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Report No.: PAD1549

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 24.7 MILLION

(US$35 MILLION EQUIVALENT)

TO THE

UNITED REPUBLIC OF TANZANIA

FOR THE

ZANZIBAR IMPROVING STUDENT PROSPECTS PROJECT

May 20, 2016

Education Global Practice
Africa Region

CURRENCY EQUIVALENTS
(Exchange Rate Effective as of April 30, 2016)

Currency Unit	=	Tanzania Shilling (T Sh)
T Sh 2188.4767	=	US$1
SDR 0.7055199	=	US$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CA	Chief Accountant
CAS	Country Assistance Strategy
CBA	Cost-Benefit Analysis
CSEE	Certificate of Secondary Education Examination
DA	Designated Account
DHS	Demographic and Health Survey
DLI	Disbursement Linked Indicator
EEP	Eligible Expenditure Program
EMIS	Education Management Information System
ESMF	Environment and Social Management Framework
ESMP	Environment and Social Management Plan
FBS	Selection under a Fixed Budget
FM	Financial Management
GPE	Global Partnership for Education
GRS	Grievance Redress Service
IC	Individual Consultant
ICB	International Competitive Bidding
ICR	Implementation Completion and Results Report
ICT	Information and Communication Technology
IFR	Interim Financial Report
IRR	Internal Rate of Return
LCS	Least-Cost Selection
M&E	Monitoring and Evaluation
MKUZA	Zanzibar Strategy for Growth and Reduction of Poverty
MoEVT	Ministry of Education and Vocational Training
MoF	Ministry of Finance
MSE	Math, Science, and English
NCB	National Competitive Bidding
NPS	National Panel Survey
NPV	Net Present Value
PDO	Project Development Objective
PDV	Present Discounted Value
PMU	Project Management Unit
POM	Project Operations Manual
PSLE	Primary School Leaving Examination

QCBS	Quality- and Cost-Based Selection
R4P ELab	Results for Prosperity Education Lab
SACMEQ	Southern and Eastern Africa Consortium for Measuring Educational Quality
SBD	Standard Bidding Document
SIG	School Improvement Grant
SMC	School Management Committees
SUZA	State University of Zanzibar
TA	Technical Assistance
TC	Teacher Center
TESS	Teacher Training for Enhanced Student Support
UNDB	United Nations Development Business
UNICEF	United Nations Children's Fund
USAID	U.S. Agency for International Development
ZBEIP	Zanzibar Basic Education Improvement Project
ZEDP	Zanzibar Education Development Program
ZISP	Zanzibar Improving Student Prospects

Regional Vice President:	Makhtar Diop
Country Director:	Bella Bird
Senior Global Practice Director:	Claudia Maria Costin
Practice Manager:	Sajitha Bashir
Task Team Leader:	Shwetlena Sabarwal

UNITED REPUBLIC OF TANZANIA
Zanzibar Improving Student Prospects Project (P153277)

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PROJECT APPRAISAL DOCUMENT

AFRICA

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Basic Information			
Project ID P153277	EA Category B - Partial Assessment		Team Leader(s) Shwetlena Sabarwal
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints [ ] Financial Intermediaries [ ] Series of Projects [ ]		
Project Implementation Start Date 13-June-2016	Project Implementation End Date 31 July 2021		
Expected Effectiveness Date 13-Sep-2016	Expected Closing Date 31 July 2021		
Joint IFC No			
Practice Manager/Manager Sajitha Bashir	Senior Global Practice Director Claudia Maria Costin	Country Director Bella Bird	Regional Vice President Makhtar Diop

Borrower: The United Republic of Tanzania			
Responsible Agency: Ministry of Finance and Planning			
Contact:	Dr. Servacius B. Likwelile	Title:	Permanent Secretary and Paymaster General
Telephone No.:	+255 754088250	Email:	sblikwelile@yahoo.com

Project Financing Data(in USD Million)					
[ ]	Loan	[ ]	IDA Grant	[ ]	Guarantee
[X]	Credit	[ ]	Grant	[ ]	Other

Total Project Cost:	35.00	Total Bank Financing:	35.00
Financing Gap:	0.00		

Financing Source	Amount
BORROWER/RECIPIENT	0.00
International Development Association (IDA)	35.00
Total	35.00

Expected Disbursements (in USD Million)

Fiscal Year	2017	2018	2019	2020	2021	2022	0000	0000	0000	0000
Annual	7.00	8.00	8.00	8.00	4.00	0.00	0.00	0.00	0.00	0.00
Cumulative	7.00	15.00	23.00	31.00	35.00	35.00	0.00	0.00	0.00	0.00

Institutional Data

Practice Area (Lead)

Education

Contributing Practice Areas

Cross Cutting Topics

[ ] Climate Change
[ ] Fragile, Conflict & Violence
[ ] Gender
[ ] Jobs
[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Education	Primary education	30		
Education	Secondary education	70		
Total		100		

☑ I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.

Themes

Theme (Maximum 5 and total % must equal 100)

Major theme	Theme	%
Human development	Education for all	100
Total		100

Proposed Development Objective(s)	
To improve the quality of: (a) instruction; and (b) learning environment in targeted grades and targeted subjects.	
Components	
Component Name	**Cost (USD Millions)**
Effective Math, Science, and English Instruction	9.00
Improved School Autonomy and Learning Environment	9.00
Hubs for Enhanced Math, Science, and English Learning	11.50
Systems Transformation and Project Management	3.70
Unallocated	1.80

Systematic Operations Risk- Rating Tool (SORT)	
Risk Category	**Rating**
1. Political and Governance	Substantial
2. Macroeconomic	Moderate
3. Sector Strategies and Policies	Low
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Low
9. Other	
OVERALL	Substantial

Compliance	
Policy	
Does the project depart from the CAS in content or in other significant respects?	Yes [ ] No [X]
Does the project require any waivers of Bank policies?	Yes [ ] No [X]
Have these been approved by Bank management?	Yes [ ] No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ] No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X] No [ ]

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**

Legal Covenants

Name	Recurrent	Due Date	Frequency

Description of Covenant

Conditions

Source Of Fund	Name	Type
IDA	Subsidiary Agreement - Execution	Effectiveness

Description of Condition

Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.

Source Of Fund	Name	Type
IDA	Subsidiary Agreement - Authorization	Effectiveness

Description of Condition

Subsidiary Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.

Source Of Fund	Name	Type
IDA	Disbursement Condition 1	Disbursement

Description of Condition

Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

Source Of Fund	Name	Type
IDA	Disbursement Condition 2	Disbursement

Description of Condition

No withdrawal shall be made under Category 1:
(a) for purposes of Section 2.05 of the General Conditions, for payments for DLRs made prior to the date of this Agreement;

(b) for any DLR unless and until the Project Implementing Entity has furnished evidence satisfactory to the Association that said DLR has been achieved and verified

Source Of Fund	Name	Type
IDA	Disbursement Condition 3	Disbursement

Description of Condition

If the Association is not satisfied that any of the DLRs have been achieved by the date by which the said DLRs are set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: authorize the withdrawal of such lesser amount or withhold, reallocate, or cancel all or a portion of the proceeds of the Financing then then allocated to said DLR(s)

Source Of Fund	Name	Type
IDA	Disbursement Condition 4	Disbursement

Description of Condition

If after the Closing Date, the Project Implementing Entity has failed to provide evidence satisfactory to the Association in relation to Category 1 that the Withdrawn Financing Balance does not exceed the total amount of Eligible Expenditures Programs paid by the Project Implementing Entity, the Recipient shall refund to the Association such excess amount of the Withdrawn Financing Balance

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Shwetlena Sabarwal	Team Leader (ADM Responsible)	Senior Economist		GED01
Gisbert Joseph Kinyero	Procurement Specialist (ADM Responsible)	Senior Procurement Specialist	Procurement Specialist	GGO01
Michael Eriu Okuny	Financial Management Specialist	Sr Financial Management Specialist	Sr. Financial Management Specialist	GGO31
Arundhati Inamdar Willetts	Safeguards Specialist	Consultant	Consultant	GENDR
Christiaan Johannes Nieuwoudt	Team Member	Finance Officer	Finance Officer	WFALA
Christine Agnes Nabaloga	Safeguards Specialist	Consultant	Consultant	GSU07
Corinna Rose Bordewieck	Team Member	Consultant	Consultant	GED01
Ishanlosen Odiaua	Safeguards Specialist	Consultant	Social Safeguards	GEN05

Jane A. N. Kibbassa	Safeguards Specialist	Senior Environmental Specialist	Sr. Environmental Specialist	GEN01
Mary C.K. Bitekerezo	Safeguards Specialist	Senior Social Development Specialist		GSU07
Mugambi Mugisha Mwendia	Team Member	Finance Analyst		WFALA
Nkahiga Mathus Kaboko	Team Member	Education Spec.	Education Specialist	GED01
Rachel Danielle Cooper	Team Member	Consultant		GEDDR
Ruma Tavorath	Safeguards Specialist	Environmental Specialist	Environmental Specialist	GEN07
Zoe Kolovou	Team Member	Lead Counsel		LEGAM

Extended Team

Name	Title	Office Phone	Location
Andreas Blom	Lead Economist		
Surendra Agarwal	Consultant		

Locations

Country	First Administrative Division	Location	Planned	Actual	Comments

I. STRATEGIC CONTEXT

A. Country Context

1. **Zanzibar, a semiautonomous region of the United Republic of Tanzania, exhibits strong economic prospects but also potential economic vulnerabilities.** Over the past decade, Zanzibar's economic growth has averaged about seven percent per year. Its tourism sector is booming and oil and gas exploration are underway. With a median age of 17 years, Zanzibar has a young population, signifying the potential for demographic dividends. However, the fiscal situation in Zanzibar is somewhat precarious in the face of declining commodity prices, over-optimistic budgeting, and a high wage bill. Also, rapid population growth[1] has impeded poverty reduction[2] and posed challenges for youth employment and provision of social services.

2. **Notably, youth are currently being left out of Zanzibar's economic transformation.** Despite steady economic growth, the labor market prospects for young people continue to be bleak. Youth unemployment rate (15-35 years old) on the island is 31.3 percent and young people constitute the majority share of the underemployed and economically inactive.[3] At the same time, firms in newly emerging sectors have difficulty finding qualified personnel. Zanzibar's expanding tourism industry, which caters to about 181,000 tourists annually, employs only 13,500 locals. The remaining workforce needs are met by importing labor from mainland Tanzania and other countries. Local Zanzibaris are particularly under-represented at the management level in tourism and other sectors[4].

3. **For Zanzibar's economic development, it is critical to improve the labor market prospects of local youth.** With more than 40 percent of the population under the age of 15, equipping its young people for the labor market is imperative for future growth and poverty reduction in Zanzibar. This will not only produce direct economic returns but also generate urgently needed economic and social dividends through reduced fertility, improved business environment, higher rates of technology adoption and innovation, increased social cohesion, and reduced likelihood of youth unrest.

B. Sectoral and Institutional Context

4. **Skills acquired during secondary education are crucial for creating work-readiness among young people**. The cognitive as well as behavioral and socio-emotional skills acquired in school are necessary for graduates to get, keep, and be productive in a job.[5] In addition, business skills are also correlated with school education due to the centrality of basic cognitive skills. Overall, higher levels of education achievement and cognitive skills are associated with the employment of a larger share of youth in modern wage jobs outside of agriculture[6]. Not only does secondary education lead to these direct labor market dividends, it also produces important social

[1] Zanzibar's population is 1.4 million and the current rate of population growth is 2.8 percent
[2] Population below basic needs poverty line was 44 percent in 2010 (Household Budget Survey 2009-2010)
[3] Tanzania Integrated Labor Force Survey, 2006.
[4] Skills Gaps in Zanzibar, 2014. Voluntary Service Organization
[5] Filmer, Deon, and Louise Fox, 2014. *Youth Employment in Sub-Saharan Africa*. World Bank.
[6] Lee, Jean N., and David Newhouse, 2012. "Cognitive Skills and Youth Labor Market Outcomes." *World Development Report 2013: Jobs*. Background Paper, World Bank, Washington, DC.

returns through reduced fertility, greater agency for women, and improved health and education outcomes for the next generation.[7]

5. **Quality secondary education is particularly important for labor market success in Zanzibar given the structure of its economy.** The largest share of Zanzibar's gross domestic product comes from the services sector (42.3 percent). Further, compared to mainland Tanzania, in Zanzibar a much larger share of salaried workers are medium to high skilled workers, signaling a larger demand for this skills profile.[8] Secondary education is the most common level of employee education across firm sizes in Zanzibar, indicating that firms are actively recruiting employees at this skill level. Local secondary schools are the primary source for secondary school level skills for most of the firms in Zanzibar (77 percent).[9]

6. **Math, Science, and English (MSE) skills are especially in demand.** In Zanzibar, a very large share of firms report a deficit for 'Computers and General Information Technology' skills - up to 85 percent of the firms indicate that among their employees, this skill is below the firms' needs. English skills are also inadequate for 50 percent of the firms, along with writing (37 percent) and problem solving (31 percent). These types of skills have strong prerequisites in terms of lower secondary-level MSE acquisition.

7. **In January 2015, the president of Zanzibar announced the revival of free basic education in Zanzibar,** thereby committing to the abolishment of fees at the primary and secondary levels. In July 2015, voluntary parental contributions were abolished for all primary schools and a commitment was made to provide these schools with adequate school grants. However, fiscal constraints have prevented the abolishment of voluntary contributions and provision of capitation grants for secondary schools.

8. **The abolishment of school fees is expected to lead to enrollment increases of about 15-25 percent in secondary schools,** over the three to four year period following the implementation of the policy. This would translate into 100-140 additional students per lower secondary school and will likely lead to perceptible declines in education quality unless additional classrooms are provided.

9. **Secondary schools are currently heavily congested in some areas – a situation that will worsen considerably** with population growth, improving primary completion rates, and enrollment increases owing to the free basic education policy. In 2015, 12 percent of secondary schools had more than 70 students per classroom. Nearly half of all secondary schools are already running double shifts. Pressures on school infrastructure continue to increase given the high population growth rate – it is estimated that at least 150 additional classrooms will be needed per year up to 2020 to cope with student numbers in secondary schools. With the implementation of the free basic education policy, the situation is likely to become extremely grave.

10. **Zanzibar's education system is currently failing to deliver on potential labor market returns for youth.** This can be seen in two interrelated issues at the secondary level: (a) high rates

[7] World Bank, 2012. *World Development Report: Gender Equality and Development*
[8] Tanzania National Panel Survey (NPS), 2015.
[9] World Bank, 2015. Tanzania Enterprise Survey and Skills.

of student dropout before secondary completion; and (b) low attainment of labor market relevant skills. These issues arise out of entrenched failures in education service delivery in Zanzibar.

