

PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC2932

Project Name	Second Global Partnership for Education (P149130)
Region	EAST ASIA AND PACIFIC
Country	Lao People's Democratic Republic
Sector(s)	Primary education (100%)
Theme(s)	Education for all (100%)
Lending Instrument	Investment Project Financing
Project ID	P149130
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Education and Sports
Environmental Category	B-Partial Assessment
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Estimated Date of Board Approval	03-Nov-2014
Concept Review Decision	Track II - The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Lao People's Democratic Republic (Lao PDR) has sustained robust economic growth over the past decade. Gross Domestic Product (GDP) grew at over 7 percent per year between 2003 and 2013 and it is expected to grow at a similar pace in 2014. Per capita income has tripled in real terms since 1990, moving Lao PDR from low-income to lower-middle income and reducing poverty rates from almost ½ of the population in 1992 to 23 percent in 2013. Despite these positive long-term trends in growth and poverty reduction, the current macroeconomic prospects invite some caution in the short term. Growth is projected to moderate slightly from 8.1 in 2013 to 7.2 percent in 2014 and the fiscal deficit has widened markedly, which will likely result will be slower growth in public spending in the medium term.

Sustaining inclusive growth and continuing to reduce poverty and inequality remain clear government priorities. There are still significant disparities across geographic boundaries, ethno-linguistic groups and by gender. The poverty rate in rural areas, where nearly three-fourths of the

country's 6 million people live, is almost twice the rate in urban areas (32 vs. 17 percent). Access to most basic services (i.e., health and education) in areas without access to a road is still inadequate. Compounding geographic differences are substantial disparities across the four main ethno-linguistic groups. The gender gaps in education have narrowed, but are still significant, particularly in literacy rates. These differences across gender are larger among some ethnic groups.

Sectoral and Institutional Context

Lao PDR has set education as a fundamental priority in its medium and long-term development plan and is taking important steps to implement a coherent sector strategy. Improving access to and quality of education are key goals of the 7th National Social and Economic Development Plan (NSED), 2011–2015 and these goals are formalized in the Education Sector Development Plan (ESDP) 2011–2015, which serves as the overarching framework for sector policies and guides both government policies and programs and development partners' support. Formulation of the next ESDP from 2016–2020 has already started and will only be completed during 2015. This commitment to education has been accompanied by increases in resources devoted to education, but more resources are still needed. The share of the budget for non-salary recurrent expenditures is insufficient. Increasing this share of non-salary operating budget is a key challenge in the near future.

The Global Partnership for Education (GPE) has played a vital role in supporting the implementation of the ESDP. The Education for All – Fast Track Initiative (The EFA-/FTI) program, (GPE I) included a number of activities linked to the ESDP. GPE also supported a comprehensive Mid Term Review (MTR) of the ESDP. The design of the proposed GPE II project builds on the accomplishments of the GPE I program and is aligned with the main recommendations of the MTR as well as the recommendations from the Education Sector Working Group (ESWG). This project will continue to support the implementation of the ESDP 2011-2015 as well as the future ESDP 2016-2020.

Significant challenges remain in the sector, particularly with high early grade drop-out and overall low quality of education. The continued efforts during the last 10 years have led to notable improvements in access to basic education, setting the country on track to meet the MDG target of 98 percent net enrollment rate by 2015. The country is also on track to meet gender parity in early childhood and primary education. However, dropout rates in early grades are still high and as a result, the survival rate to grade 5 (77 percent) is significantly off-track. In addition, the results of the 2012 Early Grade Reading Assessment (EGRA) show low levels of reading ability and comprehension in the early grades. Whereas the gap between home and school language goes a long way in explaining these results, many students of Lao-Tai ethnicity and other ethnic students with stronger Lao language skills also performed poorly in EGRA, suggesting the need to strengthen reading instruction.

Key Challenges for Improving Quality and Equity

The revised sector policy has a clear focus on improving the quality of education and improving equity. The recently issued “Education Quality Standards (EQS) Framework for Primary Education”, articulates for the first time a common vision for school effectiveness, capturing access, equity, quality and management dimensions and being intended to serve as the basis to support school based management.

The effectiveness of schools is currently constrained by insufficient funding. The government introduced school block grants (SBG) in 2011 in order to increase resources at the school level and to reduce the cost of education for communities. However, the grant amount is small and the reliance on communities to fund schools results in large inequalities in availability of resources at the school level.

In addition to insufficient funding, capacity constraints at the district, school and community levels also contribute to poor service delivery especially in disadvantaged districts. Districts, principals and Village Education Development Committees (VEDC) play important roles in managing and supporting schools, but capacity at the local level is low on average and very low in many cases. To date, capacity building has not been systematic. The geographic distribution and the linguistic diversity of the student population also pose a challenge for service delivery and monitoring, reinforcing the need for building capacity at the school and district levels to plan, manage and monitor the use of resources.

