachers to all secondary schools, based on the teacher mapping and assessment carried out under ESDP; (ii) the need for a new assessment framework to support a wider assessment of students abilities (knowledge, skills, and applications) instead of 100% reliance on high stakes testing; (iii) a curriculum reform to move away from a traditional theoretical and content heavy curriculum in both 'O' Level and 'A' Level to a curriculum integrating 21st century knowledge and skills, along with corresponding reforms in pedagogy and assessments. This will make learning outcomes relevant to the country's aspirational shift towards a knowledge economy.	Building on ESDP lessons learned, SESIP will support integrated reforms in curriculum, pedagogy, and assessment systems and integrate cognitive, non-cognitive, socio-emotional / 21st century skills in the senior secondary science, technology, mathematics, and commerce (STMC) curricula (DLI 1, 2, and 3). SESIP will develop an overall inquiry-based 21st century curriculum framework spanning primary and secondary curricula which will be a critical foundation for directing the depth, breadth, and quality of the education system and the design and implementation of future reforms – This is a prior action. Parallel to the curriculum reform, the pedagogy and assessment systems will be reformed to teach and measure 21st century curriculum/ skills. This will support a "constructive alignment" between what is taught, how it is taught, and how learning outcomes are assessed. ICT is at the core of 21st century skills and will be embedded as a teaching and learning tool across the secondary curriculum. Begun by ESDP, SESIP will complete a National Student Assessment Policy Framework which will be critical in

Education Sector Development Program (ESDP)	Key Lessons	Secondary Education Sector Improvement Program
		underpinning the roadmap for improving formative (classroom-based assessments to ensure that teachers are gaining the necessary feedback on student learning performance) and summative assessments (school and national examinations). A review of the skills to be measured against the new curriculum in the 'O' Level and 'A' Level examinations will be conducted to develop an examination system to assess a broader/ more comprehensive range of abilities and talents of secondary school students, rather than the current simple 'O' Level and 'A' Level pass or fail system.
ESDP diversified pathways for senior secondary students, by introducing the technology stream in secondary education.	Technology stream was intended as "a pathway for "mid-level professionals", but it evolved as an academic program aligned to traditional university programs. Because of the lack of an overarching curriculum framework for GCE 'O' Level and 'A' Level, the three specializations in the technology stream (Biosystems technology, engineering technology, and science for technology have much overlap between them and the science stream specializations. Lessons learned suggest: (i) the need to ensure a clear rationale in terms of content of knowledge and skills for the technology stream to avoid unnecessary duplication	As stated above, SESIP will strengthen the technology stream curricula with content, pedagogy, and learning resources including e-learning resources to align with contemporary work practices. SESIP supports more hands-on application for students through the innovation laboratories and the applied resource hubs that builds capacity of teachers in inquiry-based, interactive teaching practices. SESIP also addresses the fundamental issue of examination reform at both GCE 'O' Level and 'A' Level which is critical to changing the content heavy examinations geared to university entrance that adversely affect the pedagogy.

Education Sector Development Program (ESDP)	Key Lessons	Secondary Education Sector Improvement Program
	with the science stream; (ii) the reform of the assessment system which is overly academic and content heavy focusing on university entry rather than on diverse training and employment pathways; (iii) that the technology stream should be revised to integrate 21st century inquiry-based skills and as a foundational program to promote pathways to TVET and higher education; and (iv) need to recruit and deploy qualified teachers to teach the subjects.	
ESDP supported training of teachers in School Based Assessment to balance the overly academic and high-stakes public examinations Teacher training was conducted by means of a cascade system and training of trainers who trained teachers in local teacher training centers	The high-stakes GCE 'O' Level and 'A' Level public examinations continued to have a dominant impact on teaching and learning in the classroom and teachers found the instructions for SBA too complex and took time away from classroom instruction geared to passing the public examinations. Teachers did not always follow SBA. The teacher training programs were operated through standard modules taught at centers. Teacher promotion was linked to training undertaken in the number of modules. This proved ineffective in changing teacher behavior in the classroom away from a rote learning/recall mode to a more inquiry-based learner centered approach incorporating 21st century skills.	Under SESIP, reform of public examinations will include a weighting for classroom-based assessments in the overall student score and training of teachers on the critical importance of both formative and summative assessment in learning. School leaders and zonal coordinators will be held accountable for the effective operation of SBA. SESIP will introduce a variety of teacher training strategies that have proved effective internationally. These include the creation of professional learning communities of teachers based on Applied Resource Centers for training local teachers in hands-on inquiry-based methodology and individualizing training to the individual teachers' strengths and weaknesses. E- learning (online and