11. **Zanzibar's education system includes 12 years of compulsory education.[10]** These are divided into three levels: pre-primary (two years), primary (six years), and ordinary secondary (four years with two years of lower secondary (Forms 1 and 2). After ordinary secondary, students move to the advanced secondary level. Student flow through primary and secondary levels is managed through three high-stakes exams: (a) exit exam from primary (Standard 6 exam); (b) exam during lower secondary (Form 2 exam); and (c) exit exam from secondary (Form 4 exam). English is introduced as the language of instruction at the end of primary (Standard 5).

12. **The system faces high student dropout rates before successful secondary completion.** In Zanzibar, student retention is particularly problematic in secondary grades. In 2013, for every 100 students entering secondary school, only about 50 reached the end (Form 4), with a large share dropping out right after the Form 2 exam. Consequently, about 31 percent of Zanzibaris ages 14 to 19 years are out of school, amounting to nearly 58,000 youth. Students who drop out before completing secondary education are unable to tap into the high economic returns of secondary education in the labor market. For women, these high dropout numbers often signify early marriage, teenage pregnancy, and high lifetime fertility.

13. **High dropouts are partly linked to the high cost of schooling**. Parents are required to provide voluntary contributions pegged approximately at US$2 for primary, and US$3 for lower secondary. However, actual amounts are usually much higher because schools can decide to increase the amount to an agreed reasonable level, reaching in some cases up to US$24. As a consequence, dropouts are significantly higher for poorer households. Against this background, economically constrained households will be particularly unwilling to invest in education if children fail to pass critical exit examinations.

14. **Quality of education provision is currently low in labor-market relevant MSE skills.** According to the Southern and Eastern Africa Consortium for Measuring Educational Quality (SACMEQ) 2007, almost 73.4 percent of Standard 6 students were below beginning numeracy levels. Also, very few students are able to pass secondary school exit examinations in Math and Science. In 2013, average student scores in Math were only 10.3 percent in the Primary School Leaving Examination (PSLE) and 6.5 percent in Certificate of Secondary Education Examination (CSEE). Consequently, enrollment in Science and Technology courses at the post-secondary level remains extremely low. Such low acquisition of Math and Science competencies is seen by the Government as a significant constraint to (a) the earning potential of secondary school graduates; (b) job creation for the local population; (c) meeting workforce needs for business growth and innovation; and (d) overall growth prospects of the economy.[11]

15. **Problems of low attainment of labor market relevant skills and high dropouts are driven by (a) low quality of instruction and (b) a non-supportive learning environment.**

[10] There were only ten years of compulsory education under the previous system. The last cohort studying under the previous system will move to secondary education in 2016 (as part of a double cohort).
[11] Teacher Management Study, 2013, Ministry of Education and Vocational Training, Zanzibar

Low Quality of Instruction

16. **There is a severe shortage of Math and Science teachers.** Estimates show that the system is short of 494 Science and Math teachers.[12] In 2014, only 47 percent of Math teachers and 57 percent of Physics teachers were qualified to teach at their assigned level.[13] This relates to the overall shortage of Science and Math graduates from Zanzibar's education system—a pattern that reflects a vicious cycle. Under the Zanzibar Basic Education Improvement Project (ZBEIP), a new teacher training college for Math and Science was constructed in Pemba but enrollment has been low because of a shortage of candidates who meet minimum entry requirements.

17. **Qualitative data[14] suggests problems of English proficiency among teachers.** There is an abrupt shift to teaching in English in Standard 5, for which most teachers are neither prepared nor equipped. Efforts to improve English proficiency of Math and Science teachers under the ZBEIP were only partially successful because of delays in Project implementation and centralized training approaches[15]. Lessons learned from this experience can be leveraged for increasing the effectiveness of training provision for teachers.

18. **There are significant margins for strengthening teacher motivation and accountability.** Data from school visits in 2015 showed that about 60 percent of teachers were absent for at least one day in the past week. Further, about 20 percent of schools visited during a recent field survey claimed that they had not received a supervisory visit from the district administration in years.[16] Administrative reports also show that a large share of schools are not visited by school inspectors even once during the course of a year. This suggests problems of teacher accountability, supervision, and monitoring at the system level.

19. **Schools appear to be resource constrained in their day-to-day functioning.** Ministry of Education and Vocational Training (MoEVT) pays for textbooks and salaries of teachers. However, operational expenses are funded by parents through 'voluntary contributions'. This not only leads to significant constraints and uncertainties in school functioning but is also likely to negatively impact attendance of poor students. With the recently announced policy of free basic education, primary schools expect to receive capitation grants in 2016. However, no plans for provision of capitation grants for secondary schools have been announced for now, due partly to fiscal constraints and lack of implementation readiness.

20. **Despite infrastructure improvements through ZBEIP, crowded classrooms and shortages of facilities for practical science training in many schools continue to impact learning.** Almost 50 percent of schools do not have access to any science labs. The lack of opportunities for practical science lessons has been identified as a critical contributing factor for

[12] At the same time, there is an excess supply of Arts teachers
[13] Zanzibar Educational Statistical Abstract, 2013
[14] Focus groups discussions with students and teachers (August 2015)
[15] For more details see Section III.C and Annex 7
[16] World Bank led data collection, March 2015.

low student performance in science exams, especially at Forms 2 and 4, and the consequent high dropout rates.[17]

21. **Global evidence shows the potential of school infrastructure improvements to raise learning outcomes.[18]** In Burkina Faso, the construction of schools with girl-friendly amenities improved enrollment and test scores for all children.[19]. Through the provision of classrooms and resources in an innovative and cost-efficient way – with facilities that allow students to learn at their own pace and teachers to properly assess student learning – Zanzibar can adopt a transformative approach to reducing over-crowding in schools and improving the quality of education delivered in secondary schools.

Non-supportive Learning Environment

22. **Learning gaps go mostly undetected.** Despite significant learning challenges, there are no mechanisms and/or incentives for systematically identifying and correcting learning gaps. Due to a policy of more-or-less automatic progression and no systematic support for formative assessments, learning gaps are allowed to go undetected for a large part of students' schooling.

23. **Eventually students face high-stakes exams.** Students who have been progressing through the system without much learning are subsequently weeded out in large numbers through high-stakes curriculum-based exams at the end of primary (Standard 6) or lower secondary (Form 2). The Form 2 exam is particularly challenging because students would have just started using English as a language of instruction (Standard 5) and taking on more subjects (Form 1). Students who fail these exams generally drop out of school—student survival rates drop by nearly 50 percent between Forms 2 and 4.

24. **Hence, the system combines high-stakes testing with a general absence of support for students who struggle or fall behind.** In addition to high-stakes exams, young adolescents in the system facing important life transitions are simultaneously faced with several challenges both academically (as outlined above) and at home where there are increased pressures for boys to join the labor market and for girls to get married.

25. **For students, this means low economic prospects despite spending several years in the education system.** The majority of students who fail in Form 2 leave the system without any formal credentials and thus have limited chances of entering formal sector jobs. This large stock of young people, with very rudimentary skills, will remain in the labor force for a long time. This explains why youth are currently unable to participate in Zanzibar's economic progress.

[17] Focus group discussions with students (August 2015) show that this compromised access to labs is not only negatively impacting student performance but also their interest, confidence, and aspiration with respect to careers in Science, Technology, Engineering, and Math.

[18] Woolner, P., E. Hall, S. Higgins, C. McCaughey, and K. Wall. 2007. "A Sound Foundation? What We Know About the Impact of Environments on Learning and the Implications for Building Schools for the Future." *Oxford Review of Education* 33 (1): 47–70.

[19] Kazianga, H., D. Levy, L. L. Linden, and M. Sloan. 2012. *The Effects of "Girl-Friendly" Schools: Evidence from the BRIGHT School Construction Program in Burkina Faso* (No. w18115). National Bureau of Economic Research.

The Government's Response

26. **The 2006 Zanzibar Education Policy focuses on increasing both access and quality of education, with the goal of better preparing Zanzibaris for the workforce.** To this end, the policy especially emphasizes the importance of boosting performance in MSE. The Zanzibar Education Development Program (ZEDP) 2008/09–2015/16 is the main vehicle through which the MoEVT—in partnership with development partners, civil society, and private organizations—is implementing these goals.

27. **World Bank engagement has aided this effort under ZBEIP, which aimed at increasing access to quality secondary education.** The activities supported by ZBEIP had significant impact on secondary education, particularly through the provision of infrastructure and distribution of learning materials. This support has been greatly valued by the Government of Zanzibar and provides a strong foundation on which to build the second generation of reforms/ interventions that aim at strengthening the link between education and the labor market.

28. **The next education development program—ZEDP 2016–2020—is currently under preparation.**[20] This will align domestically with the Zanzibar Strategy for Growth and Reduction of Poverty III (MKUZA III) and internationally with the incorporation of the Sustainable Development Goals for education. The Zanzibar Improving Student Prospects (ZISP) Project design is based on the articulated priorities for ZEDP 2016–2020 and will form an important part of its delivery.

29. **A key ingredient of ZEDP 2016–2020 will be the newly announced policy of free basic education** through the abolishment of 'voluntary parental contributions' at primary and secondary levels. The ZISP design explicitly supports the implementation of this policy, especially for secondary schools where the Government is currently unable to provide capitation grants due to fiscal and implementation constraints.

30. **ZISP support is being designed not just to align with Government priorities but also to complement support from other donors.** Several donors are supporting early childhood development[21] and lower primary education.[22] Also, support for skills training for out-of-school youth is being provided through the African Development Bank. However, education delivery in upper primary and lower secondary remains relatively unsupported. This is a concern, given that these student cohorts would be joining the labor market shortly and would, therefore, significantly impact Zanzibar's economic and social development. Hence, the marginal economic (and social) returns to equipping these young people with marketable skills appear very high.

[20] ZEDP 2016–2020 will be designed through the Results for Prosperity Education Lab (R4P ELab) which will ensure broad-based stakeholder participation in the design process.
[21] Donors in this area include the Global Partnership for Education (GPE), Aga Khan Foundation, United Nations Children's Fund (UNICEF), and Milele Foundation.
[22] Donors in this area include the GPE; U. S. Agency for International Development; Swedish International Development Cooperation Authority; Educate a Child – Qatar; and Organization of the Petroleum Exporting Countries (OPEC) Fund.

C. Higher Level Objectives to which the Project Contributes

31. **The higher-order objective is to improve the labor market prospects of students through increased attainment of MSE skills and increased secondary completion.** These are slated as higher order objectives because a four-year time horizon might not be sufficient to detect significant impacts on student learning. In addition, student performance and retention are heavily dependent on household and contextual factors outside of the Project's ambit of influence. Project development objective (PDO) indicators include measurable outcomes that are significantly predictive of skills acquisition. Student learning outcomes and rates of student retention will, also be closely tracked, at a disaggregated level, throughout the Project lifecycle.

32. **The Project directly supports the Zanzibar 2006 Education Policy which aims at better preparing Zanzibaris for the workforce.** It is designed to also intensively support the new Government policy on free basic education through (a) school grants and other support to secondary schools so that the Government's objective of abolishing secondary school fees can be met in the short term; and (b) focused support to ensure that quality of education service delivery—especially for labor market relevant skills—improves even as access is expanded.

33. **The Project is closely aligned with the Bank Group's Country Assistance Strategy (CAS)** 2012–2015. Access to and quality of education are a part of key outcomes laid out in the CAS, which emphasizes four strategic objectives: (a) promote inclusive and sustainable private sector-led growth; (b) build infrastructure and deliver services; (c) strengthen human capital and safety nets; and (d) promote accountability and governance. The Project will contribute to elements (b), (c), and (d) of the CAS.

34. **Given its focus on improving the quality of instruction and support students receive, the Project will support the World Bank's goals of ending extreme poverty and boosting shared prosperity.** The Project is likely to directly reduce poverty by improving the economic returns to school education, particularly for the poorest section of the population, which is significantly more likely to drop out before secondary completion. Secondary education of girls is also linked to reduced fertility, which is expected to be a critical ingredient for Zanzibar's poverty reduction efforts. Also, high-quality education is linked with productivity growth, which can contribute to shared prosperity.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

35. The PDO is to improve the quality of: (a) instruction; and (b) learning environment in targeted grades and targeted subjects.

36. The targeted grades are upper primary and lower secondary (Standard 5-Form 2) and the targeted subjects are Math, Science, and English.

Project Beneficiaries

37. The primary beneficiaries will be the students in upper primary and lower secondary grades. The Project will also benefit teachers, head teachers, and the MoEVT staff. In total, the project is expected to benefit about 170,000 individuals over the five year implementation period.

PDO Level Results Indicators

38. The PDO-level results indicators are provided in Table 1 (detailed definitions in Annex 1).

Table 1. PDO-level Results Indicators

No	Outcome Indicator	Measurement
1	Targeted teachers exhibiting proficiency in Math (%)	Teacher tests
2	Targeted teachers exhibiting proficiency in Science (%)	
3	Targeted teachers exhibiting proficiency in English (%)	
4	Targeted schools that have access to enhanced learning facilities and resources (%)	EMIS data

Note: EMIS = Education Management Information System.

III. PROJECT DESCRIPTION

A. Project Components

39. For PDO achievement, the Project aims to provide a cost-effective model for the Government to implement its universal secondary education policy by (a) focusing on the most critical subjects in terms of labor market relevance; (b) improving teacher quality in these three subjects through a different approach; (c) addressing incentive and accountability issues; and (d) developing a lower cost approach to infrastructure provision, particularly for Science teaching.

40. Accordingly, the Project has four components:

1. Component 1: Effective Math, Science, and English Instruction
2. Component 2: Improved School Autonomy and Learning Environment
3. Component 3: Hubs for Enhanced Math, Science, and English Learning
4. Component 4: Systems Transformation and Project Management

41. Two of the Project components, Components 1 and 2, totaling US$18 million, will be results-based. The remaining two components, Components 3 and 4, totaling US$15.2 million, will be inputs based. At this stage, approximately US$1.8 million will be left unallocated. Based on the implementation experience in Years 1 and 2, this unallocated amount will be absorbed into the component(s) most likely to have the biggest impact on PDO achievement through implementation in Years 3 and 4.[23]

42. **Project components are aligned and interlinked—at different levels of service delivery—for PDO achievement,** as seen in Table 2 below (for full Results Chain see Annex 1)**.**

[23] This unallocated amount will also serve as contingency for potential cost overruns, especially for Component 3, which involves construction of facilities.