School effectiveness is also limited by low transparency and accountability at the school and district levels. Without transparency and accountability (both to the community and to higher levels of government), the definition of the quality standards and the provision of funding to schools is unlikely to have the expected impact on the quality of education. However, currently VEDCs rarely participate in the preparation and monitoring of school development plans and school budgets. The quality and frequency of school reporting to the district level is generally low, with significant variations across districts.

Low performance in reading relates also to limitations in teacher effectiveness, highlighting the need for a better pedagogical approach to teaching reading in Lao language. Effective materials and trained teachers are not widely available and even when they are, the curriculum expectations of the progress in reading and language are overly ambitious. Many children continue their studies even though they fall behind in reading development, and as a consequence their ability to understand the curriculum is very limited. As a majority of students still enters school without any exposure to early childhood education and many enter without previous knowledge of Lao language, a more effective approach to teaching language and reading in primary school is needed.

Addressing crucial constraints to improve the effectiveness of schools, including improving reading instruction, is the focus of this project. In particular, considering the need to prioritize, this project will focus on: (i) increasing funding for non-salary operational budgets, especially at the school level (ii) improving the capacity of district education offices, schools and VEDC for planning, implementing and monitoring, (iii) enhancing reading ability in the early grades to prevent dropout and improving learning outcomes later on.

GPE Partnership and Development Partner Coordination

This project builds on the experiences of the EFA-FTI program (GPE I), and is designed to avoid duplication and ensure complementarity with other development partner supported activities. The project will complement support from other partners to the education sector through both financial and technical support, under the ESDP 2011-2015 and subsequent ESDP 2016-2020, which provides the framework to coordinate development partner support and ensure policy coherence. Consistent with the central importance of school based management and the government priority of improving reading instruction, many development partners are providing support on school-based

management and on reading instruction. In order to ensure complementarities and avoid duplication, the project will support i) jointly developing a common approach to supporting capacity development for school based management for all partners and government support, ii) regular knowledge sharing sessions on lessons learned from implementation of different partners iii) mapping support of different partners to avoid duplication of efforts and iv) integrating DP supported activities of the same nature as those into the project implementation (for example, by providing grants to schools that receive capacity building from other partners)

Relationship to CAS

This project forms a core part of the World Bank Group's 2012-2016 Country Partnership Strategy for Lao PDR, which is closely aligned with the 7th NSEDP. Particularly, it will support the strategic objective of inclusive development as well as the expansion of access to and improvement of quality of primary education. The project supports the Country Partnership Strategy' cross-cutting theme of strengthening country systems and processes, while also supporting the government's efforts to raise the capacity of decentralized education actors.

The project is expected to contribute to the Bank's goals to promote shared prosperity and reduce extreme poverty. The project targets educationally disadvantaged districts initially, which are also the districts with the largest poverty incidence. In addition, it provides additional intensive support to very low performing districts. The provision of more grants and more intensive capacity building in districts lagging in education outcomes, combined with improved reading instruction is expected to lift the quality of education in these districts. In a context of large returns to education, the improvements in attainment and learning outcomes is expected to lead to improvements in income for beneficiaries in the long term. By targeting support to poor and disadvantaged districts, thus, the project is expected to contribute to increased shared prosperity. In addition, the provision of grants is designed to reduce the cost of attending education, which will benefit the poorest segments of the population. Since most of the extremely poor are located in initially targeted districts, the project is expected to reduce extreme poverty and increase shared prosperity in the country.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The objective of the project is to support the Government in improving school effectiveness at the pre-primary and primary education levels.

The effectiveness of schools will be increased by: (i) providing additional grant funding at school and district levels and overall capacity strengthening to manage these resources increase and (ii) enhancing the teaching and learning environment in schools, through improved pedagogies and instructional resources to support early grade reading.

Key Results (From PCN)

The PDO level results indicators are:

- 1) Percentage of schools receiving complementary school grants that meet core Education Quality Standards (EQS)
- 2) Percentage of Grades 1 and 2 students in pilot schools who cannot read a single word
- 3) Percentage of Grades 1 and 2 teachers in target schools who show improvement in pedagogical practice (measured through objective classroom observations)

The monitoring of project indicators will make use of existing data information systems to the extent possible. Some EQS indicators are available through data regularly collected through the Education Management Information System (EMIS) and the Education Financial Reporting System (FRS). When indicators are not available through existing systems, the project will support the addition of new indicators to existing systems when possible. Improvements in reading skills will be measured through an evaluation design that incorporates a baseline and end line EGRA assessment in participating schools, and complemented by the Snapshot of School Management Effectiveness (SSME) tool to capture changes in teacher, principals, pedagogical advisors and VEDCs behavior as a result of project activities. In addition, the project will support monitoring of activities and outputs for each component. Relevant outcome indicators will be disaggregated by gender when possible.

