

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA10879

Project Name	Second Global Partnership for Education (P149130)
Region	EAST ASIA AND PACIFIC
Country	Lao People's Democratic Republic
Sector(s)	Primary education (90%), Pre-primary education (10%)
Theme(s)	Education for all (100%)
Lending Instrument	Investment Project Financing
Project ID	P149130
Borrower(s)	Lao People's Democratic Republic
Implementing Agency	Ministry of Education and Sports
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	28-Aug-2014
Date PID Approved/Disclosed	28-Aug-2014
Estimated Date of Appraisal Completion	26-Aug-2014
Estimated Date of First Grant Approval	22-Jan-2015
Decision	The Decision Meeting took place on August 4th, 2014.

I. Project Context

Country Context

With a Gross National Income per capita of US\$1,460 in 2013, up from US\$280 in 2000, the Lao People's Democratic Republic (Lao PDR) is undergoing a sustained economic expansion. The country is richly endowed with natural resources—especially land, forestry, water, minerals—and is in the midst of a fast growing region. Average real Gross Domestic Product growth rate is officially estimated at close to 7.5 percent per year for the past 15 years, moving Lao PDR from lower-income to lower middle-income status. Despite these positive long-term trends in growth, the current macroeconomic situation invites some caution in the short term. A slower growth in public spending is expected in the medium term.

Despite impressive growth, Lao PDR is still one of the poorest countries in Southeast Asia. The country remains in Least Developed Country status and reducing poverty remains a high priority. The national poverty headcount halved from 46 percent in 1992/93 to 23 percent in 2012/13, but the poverty rate in rural areas is still high – almost three times the rate in urban areas. Poverty rates have declined in most provinces over the last five years, but it has increased in others, especially in the southern region. Substantial disparities remain across ethno-linguistic groups.

Sustaining inclusive growth and accelerating poverty reduction hinges partly on achieving

significant improvements in access and quality of education, since the low skills of the labor force are slowing down economic transformation and preventing large segments of the population from benefiting from economic growth. The low level of basic skills in the adult population (starting with literacy) is constraining the move of workers from subsistence agriculture to more productive sectors and jobs, thus slowing down economic growth and poverty reduction. Almost one fourth of poor primary school aged children are not enrolled in school. Improving access to and quality of education for the poor and in rural areas is, thus, fundamental for reducing poverty and sharing economic prosperity more widely.

Sectoral and institutional Context

Lao PDR has recognized 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 (2011–2015) which centered around achieving the Millennium Development Goals by 2015 and graduating from Least Developed Country status by 2020. These goals are formalized in the Education Sector Development Plan 2011–2015, which serves as the overarching framework for sector policies and guides both government policies and programs and development partners' support. The design of the proposed Second Global Partnership for Education project is aligned with the main recommendations of the mid-term review as well as the recommendations from the Education Sector Working Group.

The commitment to education has been accompanied by increases in resources, but there is a need to improve the efficiency of spending and to increase the share of the budget that goes to non-salary operational spending. The Government of Lao PDR has set a target of spending 17 percent of their total budget on education but according to the latest available budget figures, spending is falling behind its target. However, increasing spending alone will not necessarily bridge this financing gap. Spending better is a higher priority, in particular, increasing the share of the budget for non-salary recurrent expenditures, which now only accounts for nine percent of the education budget.

Lao PDR has made significant progress in increasing access to primary education, but a significant share of students still drops out before finishing primary school. The continued efforts during the last 10 years have led to notable improvement in access to primary education, with the net enrollment rate in primary school reaching 96.6 percent in 2012/13. This has set the country on track to meet some Millennium Development Goals, but not others. The Millennium Development Goal 2 target on enrollment and Goal 3 on gender parity in primary education are on track to be met by 2015. On the other hand, the Goal 2 target on survival rates to grade 5 is not on track in large part because of high dropout rates in early grades.

For those who stay in school, learning outcomes at the end of primary education are low – a problem that starts with early grade literacy. The Early Grade Reading Assessment identified weak literacy skills in the first grades of primary education. While 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, suggesting the need to strengthen reading instruction.

Challenges to the delivery of quality education. In-country research suggest that the main factors constraining the delivery of quality of education are related to limited school funding and capacity/

training to allocate the resources based on need, as well as effective teaching and learning at the school level. In 2011/12, the government introduced school block grants to increase resources at the school level and to reduce the cost barriers of education for communities. However, the grant amount is still insufficient to cover operating cost of schools. In addition to the overall funding limitations, the use of resources at the school level is inefficient, mostly because capacity constraints and limited community participation in planning and overseeing schools.

To address the above constraints, this project will focus on: (i) increasing funding for non-salary operational budgets at the school district and provincial levels; (ii) enhancing the capacity of provincial and district education offices, schools and local communities for planning, budgeting and reporting, and (iii) improving teaching practices around reading in Lao language in the early grades, contributing to better reading outcomes, reducing drop-out rates in grade 1 and supporting learning across primary education.

II. Proposed Development Objectives

The objective of the project is to support the Government of Lao PDR in improving pre-primary and primary education quality.

This will be done by: (i) providing additional funding at school, district and provincial levels, as well as strengthening overall capacity to manage these resources to achieve minimum education quality standards and (ii) enhancing the teaching and learning environment in schools through improved teaching practices, instructional resources and analytical products to support early grade literacy.

III. Project Description

Component Name

Component 1: Strengthening School-Based Management

Comments (optional)

This component will support the development of an school based management framework and the strengthening of school based management nationwide.

Component Name

Component 2: Improving Reading Outcomes and Assessment Capacity

Comments (optional)

This component will focus on promoting effective teaching and learning of early grade reading in Lao language.

Component Name

Component 3: Project Management and Monitoring and Evaluation

Comments (optional)

This component will support the delivery of the project activities on planning and execution, financial management, procurement, internal audit and monitoring and evaluation.

IV. Financing (in USD Million)

Total Project Cost:	16.80	Total Bank Financing:	0.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount

Borrower	0.00
Education for All - Fast Track Initiative	16.80
Total	16.80

V. Implementation

The Ministry of Education and Sports is the project executing agency and has final responsibility for project implementation according to agreed administrative arrangements, financial management, procurement practices and applicable safeguards policies. Under the authority of the Ministry of Education and Sports, the Education Sector Development Plan Coordinating Unit in the Department of Pre-Primary and Primary Education will coordinate project activities guided by a Project Steering Committee and a Project Advisory Council, and supported by a Project Working Group. The Ministry of Education and Sports will implement project activities as part of the work of its line departments.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
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

Comments (optional)

VII. Contact point

World Bank

Contact: Pedro Cerdan-Infantes
 Title: Education Economist
 Tel: 5778+8340 /
 Email: pcerdaninfantes@worldbank.org

Borrower/Client/Recipient

Name: Lao People's Democratic Republic
 Contact:
 Title:
 Tel:
 Email:

Implementing Agencies

Name: Ministry of Education and Sports

Contact: H.E. Lytou Bouapao
Title: Vice Minister
Tel: 856-020-55515647
Email: lbouapao@gmail.com

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>