Table 2: Project Design Summary

	Improve Quality of Instruction	Improve learning environment	Higher order objective
Effective MSE Instruction	- Supply of trained Math and Science teachers increased - Teacher English proficiency and pedagogical skills enhanced	Teachers trained to resolve learning gaps early and provide guidance and counselling to improve students' socio-emotional readiness for the labor market	Improved labor market prospects of students through (a) higher rates of lower secondary completion and (b) increased attainment of MSE skills
	- Improved teacher inspections and teacher performance management improves incentives and accountability around quality of instruction		
Improved School Autonomy and Learning Environment	- Schools incentivized to improve quality of instruction through performance-based grants	- Financial constraints to schooling eased - Schools given resources to implement extra classes and student guidance and counselling	
Hubs for Enhanced MSE Learning	- Reduce overcrowding in classes - More resources for teacher preparation	- Space and equipment for extra classes to directly address learning gaps - Student access to effective learning materials increased	
Systems Transformation and Project Management	- Reforms to planning and monitoring systems so student learning can be tracked at both central and school levels	- Support to help mainstream ESS at the school level - Examination reform to shift the education system from punitive to supportive	

43. **Component 1: Effective Math, Science, and English Instruction (US$9 million equivalent).** This component aims to fundamentally transform the way in which MSE is taught in upper primary and lower secondary grades. This will be done through a cohesive set of interventions that together address constraints in three key domains—availability of trained teachers, teacher skills, and teacher incentives and accountability structures. Accordingly, the component includes three types of activities: (a) retraining of selected in-service teachers to increase the supply of Math and Science teachers in lower secondary grades; (b) training of all MSE teachers in targeted grades in enhanced student support; and (c) teacher management reforms to strengthen teacher accountability and motivation structures.

44. *Re-training to increase the supply of Math and Science teachers.* This activity will help alleviate the acute shortage of Math and Science teachers for lower secondary grades by supporting the Government's efforts to correct subject specialization mismatches in the form of undersupply of Math and Science teachers and oversupply of Arts teachers. About 600 lower secondary Arts teachers will be re-trained to teach lower secondary Math and Science[24]. Eligible teachers for this re-training have been identified based on baseline aptitude and interest[25]. Teachers who successfully finish the training and are able to adequately reflect it in their classroom teaching will be entitled to the diploma and salary/benefits enjoyed by regular Science and Math teachers. This commitment will be formalized through a government order which has been included as a Project

[24] The option of deploying primary level Science and Math teachers for lower secondary Science and Math was considered. However, this option was rejected due to potential supply constraints at the primary level.
[25] A large share of these teachers have been teaching Math and Science to lower secondary grades on an ad hoc basis.

disbursement linked indicator (DLI). Resultant improvements in teacher proficiency in Math and Science will also be promoted through Project DLIs.

45. *Teacher Training for Enhanced Student Support (TESS).* This in-service training aims to improve pedagogy, increase teachers ability for early resolution of learning gaps, and provide guidance to improve students' socio-emotional readiness for the labor market. It will focus on five dimensions: (a) supporting lagging students through extra classes and tutoring; (b) formative student assessments (including provision of item banks); (c) student counselling and guidance; (d) overall pedagogy; and (e) English proficiency. This training will be given to all MSE teachers teaching upper primary and lower secondary classes (Standard 5-Form 2). Resultant improvements in teachers proficiency in English will be promoted through Project DLI.

46. Both re-training and TESS are designed as a series of short-term, cluster-based, in-service training courses delivered through the 12 existing Teacher Centers (TCs) to which each primary and secondary school in Zanzibar is mapped[26]. The TCs will serve as resource centers not just for providing the training but also for follow-up support, mentoring, coaching, and refreshers. Mechanisms will be instituted to reflect resulting pedagogical improvements in teachers' performance evaluations and professional development.

47. *Teacher management reform***.** These activities will focus on improving the incentives and accountability structures teachers face and tie them more directly to the quality of instruction. It will include the following*:*

- *Teacher inspection reform*: (a) school inspectors and head-teachers will be trained and resourced to better measure/track instructional quality; (b) frequency of inspections will be increased; and (c) feedback loops between inspectorate and schools will be strengthened (with support from data platforms created under Component 4).
- *Teacher performance-management reform*: Annual recognition awards will be given to best-performing teachers – in terms of instructional quality and student support - at the school and district level. In addition, the Project will help facilitate reforms to the teacher Scheme of Service so that teacher promotion becomes more directly performance-based. Project DLIs will disburse against evidence of annual school-level inspections and provision of teacher awards.

48. **Component 2: Improved School Autonomy and Learning Environment (US$9 million equivalent).** The main objective of this component is to equip schools with autonomy, resources, and incentives to improve the quality of instruction and learning environment. To this end, school improvement grants (SIGs) will be provided which are expected to facilitate removal of charges to parents in secondary schools (in support of the Government's policy of free basic education) and provide additional resources and incentives at the school level to improve their learning environment in the face of expanding access.

49. The SIGs will have two parts: (a) a *Base School Improvement Grant* which will be delivered to all schools on a per capita basis tied to the number of students enrolled in secondary grades[27] and (b) a *Performance-Based Top-Up Grant* which will be awarded to schools exhibiting

[26]Review of TC implementation capacity provided in Annex 7

[27] This grant is designed and calibrated to mimic Government's proposed capitation grant for secondary schools.

strongest performance improvements in Standard 6 and Form 2 exams in MSE. Schools will be provided with a broad and flexible menu of options on how they can use the grants[28]. Project DLIs will disburse against evidence of SIG disbursement to schools. This component will also explicitly support capacity building of School Management Committees (SMCs) and community outreach to strengthen social accountability mechanisms.

50. **Component 3: Hubs for Enhanced Math, Science, and English Learning (US$11.5 million equivalent).** The main objective of this component is to support the impactful provision of learning facilities/resources for improved MSE achievement. It will include building and equipping 159 additional classrooms and MSE learning spaces[29] in 25 existing secondary schools to reduce overcrowding and promote MSE learning. Each site will serve as a hub for neighboring schools, thereby ensuring that the component reaches 75-100 lower secondary schools. Selection of sites is based on needs-based criteria (see Annex 6 for details).

51. It is expected that the proposed facilities/resources will not only increase student achievement directly but also have positive impacts on student motivation, effort, and aspirations. Cost-effectiveness and efficiency will be maximized by (a) using a cluster-based approach and making facilities multipurpose; and (b) leveraging latest technological advances to reduce unit costs. Recurrent operating costs of laboratory blocks will be financed through SIGs (and secondary school capitation grants after Project completion). Outreach activities targeted at school administrators, teachers, and students will be implemented to ensure that all physical facilities are used for maximum learning impacts and align well with other Project components.

52. **Component 4: Systems Transformation and Project Management (US$3.7 million equivalent).** This component will focus on four areas: (a) examination reform; (b) education systems planning; (c) strengthening data systems and supporting Project M&E; and (d) Project implementation support. Outcomes associated with (a), (b), and (c) are included in Project DLIs.

53. *Examination reform***.** This area aims to improve student assessment activities in Zanzibar through (a) training and equipping of the Zanzibar Examination Council on Form 2 exam creation, administration, marking, and analysis; (b) development and dissemination of item banks for MSE for Standard 5 – Form 2 that can be used both at the central and school levels in setting formative assessments; (c) generation of automated, standardized school- and student-level reports providing subject disaggregated data on student exam performance; and (d) improvement in Form 2 exams through an evaluation of its format and content structure, outreach to teachers and students, and instituting a Form 2 certificate to serve as a credible labor market signal.

54. *Education systems planning.* The Project will help finance the creation of ZEDP 2016-2020 through the Results for Prosperity Education Lab (R4P ELab) which will bring together representatives from across the line ministries, private sector, donor partners, non-government organizations, teachers union, and civil society. The component will also support key foundational

[28] A review of implementation capacity around SIGs is provided in Annex 7

[29] These include 75 classrooms and 84 MSE rooms (Science room, language lab, information and communication technology [ICT] facilities, and room for extra classes and/or teacher preparation)

work related to Components 1 and 2 – including creation of training material, undertaking needs assessment at the school level, collection of required baseline data, and training of trainers.

55. *Strengthening data systems and supporting Project M&E*. This includes (a) creation of comprehensive interlinked databases—teacher information system (including an inspection platform) and examination database; (b) dissemination of Education Management Information System (EMIS) database information at all levels through education abstracts and school reports; and (c) Project-related data collection, including for impact evaluation, independent verification, and direct beneficiary feedback. Support in this area will be carefully harmonized with support from other donor partners to avoid fragmentation and maximize complementarities.

56. *Project implementation support.* This will finance activities related to design and implementation support, including: (a) project design and implementation support; (b) design and supervision of construction activities; (c) comprehensive end-to-end capacity building on school grants; and (d) Project-related communication and sensitization.

B. Project Financing

57. The proposed Project is a US$35 million equivalent Investment Project Financing. Two of the Project components will be results based. Under Components 1 and 2, credit disbursements will reimburse Government expenditures incurred in selected key education budget line items referred to as Eligible Expenditure Programs (EEPs). Government expenditures to be used as EEPs are salaries of teachers and staff in primary and secondary schools and the MoEVT. The amount of disbursements will be contingent on the satisfactory achievement of agreed-upon, pre-specified Project implementation progress and performance results related to the initiatives mentioned in the previous section, referred to as DLIs and presented in Table 2 in Annex 1. The World Bank's guidelines on financial management (FM) and procurement will be applicable to the EEPs and Components 3 and 4.

Table 3: Project Cost and Financing

Project Components	Project Cost (US$, millions)	IDA Financing (US$, millions)	% Financing
1. Effective Math, Science, and English Instruction	9.0	9.0	100
2. Improved School Autonomy and Learning Environment	9.0	9.0	100
3. Hubs for Enhanced Math, Science, and English Learning	11.5	11.5	100
4. Systems Transformation and Project Management	3.7	3.7	100
5. Unallocated	1.8	1.8	100
Total Costs			
Total Project Costs	35.0	35.0	100
Front-end Fees	–	–	–
Total Financing Required	–	–	–

C. Lessons Learned and Reflected in the Project Design

58. **Project design reflects lessons learned from the implementation experience of ZBEIP and local and global evidence on what works in education programming**.

ZBEIP Implementation Experience

59. **It is crucial to be realistic when designing PDOs and indicators.** The ZBEIP Implementation Completion and Results Report (ICR) assesses the original results framework as having been overly optimistic—especially with regard to the learning outcomes indicators. Based on this, the ZISP design has focused on identifying meaningful but realistic results indicators underpinned by a robust theory-of-change.

60. **Robust M&E arrangements need to be in place at the time of Project effectiveness for timely availability of information on implementation issues and results achievement.** To reflect this, rich baseline data have been collected through school surveys. Arrangements are in place so that reliable M&E data is available at the time of Project approval and every year after that. Further, direct beneficiary feedback and impact evaluation will ensure that rigorous data are available to (a) capture unanticipated benefits and issues; and (b) triangulate and validate administrative M&E data.

61. **Boosting implementation readiness through a Project Preparation Advance (PPA) is important to ensure timely implementation.** In ZBEIP, lack of implementation readiness caused significant delays with negative impacts on achievement of Project objectives, especially for the construction component. To mitigate this risk, a PPA has been made available and is being used for financing construction design, capacity building of key Project Management Unit (PMU) staff, M&E arrangements, and the R4P ELab.

Local and Global Evidence about What Works

62. **Results-based Project design can incentivize results achievement.** Experiences from results-based projects suggest that the use of DLIs can incentivize the Government to undertake politically challenging system-level reforms. If designed well, DLIs can also provide implementation-level actors with incentives and momentum to increase implementation speed and find solutions for results achievement. The Project incentivizes PDO achievement and crucial reforms and activities directly through DLIs.

63. **One-shot classroom-style, center-based teacher training approaches might not be very effective.** Evidence and experience from past projects in Zanzibar reveal that one-time in-service trainings at a central location are not very effective (see Annex 7 for more detail on local teacher training experiences and related lessons learned). Two types of teacher training show the most promise: (a) pedagogical training that helps a teacher adapt instruction to a student's

knowledge or proficiency level; and (b) high-quality training on subject matter content.[30] These lessons are reflected in the design of Component 1.

64. **Interventions that most consistently produce large improvements in student learning are those that help tailor instruction to a student's level of knowledge.** In this context, the following interventions show promise:[31] (a) formative assessments which provide critical pedagogical information to educators by helping identify students and areas where additional support is required; (b) remedial education delivered through additional tutoring in small groups; and (c) provision of learning resources which allow students to learn at their own pace. All three types of interventions are included in the Project design.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

65. **The implementation of the Project will be carried out over a five-year period through existing structures in the MoEVT.** Project activities will be coordinated by the Directorate of Policy and Planning, procurement will be undertaken by the Procurement Unit, and FM will be the responsibility of the Chief Accountant (CA). The MoEVT also maintains a sub-office in Pemba, led by the deputy coordinator and a technical team charged with the responsibility of ensuring smooth day-to-day coordination and implementation on the island. These decision-making structures are all 'mainstreamed' in accordance with Zanzibar law and the MoEVT organization. The PMU will recruit a specialist to manage issues related to environmental and social safeguards.

66. The Project will be implemented by the Government of Zanzibar through the MoEVT (Zanzibar) and there will be a Project Agreement between IDA and the Government of Zanzibar. The Borrower will make available to the Government of Zanzibar the proceeds of the Credit, and for this purpose a subsidiary agreement will be entered into between the Borrower and the Government of Zanzibar.

B. Results Monitoring and Evaluation

67. **Results indicators will be measured primarily through: Project implementation information and EMIS.** Baseline data collection was conducted in February 2016 and follow-up assessments will be conducted annually. The Project's higher order objectives around student learning achievement will be monitored through Standard 6 and Form 2 examination data maintained by the Examinations Board.

68. **The Project is strengthening MoEVT's EMIS system and data management capacity through Component 4.** There will be particular focus on generating better and more frequently updated data on students' performance and teacher management. Education system data will be better linked and made easily accessible through the School Data Dashboard. Component 4 will

[30] Evans, D., and A. Popova. 2015. "What Really Works to Improve Learning in Developing Countries? An Analysis of Divergent Findings in Systematic Reviews." World Bank Policy Research Working Paper 7203.
[31] Ibid

also finance independent verification of selected DLIs. A review of MoEVT's M&E capacity is presented in Annex 7.

69. **ZISP monitoring data will be triangulated with direct beneficiary feedback.** Data from ultimate beneficiaries (head teachers, teachers, and students) will be collected through periodic SMS polls, for which phone-numbers have already been collected[32]. Corresponding indicators have been integrated into the Project results framework.