III. Preliminary Description

Concept Description

This proposed program will build on the achievements of the ongoing GPE program. It will support similar goals, utilize approaches and materials developed under the GPE, take account of lessons learned and build directly on its success. The program will bring together key elements of teaching/ learning, budget planning, monitoring and evaluation with a primary focus on empowering school principals and VEDCs to effectively manage their schools.

Rationale for the Program. The government has undertaken many initiatives in order to enhance the planning for and management of the education sector and to improve access and quality. However, these approaches have been largely ‘top-down’ and have not had a clear impact at the school level. The objective of the program is to move towards functional school-based management (SBM) to engage schools and their communities in addressing management and quality issues in primary education.

The program is therefore a systemic national cross-sectoral intervention aimed at strengthening school-based management underpinned by greater inter-governmental and development partner coordination. It has three main themes:

- (i) providing capacity building, and complementary SBG funds to all schools that will reduce barriers to access and increase non-salary resources available to schools;
- (ii) supporting the development and testing of a new reading methodology and associated teacher training program for Grade 1 and 2 students; and
- (iii) developing school budget and financial reporting systems and the data available from the MoES’ Personnel Management Information System (PMIS) and EMIS to improve the monitoring of schools’ use of resources and performance against EQS.

The program will focus on all government primary schools. The interventions will be complementary to other development partner initiatives (Australia, EU, JICA, UNICEF and NGOs) focused on school-based support in selected districts and the Bank-financed program for support to early childhood education. There are four components for the proposed program.

There are four components for the proposed program which are described below.

Component 1: Strengthening School-Based Management (SBM) (approximately US\$11.2 million)

This component is designed to support the use of SBGs to move towards the national implementation of a SBM framework. The concept has been the keystone of the MoES' Education Sector Development Plan, with its emphasis on decentralization and meaningful community participation and has already received support from development partners and some NGOs at provincial and district levels. This program, however, is the first to take it to scale nationwide (alongside other interventions supported by development partners) and provide a comprehensive overall framework for existing and future support at the local level.

The main beneficiary for this component is the school and its community, which is in line with the government's principle of placing schools first. The program will finance: (i) a series of intensive training courses for VEDCs, Parent Associations, School Principals, District Education and Sports Bureau (DESB) and Provincial Education and Sports Service (PESS) staff on school planning, operations and financial management, monitoring and reporting, with a particular focus on planning for and utilizing School Block Grants (SBGs) with reference to achieving national education quality standards; and (ii) provide complementary SBG funds of approximately LAK 35,000 per student per year to all primary schools (to complement the government's SBGs, currently at LAK 50,000) and monitoring grants to DESBs and PESSs.

Component 2 – Improving literacy outcomes and assessment capacity (approximately US\$2.5 million)

This component will contribute to improving literacy outcomes in the early grades of primary education through a combination of innovative, targeted interventions addressing instructional gaps in reading identified in the diagnostic 2012 Lao EGRA. These interventions will train teachers and pedagogical advisors on using the new approach in selected schools and carrying out more effective monitoring of teaching and learning in reading. This approach builds on the successful experience and strong ownership of the Research Institute of Educational Sciences (RIES)—with current GPE financing—to design and administer the Lao EGRA survey, and will complement support to the extended use of EGRA as a monitoring tool. The activities under this component are intended to inform the basic education initiatives on curriculum, student assessment and teacher training to be funded by Australia and other development partners.

This component will include the following activities: (i) the piloting a reading development intervention for Grades 1 and 2 aimed at improving oral reading fluency and comprehension skills in Lao language; (ii) conducting research on challenges of teaching Lao to ethnic students and (iii) strengthening the capacity of the RIES to conduct research activities and assessment.

Component 3 – Support to Systems Capacity Building (US\$2.1 million)

This component will continue to build on the capacity strengthening efforts of the current GPE program. The component will: (i) develop the school-based financial reporting system and improve maintenance of school accounting records, including public disclosure of school funds; and (ii) strengthen EMIS, PMIS, FMIS and FRS capabilities and performance and develop the use of management information in producing evidence-based policy.

Component 4 – Program Management (US\$1.0 million)

This component will support the delivery of the program activities on planning and execution, financial management, procurement, internal audit and monitoring and evaluation. A particular focus will be on strengthening financial management capacity on managing the fund flows and control of the complementary grants to schools. The program will use procurement and financial management procedures used under GPE 1 and will also promote the development of government-wide systems for financial management including the use of school bank accounts for managing all funds from government and GPE.

IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04		x	
Forests OP/BP 4.36		x	
Pest Management OP 4.09		x	
Physical Cultural Resources OP/BP 4.11		x	
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

V. Financing (in USD Million)

Total Project Cost:	16.80	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
Education for All - Fast Track Initiative			16.80
Total			16.80

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