Education Sector Development Program (ESDP)	Key Lessons	Secondary Education Sector Improvement Program
		offline) will be a critical component of this system.
ESDP helped strengthen school governance and improved teaching/ learning environments by improving the capacity of school leadership. The National Competency Framework for Education Leadership and Management developed under ESDP was mainstreamed into human resource performance management and the continuous professional development program. Center for Educational Leadership Development developed and delivered training to principals, zonal, and provincial staff. The education managers so far trained, highly appreciated the Framework and for the first time became aware of the critical competencies required of education leaders in school management and administration.	Lessons learned highlight the need to focus on instructional leadership and inquiry-based classroom approaches and teacher appraisal, with a view to improving student learning outcomes.	SESIP will build on ESDP leadership training to strengthen capacity of principals and PEAs to support a school centered approach to improve teaching and learning practices and outcomes (DLI 5).
A strong focus of ESDP was inclusive access to the science stream with emphasis on equitable distribution of secondary schools offering all subject streams through the 1,000 Secondary Schools Development Program. ESDP achieved the result and physical upgradation of schools has been completed. ESDP laid the foundations for an inquiry-based teaching and learning	Lessons learned highlight that limited deployment of qualified teachers has been a key challenge in increasing science enrolments in these schools.	SESIP places strong emphasis on the equitable distribution of teachers in provincial/rural schools (DLI4). SESIP emphasizes the implementation of government policy on equitable distribution of teachers in provincial schools (DLI 4). To incentivize teachers to serve in schools in rural areas, the current system of monetary and non-monetary incentives will be reviewed and enhanced

Education Sector Development Program (ESDP)	Key Lessons	Secondary Education Sector Improvement Program
environment and enabling opportunities for practical applications of STEM.		based on research evidence of what works in country as well as lessons learned from other countries. This output will also support the development and implementation of a policy to increase the intake of 'O' Level science and mathematics teachers by National Colleges of Education and other relevant strategies to rationalize teacher deployment and recruit teachers in underserved areas.
ESDP strengthened the management of the previous Education Sector Development Framework and Program 2013–2018 through MOE's Sector Monitoring and Technical Support Unit, which developed an education program monitoring and information system (EPMIS) to capture program operational activities and some MOE performance data.	Future interventions need to support further strengthening and expansion of the M&E platform to include sector performance indicators and analytical capacity to monitor resource allocation performance against allocations etc.	SESIP will strengthen the reliability and utilization of data from existing M&E systems and from the education management information system (DLI 7). This will strengthen MOE capacity to use evidence to plan, manage, and deliver the education system.

DLI = disbursement-linked indicator, ESDP = Education Sector Development Program, GCE = General Certificate of Education, ICT = Information and Communication Technology, M&E = monitoring and evaluation, MOE = Ministry of Education, PEA = Provincial Education Authority, SESIP = Secondary Education Sector Improvement Program, SBA = School Based Assessment, TVET = technical and vocational education and training.

DETAILED DEVELOPMENT PARTNER LIST

Major Development Partners

Development Partner	Name of Operations	Duration	Amount ($ million)
WB	- General Education Modernization Project: [Focus on primary ed.: Improving English Language, Literacy and Numeracy; and secondary and Technical Education for world of work, Career Guidance].	2018-2022	100.0
OFID	- Technology Education Development Project [Technical Education for World of Work]	2019-2023	50.0
KOICA	- Educational Environment Improvement in Killinochchi District [Reconstruction of infrastructure in primary and secondary ed. and teacher training]	2018-2022	7.5
	- Setting up e-learning platform for all schools [General Education]	2019-2022	31.5
	- Establishment of National College of Education for technology	2015-2022	40.0
GIZ	- Education for Social Cohesion and Peace (with UNICEF) [Primary and secondary]	2016-2019	4.0
UNESCO	- Education for All, Sustainable Development Goals, [Education planning for SDGs]	2018-2019	0.1
UNICEF	- Education for All (Annual Work Plan) [Primary education - Peace and Social Education Capacity building]	2018-2022	0.2
JICA	- Strengthening Education for Children with Disabilities, Inclusive Education in Plantation Schools	2019-2021	0.7

ADB = Asian Development Bank, UNICEF = United Nations Children's Fund, UNESCO = United Nations Educational Scientific and Cultural Organization, KOICA = Korean International Cooperation Development Agency, OFID = OPEC Fund for International Development, JICA = Japan International Cooperation Agency, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation).

Sources: Education Sector Development Framework and Program 2012-2017, pp 123-124; General Education Modernization Project, Project Appraisal Document, World Bank, 2017; and State Budget Ministry of Education, 2019. Directorate of Policy and Planning, MOE, 2019.