70. **Impact evaluations will be built in to provide timely feedback for improving the design of the new and innovative interventions.** For certain innovative interventions, such as TESS and inspection reform, a phased approach to implementation will be used. These will provide built-in learning opportunities within the Project design, which can be exploited to refine design and implementation before national scale-up.

C. Sustainability

71. **Strategically, the potential sustainability of Project investments appears high.** The proposed Project is being designed as an integral part of Zanzibar's new Education Development Plan and will help deliver on the new Government policy on free basic education. It also aligns domestically with MKUZA III and internationally incorporates the Sustainable Development Goals for education. Further, the urgent need to focus on skills attainment in MSE during upper primary and lower secondary grades continues to dominate sector discourse.

72. **Project implementation has been mainstreamed into the work program of the respective departments and units of MoEVT.** The use of Government structures for implementation,[33] complemented with effective TA activities at both the Government and school levels will build capacity and contribute to sustaining Project outcomes.

73. **The recurrent cost burden imposed by the Project represents a relatively small share (3.8 percent) of the MoEVT's total expenditure (TZS 90 billion in 2014–15), thereby, signaling a high degree of fiscal sustainability.** The Project entails direct recurrent costs in terms of school grants of approximately TZS 3.5 billion a year[34] and higher salaries for the 600 retrained teachers with an implication of about TZS 12.5 million a year). Under the 'Stable Revenue Effort' macro-fiscal scenario, where it was assumed that the gross domestic product continues to expand at seven percent per year and the relative share of the education sector (around 20 percent) remains stable, the increased recurrent expenditure should be readily sustainable in the sense of not placing undue pressure on non-education sectors or leading to excessive budget deficits.

74. **Under the policy of free basic education, the Government is committing to provide schools grants to primary grades starting in 2016 and take-over the payment of school grants to secondary grades starting in 2020**. To this end, corresponding budget lines are being added to

[32] This was done as a part of baseline data collection (February 2016).
[33] For example, school inspection will be under the Government's M&E system, District Education Offices etc.
[34] Approximately, TZS 2.7 billion a year as grants to secondary grades and TZS 0.8 billion a year as grants to upper primary grades.

the Government budget. Discussions are ongoing to phase-in Government financing to secondary grades earlier in the Project timeline.

75. **During and after the Project lifetime these school grants will help ensure the sustainability of infrastructure investments under the Project in the form of classrooms and MSE learning rooms.** A cluster-based approach to provision of infrastructure would improve fiscal sustainability and efficiency because schools would be able to share the recurrent costs. Fiscal sustainability will also be enhanced through community involvement in school maintenance which is an explicit objective of community outreach within the school grants component.

76. **The Project is facilitating the creation of the new ZEDP (2016-2020) wherein the focus will be on helping the Government achieve greater rationalization of expenditures and prioritization of investments.** This effort, in the context of concrete milestones designed in a multi-stakeholder forum, will help in ensuring the fiscal sustainability of Project investments.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

Risk Categories	Rating (H, S, M, or L)
1. Political and Governance	S
2. Macroeconomic	M
3. Sector Strategies and Policies	L
4. Technical Design of Project and Program	S
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	S
7. Environment and Social	M
8. Stakeholders	L
9. Other	
OVERALL	**S**

77. **Political resistance to reform.** Project design and PDO achievement hinge on several key reform initiatives, most notably reform of the high-stakes examination system and the teacher management system. As seen in other contexts, these efforts could be thwarted by political resistance. This risk is being mitigated through (a) high-level buy-in and broad-based stakeholder consensus on the proposed reforms; (b) incentivization of the proposed reforms through careful and strategic use of DLIs; and (c) adequate TA not only to provide technical inputs and expertise for reform design but also to fund well-crafted communication and outreach around these efforts.

78. **Capacity weaknesses.** Planning, implementation, and monitoring capacity is inadequate across departments within the MoEVT and at the district level (summary in Annex 7). Specific actions to strengthen planning, implementation, and monitoring capacity – both at central and school level - have been incorporated within the TA design. Proactive work on this front has commenced using the Project advance which is financing several activities to ensure smooth and

timely implementation start-up.[35] Mitigation measures notwithstanding, the capacity enhancement agenda requires sustained, intensive, multidimensional efforts over an extended period.

79. **Existing fiduciary systems have potential weaknesses**. Procurement staff have inadequate experience in World Bank procurement procedures and processes; there is inadequate capacity for preparation of quality technical specifications and terms of reference; and weak contract management. Financial management systems are particularly weak at the school level where there is an absence of adequate accounting and budgeting practices. These risks will be mitigated through the following actions: (a) procurement staff to receive training in basic and advanced procurement under World Bank procedures; (b) provision of necessary equipment for procurement staff; (c) training of user departments' staff in preparation of good quality technical specifications and terms of reference; (d) training of procurement and user departments' staff in contract management; and (e) provision of intensive field-based training and support to school management committees and head-teachers on planning, budgeting, accounting, and other financial management practices.

80. **Political instability.** General elections in Zanzibar took place in October 2015 but were declared void, a new round of voting took place in March 2016. New political appointments have been finalized. In light of this, likelihood of further political instability is low but cannot be ruled out.

VI. APPRAISAL SUMMARY

A. Economic Analysis

81. **To measure economic impact, private returns to the ZISP with regard to expected improvements in schooling completion rates are examined.** The principal outcome expected from Project interventions is measured by a higher pass rate at the primary (PSLE) and secondary (CSEE) levels. According to the results chain (see Annex 1), these rates are expected to respond to improvements in instructional quality and learning environment.

82. **A cost-benefit analysis (CBA) of the ZISP using the present discounted value (PDV) method suggests that the Project is justifiable on economic grounds with a net present value (NPV) of US$61 million, a benefits-to-cost ratio of 2.42, and an estimated internal rate of return (IRR) of 23 percent.** Further, this return is considered to be a lower bound, given that (a) only private outcomes for the students are considered as part of the benefits of the Project and (b) the Project team has attempted to be conservative in its assumptions wherever discretion was exercised. The PDV and IRR remain positive and economically justifiable under a comprehensive sensitivity analysis. A detailed CBA of the ZISP along with CBA of some specific components and sensitivity analysis is presented in Annex 5.

83. **Public financing for supporting upper-primary and lower-secondary education provision is justified by the important social externalities that arise from secondary completion.** For instance, primary and secondary education is increasingly associated with better

[35] These include (a) preparation of a project implementation manual; (b) design and bidding documents for civil works to be ready by effectiveness; (c) terms of reference and requests for proposals for key consulting assignments to be ready by Board approval; (d) intensive training of project staff on procurement, FM, and DLIs.

cognitive and non-cognitive skills that create better outcomes in a host of labor market and adult life indicators (better health, lower criminality, better-informed voters, and so on). Also, data from the Demographic and Health Survey (DHS) 2010 for Tanzania (including Zanzibar) by level of education reveals that a higher level of education is correlated with lower rates of fertility, infant mortality, and child stunting. The Project is also expected to increase job satisfaction among teachers and provide other community-level benefits.

84. **The Bank's involvement is expected to bring tangible value added in several key domains.** The Bank's technical expertise, global knowledge, and leverage will be critical in shifting focus away from inputs toward increased efficiency of existing expenditures through service delivery improvements. In addition, the Bank is expected to provide an effective platform for marshalling technical support, consensus building, and donor harmonization around system and institutional changes which are expected to yield returns in the longer term.

B. Technical

85. **The Project's technical design was informed by a Strategic Directions Paper that contained a detailed diagnostic of Zanzibar's education sector,** Zanzibar Education Sector Analysis, focus group discussions with teachers and students, and broad-based stakeholder consultations. Efforts have also been made to incorporate lessons learned from international evidence and past operations in both the mainland and Zanzibar (see section III.C).

86. **Project interventions can be linked to the PDO through a robust results chain (see Annex 1) which is backed by global evidence and has been locally adapted through in-depth stakeholder discussions.** Interventions are designed to work in complementary ways and reinforce each other at different levels of service delivery to quickly and directly improve instructional quality and provide personalized support to students. By doing so, they are expected to contribute significantly to the Project's higher order objective of improving students' skill attainment and school retention. All interventions are implementable in the practical sense. In other words, they are low cost, scalable, clearly defined, and use the existing implementation structures and decision processes.

C. Financial Management

87. An assessment of the proposed financial management arrangements for the Project was undertaken. The objective of the assessment was to determine whether: (a) the implementing institutions have adequate financial management arrangements to ensure that ZISP funds will be used for purposes intended, in an efficient and economical way; (b) ZISP financial reports will be prepared in an accurate, reliable and timely manner; and (c) the entity's assets will be safeguarded. The financial management (FM) assessment was carried out in accordance with the World Bank Directive: Financial Management Manual For World Bank Investment Project Financing Operations issued February 4, 2015 and effective from March 1, 2010; and the World Bank Guidance: Financial Management in World Bank Investment Project Financing Operations Issued and Effective February 24, 2015.

88. The assessment indicates that there are adequate financial management arrangements at MoEVT to manage ZISP finances. The Ministry has experience in implementing Bank supported

projects having recently implemented the Zanzibar Basic Education Project (ZBEIP). The financial management arrangements will be mainstreamed at the Ministry just like the previous project. All project financial records will be maintained at the Ministry.

89. At the school level, the assessment indicates that the FM systems in place are weak- no FM manuals exist and no records are kept. Books of accounts are not maintained; there are no accountants, no budgets, no reports are generated, audits are not done etc. The schools will need to be supported so as to come up to the required minimum standard which is the preparation of FM manuals. There is an urgent need to put in place a functioning FM system at each school by designating a teacher accountant who will handle financial management matters; prepare and put in place FM guidelines for schools; train and build capacity of the FM and all staff involved in financial matters; strengthen the school management committees; provide continuous hands on support to the schools until such a time that they are able to carry out all the required FM activities. Experienced consultants should be engaged to provide a full range of activities to support both the Ministry and schools in building their capacity towards addressing the issues identified. In this regard, no funds will be sent to schools until acceptable FM arrangements are in place.

90. In conclusion, the FM arrangements are acceptable to the Bank. As part of the overall arrangements for implementing the operation, the FM arrangements do provide reasonable assurance that the proceeds of the loan will be used for the intended purposes. The FM risk rating is Substantial and the residual risk rating for the Project is moderate.

D. Procurement

91. Procurement activities under the Project will be undertaken in accordance with the 'Guidelines: Procurement of Goods, Works and Non Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011 and revised in July 2014 (Procurement Guidelines); 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011 and revised in July 2014 (Consultant Guidelines); 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', dated October 15, 2006 and revised in January 2011; and the provisions stipulated in the Financing Agreement. Due to deficiencies noted in the law governing procurement activities in Zanzibar, procurement activities under the Project will follow World Bank guidelines and use the World Bank's standard procurement documents.

92. A capacity assessment of the MoEVT to implement procurement activities under the Project was carried out in October 2015, during which the organizational structure, functions, staff skills, and experiences were reviewed to assess their adequacy for implementing the Project. The assessment revealed weaknesses in the Legal and Regulatory Framework; procurement staff have inadequate experience in Bank procurement procedures and processes; there is inadequate capacity for preparation of quality technical specifications and terms of reference; and weak contract management. Proposed actions to mitigate the risks include (a) PMU staff to receive training in basic and advanced procurement under Bank procedures; (b) provision of necessary equipment for procurement staff; (c) training of user departments' staff in preparation of good quality technical specifications and terms of reference; and (d) training of PMU and user departments' staff in contract management.

93. The Project procurement risk was assessed as Substantial with a residual risk of Moderate after implementation of the proposed mitigation measures.

E. Social (including Safeguards)

94. The Project will involve construction of new buildings and rehabilitation of existing buildings in urban and rural settings. Construction sites have been identified and in-depth screening suggests that land acquisition will not be required for new construction since this will be undertaken within the boundaries of existing facilities. Further, each beneficiary institution has provided documentation from relevant government agencies regarding the ownership of land on which the new construction is to be carried out. The Project has consulted with the relevant authorities to ensure that culturally sensitive locations are avoided. Any construction related social impacts will be addressed and monitored through the Environment and Social Management Framework (ESMF) that has been prepared and disclosed on April 27, 2016 in the country and on April 28, 2016 on the World Bank external website. A grievance mechanism will be designed and implemented to address any complaints that could arise as a result of Project activities (see Section G).

95. The Project will make efforts to establish the proportions of both boys and girls benefiting from this Project. All results indicators will provide for gender disaggregated data in the relevant aspects.

F. Environment (including Safeguards)

96. Construction of classrooms and laboratory blocks in secondary schools will be financed under the Project. Such construction and civil works will have some level of environmental impacts related to (a) physical and geographical location of the site; (b) chemical waste and wastewater management from labs; (c) construction-related waste management; and (d) occupational health and safety. The potential impacts at the sites and proposed mitigation measures have been identified and addressed in an ESMF. Environment and Social Management Plans (ESMPs) will be developed for those sites and buildings already identified.

97. The MoEVT has designated an environmental focal point who will be responsible for preparation and/or oversight of the ESMF and implementation of the ESMPs. The MoEVT is also hiring design consultants with whom the environmental consultant will work closely so as to incorporate environmental considerations within the design. The ESMF and the ESMPs will be discussed with key stakeholders at the central and site-specific levels. The ESMF has been publically disclosed. The MoEVT is ensuring that all the ESMPs are incorporated into contractor bid documents before the start of civil works.

G. Grievance Mechanism

98. Communities and individuals who believe that they are adversely affected may submit complaints to existing project-level grievance redress mechanisms or to the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel, which determines whether harm occurred,

or could occur, as a result of WB noncompliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, (*Cf.* www.inspectionpanel.org).

Annex 1: Results Framework and Monitoring

Country: Tanzania

Project Name: Zanzibar Improving Student Prospects Project (P153277)

Project Development Objectives

PDO Statement

To improve the quality of - (a) instruction and (b) learning environment – in targeted grades and subjects

These results are at	Project Level

Project Development Objective Indicators

		Cumulative Target Values					
Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target
Targeted teachers exhibiting proficiency (DLI) (Percentage)							
In Math (Percentage - Sub-Type: Breakdown)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
In Science (Percentage - Sub-Type: Breakdown)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
In English (Percentage - Sub-Type: Breakdown)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
Targeted schools that have access to enhanced learning facilities and resources (Percentage)	0.00	0.00	20.00	50.00	60.00	95.00	95.00

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values					
		YR1	YR2	YR3	YR4	YR5	End Target
Targeted head-teachers satisfied with improvements in school learning environment (Number)[36]	0.00	0.00	20.00	30.00	40.00	60.00	60.00
Schools receiving performance-based top-up grants (Number) (Number)	0.00	0.00	0.00	100.00	200.00	200.00	200.00
Direct project beneficiaries (Number) - (Core)	0.00	30000.00	90000.00	120000.00	150000.00	168142.00	168142.00
Female beneficiaries (Percentage - Sub-Type: Supplemental) - (Core)	0.00	50.00	50.00	50.00	50.00	50.00	50.00
Teachers re-trained to teach lower secondary Math and Science (Number) (Number)	0.00	0.00	150.00	300.00	500.00	600.00	600.00
Teachers participating in training on 'enhanced student support' (TESS) (Number) (Number)	0.00	0.00	400.00	800.00	1200.00	1500.00	1500.00
Targeted teachers showing improved pedagogy in classroom observations (Percentage)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
Targeted secondary schools inspected at least twice a year (DLI) (Percentage) (Percentage)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
Targeted districts giving out performance-based teacher recognition awards (DLI) (Number)	0.00	0.00	4.00	6.00	8.00	10.00	10.00

[36] Citizen Engagement Indicator

(Number)							
Targeted secondary schools receiving SIGs (DLI) (Percentage) (Percentage)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
Additional classrooms and learning facilities constructed (Number) (Number)	0.00	0.00	30.00	60.00	110.00	150.00	150.00
Recommendations of Form 2 exam evaluation implemented (Yes/No) (Yes/No)	No	No	No	Yes	Yes	Yes	Yes
Lower secondary schools for which complete data is available on School Data dashboard (Percentage) (Percentage)	0.00	0.00	20.00	50.00	60.00	90.00	90.00
Lower secondary schools that receive student-level Standard 6 and Form 2 exam data (DLI) (Percentage)	0.00	0.00	20.00	50.00	60.00	90.00	90.00

Disbursement Linked Indicators

Disbursement Linked Indicators (DLIs)	**Disbursement Linked Result (as applicable)**	**Amount of the Financing Allocated (expressed in SDR)** (figures in US$ to be converted accordingly)	**Disbursement Calculation Formula**
DLI 1: Teacher training	DLR 1.1: All teacher trainers have been trained. Training material is available at all TCs DLR 1.2: Teachers receiving retraining and/or TESS pass the corresponding proficiency test in math, science, and English (target group: 1500 teachers) DLR 1.3: Project Implementing Entity[37] (PIE) order on diploma and salary entitlement of retrained teachers issued	3,245,556 (of which 282,222 is for DLR 1.1, and 2,681,111 is for DLR 1.2, and 282,222 is for DLR 1.3)	Amount allocated for DLR 1.2 is prorated by number of teachers (SDR1,788 per teacher)
DLI 2: Teacher management reforms	DLR 2.1: Number of targeted schools inspected at least twice a year (FY2016/17–2020/21) DLR 2.2: Number of districts holding the performance-based recognition awards for teachers	2,822,222 (1,763,889 is for DLR 2.1, and 1,058,333 is for DLR 2.2)	Amounts allocated for DLRs 2.1 and 2.2 are prorated annually in terms of number of schools and districts, respectively.

[37] Government of Zanzibar

DLI 3: School Improvement Grants	DLR 3.1: Manual for administering and monitoring capitation grants has been prepared, adopted by the PIE, and disseminated to all schools DLR 3.2: Schools receive SIGs each year (FY2017/18–2020/21)	4,233,333 (of which 282,222 is for DLR 3.1 and 3,951,111 is for DLR 3.2)	Amounts allocated for DLRs 3.1 and 3.2 are prorated in terms of number of schools.
DLI 4: Examination and data reform	DLR 4.1: Information disseminated to lower secondary schools on student-level Standard 6 and Form 2 exam data (disaggregated by subjects) each year (FY2016/17–2020/21)	2,398,889	Amounts allocated calculated as follows: total amount first divided equally across each of the 10 districts. Amount per district prorated by number of schools for which data is available or information is disseminated, respectively.
TOTAL AMOUNT		12,700,000	

DLI Verification Protocol

DLI	Protocol to Evaluate Achievement of the DLI and Data/Result Verification		
	Data Source/Agency	**Verification Entity**	**Definition and Procedure**
DLI 1: Teacher Effectiveness			
DLR 1.1: All teacher trainers have been trained. Training material is available at all TCs	MoEVT	Independent firm (financed through TA)	Teacher trainers are the 24 trainers from TCs who will re-train teachers in Math, Science and English. Verified through formal completion report of teacher training firm. Training material refers to re-training curriculum material and verified by unannounced visits to the TCs by an independent firm.
DLR 1.2: Teachers receiving retraining and/or TESS pass the corresponding proficiency test in Math, Science, and English	MoEVT		Proficiency tests for English, Math and Science developed by an independent firm and approved by the Bank. Verified by teacher testing in random subsample of targeted schools.
DLR 1.3: Government order on diploma and salary entitlement of retrained teachers issued	Revolutionary Government of Zanzibar		Government order issued by the Ministry of Education, Zanzibar and shared with the Bank. Verified by review of Government order.
DLI 2: Teacher Management Reforms			
DLR 2.1: Number of targeted schools inspected at least twice a year (FY 2016/17-2020/21)	MoEVT	Independent firm (financed through TA)	Inspection refers to visit of official of the MoEVT, Zanzibar to inspect school inputs and quality of service provision. Verified by (i) review of visit reports filed by School Inspectors and (ii) SMS-based questions targeted at random subsample of head teachers, teachers, and students to verify visit. Performance-based recognition awards refers to events held at the district level with participation of MoE officials and teachers to award best performing teachers as determined by the guidelines in the POM. Verified by (i) list of best performing teachers; (ii) event report prepared by the district and shared with the Bank and placed on the MoE website.
DLR 2.2: Number of districts holding the performance-based recognition award ceremonies for teachers			
DLI 3: School Grants			

DLR 3.1: Manual for administering and monitoring capitation grants has been prepared, adopted by the Government, and disseminated to all schools	MoEVT	World Bank	Manual refers to guidelines for determining amount, transfer mechanisms and use of funds transferred to schools to meet recurrent expenditures. Verified by formal adoption letter of the Government. Dissemination verified by SMS-based questions to random subsample of head teachers.
DLR 3.2: Schools receive SIGs each year (FY 2017/18-2020/21)	Ministry of Finance (MoF)	Independent firm (financed through TA)	SIG refers to funds transferred to schools as per Manual including performance-based top-up grants when eligible (based on Project Operations Manual). Verified by review of bank records showing transfer of school grants to school bank account with amounts.
DLI 4: Examination and Data Reform			
DLI 4.1: Information disseminated to lower secondary schools on student-level Standard 6 and Form 2 exam data (disaggregated by subjects) each year (FY 2016/17-2020/21)	Examination body	Independent firm (financed through TA)	School level reports prepared by the examination body with student scores for Standard 6 and Form 2 disaggregated by subject. Verified by review of reports and SMS-based questions targeted at random subsample of head teachers.

Table: Summary of DLI Pricing (in million US$)

	Y1	Y2	Y3	Y4	Y5	Total
DLR 1.1	0.4	0	0	0	0	0.4
DLR 1.2	0	1	1	1	0.8	3.8
DLR 1.3	0.4	0	0	0	0	0.4
DLR 2.1	0	0.625	0.625	0.625	0.625	2.5
DLR 2.2	0	0.375	0.375	0.375	0.375	1.5
DLR 3.1	0.4	0	0	0	0	0.4
DLR 3.2	0	1.4	1.4	1.4	1.4	5.6
DLR 4	0.68	0.68	0.68	0.68	0.68	3.4
Total	1.88	4.08	4.08	4.08	3.88	18

Results Chain

Area	Input/Activity	Intermediate Outcome	Final Outcome	High Order
Effective MSE Instruction	Increase supply of science and math teachers	Number of additional Math and Science teachers (RF)	Improved instruction in Math and Science (RF)	Improved labor market prospects of students through (a) higher rates of lower secondary completion and (b) increased attainment of English, Math, and Science skills
	Teacher training for English proficiency and enhanced student support	Number of teachers trained (RF)	Improved instruction to struggling/lagging students (RF)	
	System reforms aimed at improving teacher motivation and accountability	Teachers are held accountable for student learning	Improved instruction (RF)	
Improved school autonomy & learning environment	Provision of capitation grants to secondary schools	Number of schools receiving adequate grants on time (RF)	Direct resource incentives to schools and teachers to support students through extra classes	
	Provision of performance-based SIGs	Number of schools receiving SIGs (RF)		
	Encouragement/support to use grants to provide personalized education to students[38]	Number of schools implementing activities for personalized support to students (RF)		
Hubs for enhanced MSE learning	Construction and equipping of • classrooms; • science, language, and computer labs	Number of schools with access to enhanced learning facilities/resources (RF)	Improved instruction in English, Math, and Science Space and material for holding extra classes for lagging students	
Systems transformation & Project Management	Reform examination system to • introduce formative assessments; and • reform high-stakes exam	Reforms undertaken (RF)	Enhanced student support mainstreamed in schools and teachers	
	Enhanced EMIS	Share of schools and districts that have access to student-level data for planning (RF)	Early detection and resolution of constraints to effective instruction	

Note: RF = Results Framework.

[38] Extra classes, tutoring, guidance and counselling, performance-based incentives to teachers and students

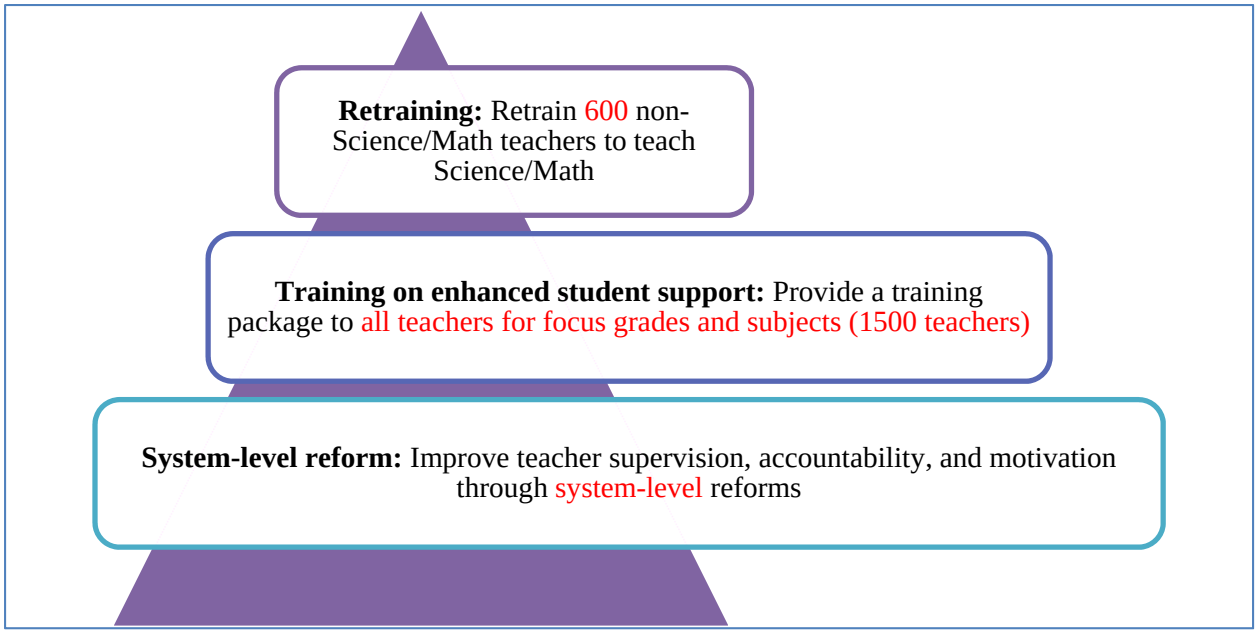
Annex 2: Detailed Project Description

Zanzibar Improving Student Prospects Project

1. The PDO is to improve the quality of: (a) instruction; and (b) learning environment in targeted grades and targeted subjects. The targeted grades are upper primary and lower secondary (Standard 5-Form 2) and the targeted subjects are English, Math, and Science. The Project activities will be structured around four components described below.

2. **Component 1: Effective Math, Science, and English Instruction (US$9 million equivalent).** The main objective of this component is to tangibly improve the quality of instruction in focus subjects and grades and increase the degree of support teachers provided to students for overcoming learning gaps. This will be achieved through (a) retraining of selected in-service teachers to increase the supply of Math and Science teachers in lower secondary grades; (b) training of all MSE teachers in targeted grades in enhanced student support; and (c) teacher management reforms to strengthen teacher accountability and motivation structures.

Figure 2.1: Teacher Effectiveness



3. **Retraining to increase supply of Math and Science teachers.** This training will help address the acute shortage of Science and Math teachers in lower secondary grades by retraining selected secondary Arts teachers—who show aptitude and interest—in teaching lower secondary Science and Math.[39] This retraining will lead to the availability of an additional 600 trained Science and Math teachers for lower secondary grades. A pool of approximately 600 in-service teachers, with the interest and aptitude to teach secondary Math and Science, has been identified.

[39] Zanzibar has a shortage of 494 secondary-level Math and Science teachers, while surpluses exist in other subjects. See: Ministry of Education and Vocational Training, Zanzibar. 2015. *Report on the Study to Identify Art Teachers with Potential of Teaching Science at Secondary Level*.

4. Following the retraining, teachers who exhibit increased content proficiency and improved pedagogy in Math and Science instruction will receive a diploma,[40] which will allow these retrained teachers to draw salaries commensurate with other regular Science and Math teachers. A Government order will be issued before the start of retraining, formalizing this commitment on the part of the Government.

5. It is anticipated that training of master trainers, TC subject matter experts, and resource teachers will be completed by December 2016 and training of teachers will begin in December 2016. Training of teachers is designed to begin with an intensive period of two weeks during the December school break and continue twice per week for 60 weeks once schools resume classes in January 2017. The expectation is that the entire cadre of 600 targeted teachers will be trained by December 2018. To ensure early impact, the retraining curriculum will be designed to coincide with the school curriculum so that teachers can apply training received to the classroom within 2–3 weeks.

6. **TESS.** The purpose of this activity is to equip, train, and support teachers so that learning gaps can be identified and addressed early. The key underlying theme is to ensure that instruction is better matched to the individual student level. This training will focus on five dimensions: overall pedagogy, extra support for lagging students (through extra classes and tutoring), formative student assessments, student counselling and guidance, and English proficiency.

7. All MSE teachers in Standard 5-Form 2—about 1500 teachers in total—will receive this training. Core TESS will last 20 weeks with periodic refreshers built in for later years. This training will be phased, most likely into three groups, with the retraining cohort being the first group to receive the training. Group 2 will be randomly selected so that rigorous lessons can be learned and applied to improve training effectiveness for Group 3.

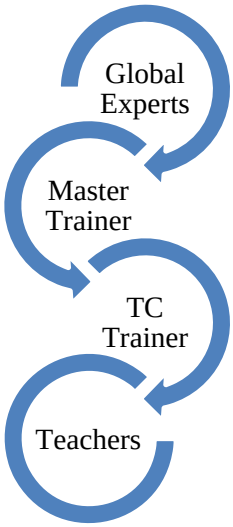
8. Teachers who successfully complete TESS will receive a certificate. In addition, resultant performance improvement captured through classroom observation and student achievement will be linked to teacher performance management systems (see System-Reform section below).

Teacher Training Delivery Model

9. Both retraining and TESS will follow the same delivery model. Trainings will be designed and supervised by MoEVT in close collaboration with the State University of Zanzibar (SUZA), strongly supported through Project TA. Training will be delivered through the Cascade Model where ultimate delivery to teachers will be field based, using the TCs. International experts will train a set of carefully selected master trainers from SUZA and teacher training colleges.[41] These master trainers will in turn train TC subject matter experts and resource teachers who will in turn train teachers in the main field-based training. A review of these arrangements, based on past experiences, is provided in Annex 7.

[40] Equivalent to a full diploma conferred on teachers receiving regular training for Science and Math teaching at the lower secondary level.
[41] Islamic and Micheweni Teacher Training Centers.

Figure 2.2. Step-by-Step Model of Training under the ZISP



10. The training of teachers will be explicitly linked to other Project components such as teacher inspections, performance management, school grants, and EMIS enhancements. In particular, teachers will be trained on how to effectively integrate the newly provided learning facilities under Component 3 (science and language labs, ICT equipment). Part of the training will occur in 'model' science and language labs to enhance teachers' hands-on experience.

11. **Teacher management reforms.** The focus will be on tying the incentives and accountability structures faced by teachers directly to the quality of instruction and support they provide to students. This will be accomplished through reforms in the teacher inspection and performance management systems. These reforms will be heavily underpinned by the creation of a comprehensive teacher information system (created under Project TA), which will include information on all aspects of teacher management, including qualifications, experience, training, deployment/transfers, inspections, and so on.

12. **Teacher inspections.** These reforms will be aimed at reorienting inspection systems—both central and school based—so that school inspections can become an effective instrument for improving quality of instruction and degree of direct learning support provided to students. It will include the following steps:

- **Capacity building of inspectors and head teachers on a revised inspection framework.** This framework will be geared to evaluate teachers on the quality of classroom instruction and degree of direct learning support provided to students. Training to inspectors will be delivered through appropriate institutions such as the Agency for the Development of Educational Management (ADEM(or SUZA; training to head teachers will be provided through TCs.

- Increasing the frequency of inspections by suitably equipping the inspectorate so that each upper primary and lower secondary teacher is inspected at least twice per year and inspection data is available in a more usable and timely fashion.

- Creating effective feedback loops with schools and teachers through dissemination of inspection findings to head teachers, teachers, and TC staff so that it can inform teacher training, coaching, and mentoring. They will also be shared with School Management Committees (SMCs) so that they can be reflected in School Improvement Plans.

13. **Teacher performance management system.** These reforms are designed to better link the teacher reward structure with teacher performance, especially quality of instruction and degree of direct learning support provided to students. It will have the following ingredients:

- Review of existing Teacher Professional Development and Scheme of Service policies and implementation structures

- Implementation of a comprehensive teacher performance management framework[42] using the teacher information system as the basis. This framework will generate automated points for each teacher across a spectrum of attributes that are expected to impact quality of instruction and student support. These include qualification, experience, training, external inspection reports, internal inspection reports (including absenteeism), TC contact, and student performance. Implementation of this framework will include the following:

    - Communicate and provide sensitization of this framework across all levels of education service delivery

    - Institute annual recognition awards for the best-performing teachers at the school, district, and regional levels—using the teacher performance management framework

    - Support dialogue to integrate this framework formally in the teachers Scheme of Service

14. **Component 2**: **Improved School Autonomy and Learning Environment (US$9 million equivalent).** The main objective of this component is to equip schools with autonomy, resources, and incentives to improve the quality of instruction and support that students receive. Traditionally schools have relied on voluntary contributions from parents to meet operating expenses.

15. The SIGs are expected to (a) provide additional resources at the school level to cover the cost of delivering services; (b) remove the 'informal' charges to parents in primary and lower secondary schools; (c) directly incentivize good performance on the part of head teachers, teachers, and students; (d) improve the overall school environment to make it more supportive for student welfare and learning; and (e) strengthen the capacity of school administrators. This is a relatively new approach for secondary education in Zanzibar, but it has been tested in the lower primary schools with some success. The approach of performance-based school incentive grants has been tried with considerable success in mainland Tanzania and lessons learned from that experience

[42] Foundational work for this activity will be carried out under Project TA. This will include creation of the revised Performance Management framework (including guidelines, training and implementation material) and its integration with the teacher information system and Revised Inspection Framework.

will be incorporated in the design of this component. To maximize impacts, provision of grants to schools will be supplemented with a set of capacity-building, information provision, and targeted support activities aimed directly at schools to maximize impact.

16. This component formally supports the Government policy on free basic education which abolishes all school fees and voluntary contributions from parents for primary and lower secondary grades. While the Government has announced plans to deliver TZS 18,760 per student per year in primary grades, plans for per capita grants for lower secondary grades have been deferred. This component will enable the Government to provide these grants to lower secondary grades starting from the 2017 academic year.

17. The SIGs will be targeted at both primary and secondary grades and will have the following structure:

- **Base School Improvement Grant.** This will be costed at US$5 per primary student and US$15 per secondary student. A part of the grant might be retained by the Government to procure teaching and learning resources.

- **Performance-Based Top-Up Grant.** This will be awarded to schools exhibiting strongest performance and improvements in PSLE and CSEE Form 2 examinations in Math, Science, and English.[43] Each year 100 upper primary and 100 secondary schools showing greatest improvement in student performance in Math, Science, and English will be awarded.

18. To maximize enhanced student support, schools will be provided with a menu of options on how they can use the grants. To enhance school autonomy and provide space for localized, innovative solutions, the menu of options, which will be detailed in the Project Operations Manual (POM), will be broad and flexible and will include the following categories:

- **Student support.**[44] Financing of extra/after-school classes or tutoring sessions for individual or small groups of students who need additional focused support
- **Guidance and counselling.** Financing of transport costs and fees of trained facilitators and/or guidance counselors
- Resources for implementing formative assessments
- Performance-based incentives for students
- Operating costs of laboratory blocks
- Additional teaching and learning materials

19. Even though school grants are a relatively new concept in Zanzibar, foundations for sound operating systems for administering grants to schools already exist. These include (a) functional bank accounts for each school; (b) operating SMCs for each school who are responsible for

[43] There is an agreement with the Ministry that the Examinations Board will provide (anonymized) school-level data disaggregated by subject to determine allocation of Performance-Based Top-Up grants. TA for streamlining this process will be forthcoming in Component 4.

[44] Rigorous impact evaluation in India shows that positive learning effects can be achieved at very moderate costs by providing supplementary remedial education (Banerjee et al. 2007; Lakshminarayana et al. 2013).

preparing School Development Plans and approving expenditures incurred at the school level; and (c) the practice of keeping basic financial records in cash books and ledgers in which school income and expenditures are noted. Also, the Government of Zanzibar is initiating capitation grants to primary schools. Disbursement of the SIGs will be done using the same mechanisms and operating model as used for primary school capitation grants. A review of implementation capacity is provided in Annex 7.

20. To maximize impacts and ensure effective implementation, an experienced international firm will be hired to provide end-to-end support for the rollout of school grants and for the first two years of implementation. This firm will be responsible for (a) creating school grant operational manuals; (b) providing school-level capacity building for FM; (c) providing on-site (school-level) implementation support and monitoring eligible activities (for example, extra classes, guidance and counselling, scholarships) through a team of specialists acting as facilitators, mentors, and coaches;[45] (d) training of SMCs on planning, budgeting, financial reporting, monitoring, and supervision; and (e) implementing outreach and communication activities aimed at district officers, inspectors, schools, and communities on objectives, design, and intended uses of the SIGs.

21. **Component 3: Hubs for Enhanced Math, Science, and English Learning (US$11.5 million equivalent).** The main objective of this component is to support the impactful provision of learning facilities/resources for improved Math, Science, and English achievement.

22. It will include building and equipping of (a) additional classrooms to reduce overcrowding and improve learning conditions in heavily congested schools; and (b) facilities and equipment to promote Math, Science, and English learning referred to as the EMS Infrastructure Package (this includes Science room, language lab, ICT facilities, and room for extra classes and/or teachers).

23. Construction of learning facilities will take place in 25 existing secondary schools—with each site serving as a hub to neighboring schools. Selection of sites is done on a needs-based criteria generated from district-level aggregates for pupil to classroom ratio and share of schools without science labs (further details are provided in Annex 6). Proposed interventions are designed such that they are not duplicative of ongoing infrastructure investments by other donor partners.[46] Goods to be procured under this component include: (a) school furniture; (b) laboratory materials; (c) teaching aids and educational equipment; (d) office and IT equipment; (e) library books and teaching material/aids; (f) computers and accessories; and (g) consumables. The procurement will be carried out using the Bank's standard bidding documents (SBDs) and model bidding documents agreed with the World Bank.

24. **Detailed description of planned construction is as follows:**

(a) **EMS Infrastructure Package Only (17 sites).** This is the basic package that will be provided to all sites. It will include the provision of the following:

[45] A number of specialists (facilitators) will be hired under the project to provide TA at the school-level implementation of extra-classes for lagging students and guidance and counselling.

[46] The Government of China, Government of the Republic of Korea (South Korea), Milele Zanzibar Foundation, OPEC Fund, and Swedish International Development Agency are financing construction of facilities for the early childhood education and primary grades. The African Development Bank is financing construction of facilities for skills development among out-of-school youth. More details are available in the Strategic Directions Paper (2015).

- Science room, serving as a multipurpose laboratory for Physics, Chemistry, and Biology
- Students' EMS resource room: library, language lab, ICT
- Teachers room and/or additional room for extra classes, built in a one-story structure.

(b) **EMS Infrastructure and Classrooms Package (eight sites).** This will include, in addition to the package described in (a), the provision of classrooms to reduce overcrowding and improve learning conditions in heavily congested schools.

- In 15 sites/schools, eight classrooms will be constructed and the total package will be accommodated in a two-story structure.[47]
- In one site, 24 classrooms will be constructed and the total package will be accommodated in a three-story structure. In one site, 12 classrooms will be constructed in a two-story structure. Out of the two sites that will be getting this package, one is in Urban/West[48] and another is in Chake Chake—regions with by far the highest density of population in Zanzibar.[49]

25. The cluster-based approach will increase the cost-effectiveness of this component. It is also expected to increase the likelihood of proper maintenance of laboratory blocks. Cost-effectiveness and efficiency will also be enhanced by making facilities multipurpose. To ensure suitable designs to this end, inputs from subject inspectors and endorsements by the TCs will be sought. Information on latest technological advances (for example, concepts of fab labs) and emerging evidence on effective learning materials (for example, tablets instead of computer labs) will be leveraged to reduce unit costs and maximize development effectiveness. Recurrent operating costs of laboratory blocks will be financed through capitation grants. Outreach and training activities targeted at school administrators, teachers, and students will be implemented to ensure that all physical facilities constructed under the Project are used for maximum learning impact and align well with other Project components.

26. Based on lessons learned from the ZBEIP ICR, explicit risk mitigation strategies are being put in place to maximize the likelihood of timely completion and PDO impact from this component. These are summarized in Annex 6.

27. **Component 4: Systems Transformation and Project Management (US$3.7 million).** This component will focus on four areas: (a) examination reform; (b) education systems planning; (c) strengthening data systems and supporting Project M&E; and (d) Project implementation support.

28. **Examination reform.** The aim of this subcomponent is to improve student assessment activities in Zanzibar so that they can be better leveraged for promoting learning. This would

[47]The cost of the EMS Infrastructure Package and eight classrooms would be about US$364,000, without equipment and furniture.

[48] In this site, eight schools, called Kwekerwe A–H, are grouped together in one large site. One of these is a temporary school that was created from exhibition buildings in the 1980s and it is in appalling condition; this structure will be demolished.

include (a) training and equipping of the Zanzibar Examination Council on exam creation, administration, marking, and analysis; (b) development and dissemination of item banks for English, Math, and Science for Standard 5-Form 2 that can be used both at the central level and at the school level by teachers in setting formative assessments; (c) generation of automated, standardized school- and student-level reports providing subject disaggregated data on student performance; and (d) improvement in Form 2 exam through reevaluation of the format and content structure of Form 2 exams, outreach to teachers and students to help overcome psychological barriers to Form 2 exams, and instituting Form 2 certificate to serve as a credible labor market signal.

29. **Education Systems Planning and Foundational Support for Components 1 and 2**. Project will help finance the creation of ZEDP 2016-2020. This will be done through a 'Results for Prosperity Education Lab' (R4P ELab) which will take place between May and July 2016 and is engineered to ensure that ZEDP will have: broad-based buy-in, clear targets, focused direction, and a strong outcome-based performance culture. The ELab will bring together representatives from across the line ministries, private sector, donor partners, non-government organizations, teachers union, and civil society. It will also include consultancies for key foundational work related to Components 1 and 2, especially in relation to mainstreaming student support at the school level – including creation of training material, undertaking needs assessment at the school level, collection of required baseline data, and training of trainers.

30. **Strengthening data systems and supporting Project M&E.** Within this area, the focus will be on (a) creation of comprehensive interlinked education databases—teacher information system (including an inspection platform) and examination database. Each database will include unique school, teacher, and student identifiers which will be used to link each database with the central EMIS database; (b) dissemination of compiled/enhanced EMIS information at all levels (ministry, district education officers, and schools) through education abstracts and school reports; and (c) Project-related data collection, including for impact evaluation, independent verification, and direct beneficiary feedback. Support in this area will be carefully aligned and harmonized with support from other donor partners and projects to avoid fragmentation and duplication and maximize complementarities.

31. **Project implementation support.** TA will finance activities related to design and implementation support, including provision of a team of facilitators at the MoEVT for (a) Project design and implementation support; (b) design and supervision of construction activities; (c) comprehensive end-to-end capacity building on school grants; and (d) Project-related communication and sensitization.

Annex 3: Implementation Arrangements

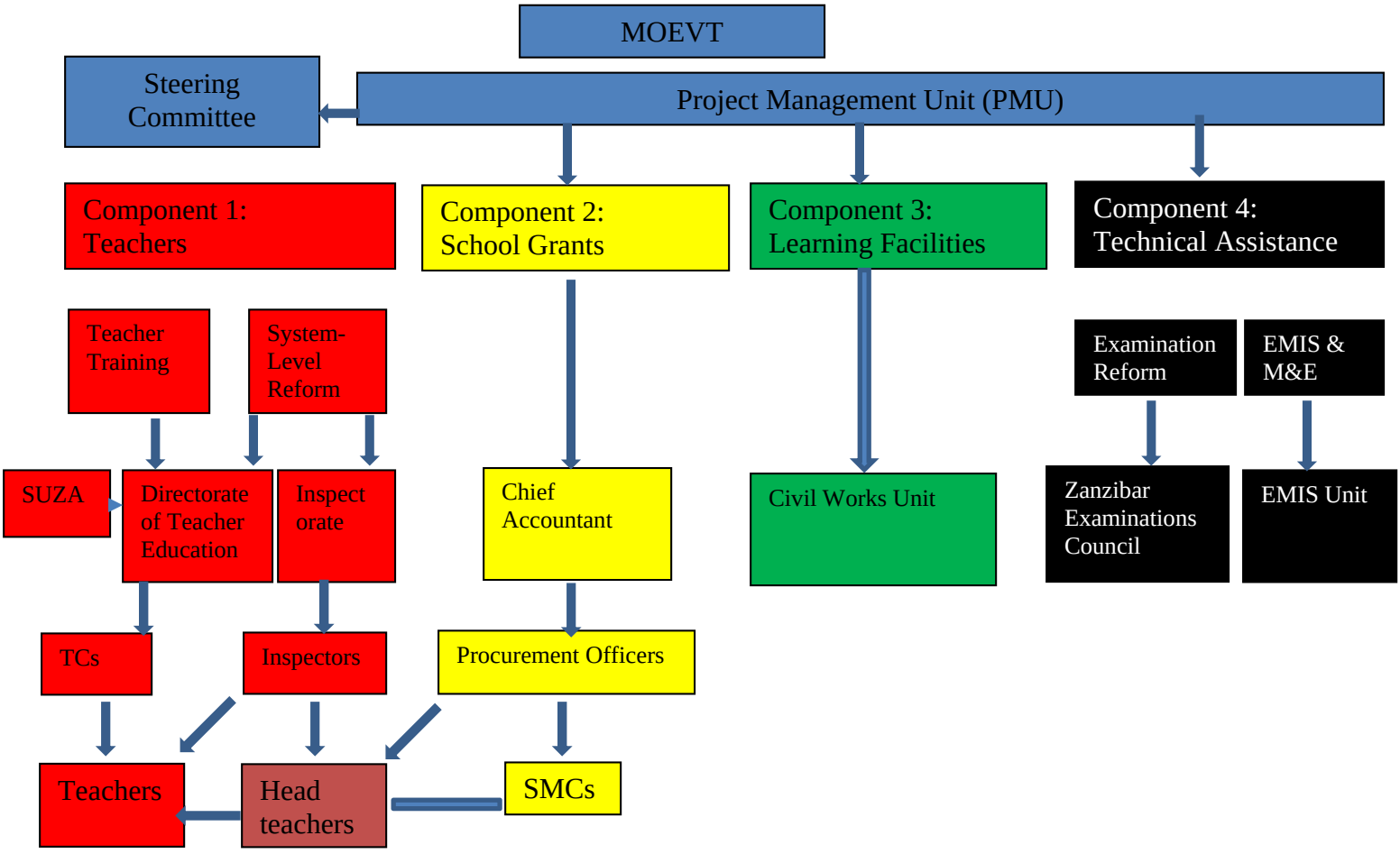
Zanzibar Improving Student Prospects Project

Project Institutional and Implementation Arrangements

1. **The implementation of the Project will be carried out over a five-year period through existing relevant structures in the MoEVT.** Project coordination will be by the Directorate of Policy and Planning, procurement by the Procurement Management Unit (PMU), and FM under the Chief Accountant (CA). The MoEVT also maintains a sub-office in Pemba, the sister island, led by the deputy coordinator and a technical team comprising engineers and procurement specialists charged with the responsibility of ensuring smooth day-to-day coordination and Project implementation in the island. These decision-making structures are all 'mainstreamed' in accordance with Zanzibar law and the MoEVT organization. The PMU will recruit a specialist to manage issues related to environmental and social safeguards.

Project Management, Implementation, and Oversight

Figure 3.1 Implementation Arrangements Structure for ZISP



2. **MoEVT.** The designated Ministry implementing the ZISP is the MoEVT. The MoEVT will work in conjunction with SUZA; the Civil Works Department of the president's office; the Ministry of Land, Water, Energy and Enveronmentthe Zanzibar Examination Council; the MoF; and the Zanzibar Planning Commission.

3. The Government will designate the MoEVT to be responsible for prompt and efficient oversight of implementation of activities under the Project and will take all actions necessary, including the provision of funding, personnel, and other resources, to enable the MoEVT to perform these functions.

4. Overall responsibility of the Project will be with the PMU under the director of Planning, Policy, and Research (MoEVT), who also oversees the technical heads of each component. At all times during Project implementation, the MoEVT will maintain a fully operational PMU comprising a Project coordinator, assistant Project coordinator, procurement specialist, FM specialist, civil engineer, teacher education specialist, M&E specialist, and specialists for inspection, school grants, exam reform, and other such staff as may be agreed with the Bank, all with qualifications and experience and terms of reference acceptable to the Bank.

5. The PMU will report to a Steering Committee comprising the principal secretary, MoEVT; deputy principal secretary - administration; deputy principal secretary - academics; director of secondary education; director of pre-primary and primary education; Commission of External Finance, MoF, Zanzibar; representative of the Planning Commission; UNICEF-Lead Partner on Education, Zanzibar.

6. Relevant departments under the Ministry will be responsible for specific Project subcomponents as given below.

7. **For Component 1.** The directorates of teacher education, in-service teacher training, curriculum, ICT, and SUZA will conduct the following activities:

(a) Guide and oversee the implementation of teacher retraining and upgrading program consistent with existing implementation arrangements. The implementation will be assisted by TA.

(b) Implement, revise, and develop teacher training curricula and materials with TA.

(c) Select and assess master trainers and trainers to deliver teacher trainings.

(d) Oversee development and implementation of baseline assessment for teacher trainees, as well as ongoing monitoring of teacher trainings.

(e) Oversee final assessment of teacher trainees.

(f) Coordinate with the Inspection Unit and EMIS/teacher management specialists to streamline data reporting and collection.

(g) Oversee review of teacher professional development and scheme of service policies and implementation structures.

(h) Implement a comprehensive teacher performance management framework.

8. **For inspections.** The chief inspector, with the teachers team and under the guidance of the Project coordinator, will guide and coordinate the reorientation of the inspection systems, including the following:

i) Develop a revised inspection framework.

ii) Coordinate training of inspectors through ADEM, SUZA, and training of head teachers through TCs

iii) Ensure adequate distribution of mobile data collection tools and vehicles to inspectorate staff.

iv) Monitor frequency and quality of inspections.

v) Disseminate inspection findings to head teachers, teachers, TC staff, and SMCs.

vi) Oversee hiring of two data analysts (one for Pemba, one for Unguja) to conduct regular analyses of school- and district-level data and provide training to inspectorate staff on data collection at the school level.

9. Through TA, foundational work will be supported for inspections, including (a) creation of revised inspection framework, including guidelines, training, and implementation material; (b) training of selected master trainers from SUZA; and (c) development of mobile data collection instruments in line with other data portals for seamless integration.

10. **For school grants.** The School Grants Working Group will

i) prepare for implementing, monitoring, and verification of grants allocation and usage, and prepare operational manuals for administering and monitoring grants; and

ii) build awareness at the district and school levels of the school grants scheme to ensure readiness.

11. **For learning facilities and resources.** The Civil Works Unit will oversee civil works in schools that are part of the ZISP Project.

12. Procurement Units will take charge of contracting processes for firms that will undertake civil works in schools.

13. The POM provides a list of designated officials and responsibilities for each component and activity for the ZISP. A draft POM is available and will be finalized by Project effectiveness.

Integrated Fiduciary Arrangements

Financial Management

Budgeting Arrangements

14. Preparation of the Annual Work Plans and Budgets (AWPB) will be participatory, involving all the schools and departments under which the Project activities will be implemented. At school level, each head department will prepare his or her budget which gets consolidated by the head teacher. These budgets are then forwarded to the Ministry for review, discussion and consolidation. In case there are any clarifications or changes to be made, they are communicated

to the respective school. Budget guidelines/ceilings are circulated to all schools. Draft budgets are consolidated by the planning department before approval by the accounting officer. Consolidated AWPBs for the Project will be prepared and the variance analysis reports comparing planned to actual expenditures will be produced on monthly basis. The periodic variance analysis will enable the timely identification of deviations from the budget. At the Ministry level a separate budget code will also be created for school grant funds to take care of the funds meant for school grants. This is primarily meant to avoid delays in disbursing funds. In this regard, the budgeting arrangements are satisfactory.

Accounting Arrangements

Books of accounts and list of accounting Codes

15. MoEVT shall maintain adequate financial records in accordance with accepted international accounting standards and practices. It will use the Integrated Financial Management Information System (IFMIS), a computerized accounting system to maintain projects books and accounts. Accounting policies and procedures do exist and are documented in the Public Finance Act of 2001 (Revised 2004). MoEVT will maintain similar books of accounts to those for other IDA funded projects. The books of accounts to be maintained specifically for the Project will include: a Cash Book, ledgers, journals, fixed asset register and a contracts register. A list of accounts codes (Chart of Accounts) for the Project will be drawn and added to the existing entity Chart of Accounts. This will match with the classification of expenditures and sources and application of funds as indicated in the Financing Agreement. The Chart of Accounts will allow Project costs to be directly related to specific activities and outputs of the Project. All records and vouchers will be kept at MoEVT and school offices.

Information Systems

16. The Ministry uses the Integrated Financial Management Information System (IFMIS) to process financial transactions as per the Government Accounting Instructions. It has also acquired the Quick Books accounting software for use on off budget funding. The accounting functions are performed in accordance to the Public Finance Act.

Staffing Arrangements

17. The Accounts department is headed by the CA, who is a qualified accountant with over 20 years of experience. The CA will be responsible for maintaining the books of accounts and records of ZISP funds. The CA heads a team of qualified senior and assistant accountants. Not all the finance staff have undergone training on World Bank financial management and disbursement procedures. As a result there is need to train other staff on the World Bank Financial Management and Disbursement Guidelines. This can be arranged in consultation with the Financial Management Specialist at the Country Office before funds start to flow. The current staffing levels are adequate. In this regard the accounting arrangements at the Ministry are satisfactory.

18. At school level, the assessment indicates that the systems in place are weak and will need to be supported so as to come up to the required minimum standard. There is urgent need to put in place a functioning FM system at each school, designate a teacher accountant who will handle financial matters, prepare and put in place FM guidelines for schools, train and build capacity of the FM and all those staff involved in financial matters, strengthen the school management committees, provide continuous hands on support to the schools until such a time that they are able

to carry out all the required FM activities. There is need to engaged a consultant to provide a full range of activities to support both the Ministry and schools in building their capacity.

Internal Controls (Including Internal Audit) Arrangements

19. Internal control systems at MoEVT indicated satisfactory levels of segregation of duties and controls. The internal control systems are documented in the Public Finance Act as well as the Treasury regulations and they are adequate for use by this Project in order to ensure funds are utilized for purposes intended. These describe the accounting system i.e. major transaction cycles of the Project; funds flow processes; the accounting records, supporting documents, computer files, Chart of Accounts; the accounting processes from the initiation of a transaction to its inclusion in the financial statements; authorization procedures for transactions; the financial reporting process used to prepare the financial statements. A review of the internal control system revealed that there are strong internal controls in place which can be relied upon to manage funds of this Project.

Internal Audit arrangements

20. MoEVT Internal Audit function has seven staff who are qualified and experienced and is headed by the Chief Internal Auditor. The Chief Internal Auditor reports functionally to the Audit Committee and administratively to the Principal Secretary. This is in line with good governance principles that require that for effective oversight of the activities of an entity, the internal audit function should functionally report to the Audit Committee and administratively to the Chief Executive Officer (CEO). Reports are issued on a quarterly as well as on ad hoc basis. The reports are based on the review of the internal control systems of the organization. The Audit Committee is in place. The Committee reviews the internal audit reports, internal control systems and also follows up on external audit report recommendations. The internal audit uses the risk based audit approach to carry out its work. The audit function uses internal auditing standards as issued by the Institute of Internal Auditors (IIA). A manual is in place to guide the work of internal auditors. In this regard internal audit arrangements are adequate. All issues identified either by the internal audit or the external auditors are addressed by the management and a follow up is done by an internal audit on a quarterly basis. In this regard, the internal control arrangements at the Ministry are satisfactory.

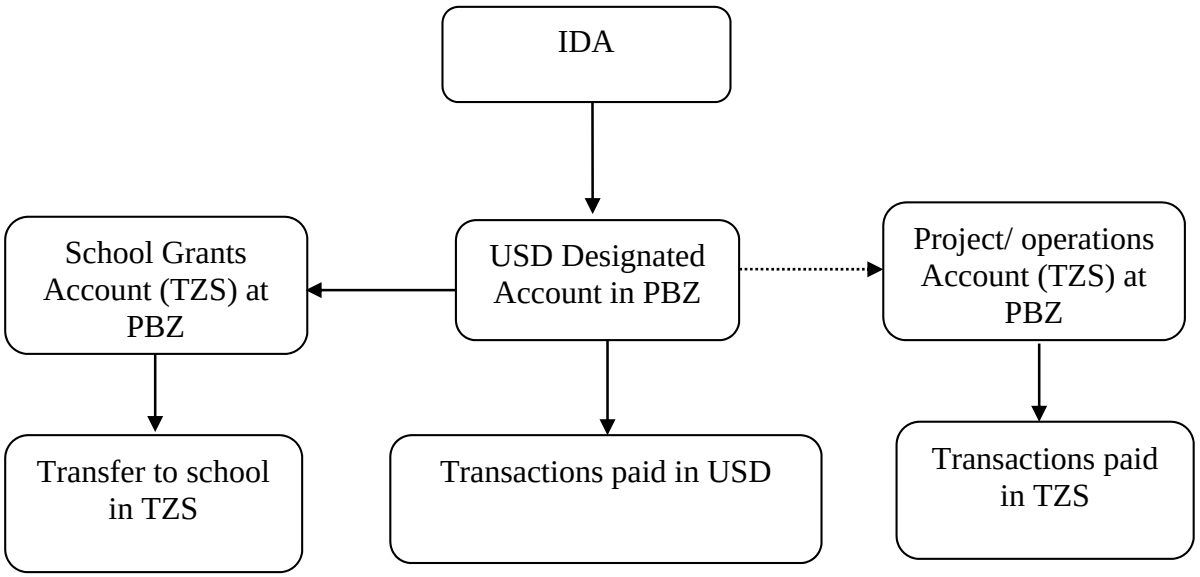
21. At school level the assessment indicates that the systems in place are weak and will need to be supported so as to come up to the required minimum standard. No FM manuals in place, reports are not being generated, reporting tools are not there, budgeting tools are lacking, accounting staff are not there, no audits have been carried out etc. The ministry will ensure that strong internal controls are put in place since it bears the fiduciary responsibility for funds disbursed to schools. This should be done before funds are disbursed to schools.

Funds Flow Arrangements

22. The Project will maintain three sets of bank accounts: (a) a US Dollar Designated Account (DA) to receive funds from IDA; (b) a Tanzania Shilling (TZS) Project (operations) bank account for Ministry operations expenses and (c) a Tanzania Shilling (TZS) Project (school Grants) account to hold school grant funds. Both the DA and the Project accounts will be opened at the People's Bank of Zanzibar. Signatories to these accounts are set in two categories- category A and B. The signing mandate is that any two signatories, one from each category, have to sign the cheque.

Transfers from the IDA credit will be made into the DA from where US dollars payments will be made. Transfers will also be made from the DA to the TZS project accounts primarily to meet transactions in TZS and transfer to Schools Grants Account for the Project. The diagram below shows the funds flow arrangements. The DA and Project accounts will be opened after the signing of the Project but before it becomes effective. MoEVT will communicate the account details together with the signatories to IDA soon after the opening of the bank accounts. The Project will initially submit a cash flow forecast projection for six months to receive the initial deposit into the US dollar designated bank account. Subsequently withdrawal requests will be drawn, based on six months forecast derived after consideration of work plans, every six months following submission of quarterly unaudited IFRs and on the need and utilization of funds in this account.

Figure 3.2: Funds flow arrangements:



Disbursement Arrangements

23. Report based disbursement (IFR) will be used by MoEVT. Initially, requests for disbursement by the Bank will be made on the basis of approved work plans and cash flow projections for eligible expenditures for six months. The Bank will make advance disbursements from the proceeds of the Credit into the Project Designated (Special) Account. Thereafter, disbursements to the Project will be done after every quarterly period upon submission of IFRs that document project expenditure for the quarter and submission of the next six monthly cash flow projections.

24. Other methods of disbursement will include reimbursement from the Bank for eligible costs incurred by the implementing agency, direct payment that may be used for payments to contractors or service providers upon verification of their satisfactory performance by the Project authorized

officials and special commitments using Letters of Credit. Details in relation to these disbursement methods will be documented in the disbursement letter.

25. If ineligible expenditures are found to have been made from the designated and/or operating bank accounts, MoEVT will be obligated to refund the same. If the designated account remains inactive for more than six months, the Project may be requested to refund to IDA amounts advanced to the designated account.

Financial Reporting Arrangements

26. **Financial Reporting Arrangements**: The quarterly Interim Financial Reports (IFRs) will be prepared at the end of each quarter and submitted to the Bank not later than 45 days after the end of the quarter. The format and content of the IFRs will be discussed and agreed with the Government. The IFRs will include Sources and Uses of Funds Statement, Uses of Funds by Project Activity/Component, Designated Account Activity Statement and Physical Progress (Output Monitoring) Report.

27. To support the continued use of report-based disbursement, MoEVT will be required to submit:

- Interim Financial Report (IFR).
- DA Activity Statement.
- DA and Project bank account statements.
- Bank reconciliations for both the DA and project bank account
- Summary Statement of DA Expenditures for Contracts subject to Prior Review.
- Summary Statement of DA Expenditures for contracts not subject to Prior Review.

28. The financial statements should be prepared in accordance with International Public Sector Accounting Standards. The IDA Credit Agreement requires the submission of audited financial statements to the Bank within six months after the financial year end. These Financial Statements will comprise of:

1. A **Statement of Sources and Uses of Funds / Cash Receipts and Payments** which recognizes all cash receipts, cash payments and cash balances controlled by the entity; and separately identifies payments by third parties on behalf of the entity.
2. A **Statement of Affairs/ Balance Sheet** as at the end of the financial year showing all the assets and liabilities of the Project.
3. The **Accounting Policies Adopted and Explanatory Notes.** The explanatory notes should be presented in a systematic manner with items on the Statement of Cash Receipts and Payments being cross referenced to any related information in the notes. Examples of this

information include a summary of fixed assets by category of assets, and a summary of SOE Withdrawal Schedule, listing individual withdrawal applications; and

4. A **Management Assertion** that Bank funds have been expended in accordance with the intended purposes as specified in the relevant World Bank Financing Agreement.

29. Indicative formats of these statements will be developed in accordance with IDA requirements and agreed with the Country Financial Management Specialist.

30. At school level, the assessment indicates that the systems in place are weak and will need to be supported so as to come up to the required minimum standard. The Ministry will ensure that sound and acceptable reporting mechanisms are put in place since it bears the fiduciary responsibility for funds disbursed to schools. This should be done before funds are disbursed to schools.

External Auditing Arrangements

31. The Controller and Auditor General (CAG) of Zanzibar is primarily responsible for auditing of all Government projects. In some cases, at the discretion of the CAG, the audit may be subcontracted to a firm of private auditors, with the final report being issued by the Auditor General, based on the tests carried out by the subcontracted firm. The private firms to be sub-contracted should be among those that are acceptable to IDA. In case the audit is subcontracted to a firm of private auditors, IDA funding may be used to pay the cost of the audit. The audits will have to be done in accordance with International Standards on Auditing. The external audit terms of reference will be agreed with the World Bank. The audit report together with the management letter will be submitted to the World Bank not later than six months after the end of each financial year. MoEVT is required to disclose the audited financial statements in a manner acceptable to the Bank. Following the World Bank's formal receipt of the audit report from MoEVT, the World Bank will make them available to the public in accordance with The World Bank Policy on Access to Information.

Governance and Anti-Corruption (GAC) Arrangements

32. GAC arrangements include the use of hotlines, complaints desks and suggestion boxes to report fraud and corruption as well as other forms of fraudulent activities. Fund allocation and disbursement should be displayed on the Ministry and school noticeboards as well as Ministry website. These mechanisms should be included in the POM.

Financial Management Action Plan

33. The action plan below indicates the actions to be taken for the Project to strengthen its financial management system and the due completion dates.

Table 3.1: Financial Management Action Plan

	Action	Entity Responsible	Due Date
1	Opening of designated and project bank accounts and communicating the details and signatories to IDA.	MoEVT	After signing of FA but before Project effectiveness.
2	Train the accounts and internal audit staff on the more recent World Bank Financial Management and Disbursement Guidelines.	MoEVT/WB	Three months after Project effectiveness
3	Agreeing on the external audit ToRs	MoEVT/WB	After signing of FA but before Project effectiveness.
4	Agreeing on the format and content of the IFR	MoEVT/WB	After signing of FA but before Project effectiveness
5	Develop FM guidelines for schools and train the staff.	MoEVT/WB	Three months after Project effectiveness.
6	Put in place a functioning FM system at each school	MoEVT/WB	Six months after Project effectiveness.

Conclusion of the Assessment

34. The results of the assessment do indicate that the overall FM arrangements satisfies the Bank's minimum requirements under OP/BP10.00 and is therefore adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project implemented by MoEVT as required by the World Bank. The FM risk rating is Substantial and the residual risk is moderate**.**

Implementation Support (Supervision) Plan

35. Based on the risk assessment, the number of stakeholders, and the nature of coverage of the Project, a supervision mission will be conducted at least once every six months. The mission's objectives will include ensuring that strong financial management systems are maintained for the Project throughout its life. This will be complemented by quarterly reviews of IFRs, annual review of audit reports, in depth FM reviews and continuous training of Project staff on FM and disbursement guidelines. These reviews will be carried out regularly with an aim of ensuring that expenditures incurred by the Project remain eligible and for the purpose intended.

Table 3.2: Implementation Support (Supervision) Plan

Activity	Frequency
Desk reviews:	
Interim financial reports review	Quarterly
Audit report review	Annually
Review of other relevant information such as internal audit reports.	Quarterly
On site Visits:	
Review of overall operation of the FM system/ implementation Support missions	Semi-annually
Monitoring of actions taken on issues highlighted in audit reports, internal audit and other reports	Continuous
In depth transaction reviews	Annually
Capacity Building:	
FM training	One month after effectiveness and thereafter annually
Technical Assistance	Continuous

Procurement

36. **General.** Procurement activities under the Project will be undertaken in accordance with the 'Guidelines: Procurement of Goods, Works and Non Consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011, revised July 2014 (Procurement Guidelines); 'Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers', dated January 2011, revised July 2014 (Consultant Guidelines); 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', dated October 15, 2006 and revised in January 2011; and the provisions stipulated in the Financing Agreement.

37. **Legal and regulatory framework.** Public procurement in Zanzibar is governed by the Public Procurement and Disposal of Public Assets Act No. 9 of 2005, which was enacted following the recommendations of the 2003 Country Procurement Assessment Report. The Bank reviewed the Act during the 2006 Public Expenditure and Financial Accountability Review and concluded that it does not conform to the United Nations Commission on International Trade Law (UNICTRAL) model law. The deficiencies noted include the following: there are no corresponding guidelines; the law does not cover the procurement of non-consultancy services; the law lacks a section on international obligation; it does not address the independence of the procurement function to avoid a perception of conflict of interest; the complaint mechanism is not in line with international goods practice—procurement complaints are handled through arbitration and trade tribunals; and the regulatory authority has no autonomy because of the setting—the regulatory functions are under the Department of Stock Verification and Procurement Services, a department under the MoF and Economic Affairs. These deficiencies render the act unsuitable for

procurement under Bank financing and hence, procurement activities under the Project will follow World Bank Guidelines and standard procurement documents.

38. **Procurement of civil works.** Civil works to be procured under the Project will include classroom block, science learning infrastructure facilities (science room, language lab, ICT facilities and teachers' preparation rooms). Procurement will be done under International Competitive Bidding (ICB) or National Competitive Bidding (NCB) using the World Bank's Guidelines and SBDs. Small-value works may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the Procurement Plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines.

39. **Procurement of goods**. Goods to be procured under the Project will include (a) equipment for laboratories, (b) computers and office equipment, (c) vehicles for monitoring, (d) library books and materials, and so on. Procurement will be done under ICB or NCB using the Bank's Guidelines and SBDs. Small-value goods may be procured under shopping procedures. Direct contracting may be used where necessary if agreed in the Procurement Plan in accordance with the provisions of paragraph 3.7 to 3.8 of the Procurement Guidelines.

40. **Selection and employment of consultants.** Consultancy services will include supervision of infrastructure works, TA, feasibility studies, and technical reviews and evaluations. The selection method will be Quality- and Cost- Based Selection (QCBS) whenever possible. The following additional methods may be used where appropriate: Quality- Based Selection, Selection under Fixed Budget (FBS); Least-Cost Selection (LCS); Selection based on the Consultants' Qualification (CQS); and Single-Source Selection may be employed with prior approval of the World Bank and will be in accordance with paragraphs 3.8 to 3.11 of the Consultant Guidelines. All services of individual consultants (ICs) will be procured under contracts in accordance with the provisions of paragraphs 5.1 to 5.6 of the Consultant Guidelines.

41. **Operating costs.** These costs shall consist of operations and maintenance costs for vehicles, office supplies, communication charges, equipment, utility charges, travel expenses, per diem and travels costs, office rental, training costs, workshops and seminar and associated costs, among others. Operating costs will not include salaries of civil servants.

42. **Training and workshops.** Training and workshops will be based on a capacity needs assessment. Detailed training plans and workshop activities will be developed during Project implementation and included in the Project annual plan and budget for the World Bank's review and approval.

43. **Risk assessment.** The Project procurement risk was assessed as 'Substantial' with a reduced residual risk of 'Moderate', taking into consideration mitigation measures put in place. Actions proposed to mitigate the procurement risk include (a) PMU staff to receive training in basic and advanced procurement under World Bank procedures to improve their skills; (b) provision of necessary equipment for procurement staff; (c) capacity building of user departments' staff in preparation of good quality technical specifications and terms of reference; (d) capacity building in contract management; and (e) improvement of the records keeping system. Table 3.3 presents more details on the risks and proposed mitigation measures.

Table 3.3: Procurement Risks and Mitigation Measures

Risk	Action	Time Frame	Responsibility
Inadequate Legal and Regulatory Framework	Use Bank Guidelines and standard procurement documents and standard forms of evaluation.	During implementation of the Project	MoEVT
Inadequate space for office and record keeping.	Provide more space for PMU staff and for record keeping.	Within six months of Project implementation	MoEVT
Lack of equipment for staff	Procure necessary equipment (computers, scanners, photocopiers, and so on) for PMU staff.	During implementation of the Project	MoEVT
Procurement staff have inadequate experience on Bank procurement procedures and processes.	Arrange training of staff in basic and advanced procurement of goods, works, and consultancy services using Bank procedures.	During implementation of the Project	MoEVT
Inadequate quality of technical specifications and terms of reference	Build capacity of user departments in preparation of good quality technical specifications and terms of reference	During implementation of the Project	MoEVT
Weak contract management	Provide training in contract management for PMU and user departments' staff	During implementation of the Project	MoEVT

44. **Frequency of procurement supervision.** In addition to the prior review supervision to be carried out from Bank offices, one supervision mission every six months to visit the field to carry out post review of procurement actions is recommended.

45. **Procurement Plan.** The Borrower has developed a Procurement Plan for the first 18 months of the Project implementation, which provides the basis for the procurement methods. It will also be available in the Project's database and on the Bank's external website. The Procurement Plan will be updated in agreement with the Project team annually or as required to reflect the actual Project implementation needs and improvements in institutional capacity.

46. **The Borrower will be required to prepare and submit to the Bank a General Procurement Notice.** The Bank will arrange for its publication in United Nations Development Business online (UNDB online) and on the Bank's external website. Specific Procurement Notices for all procurement under ICB and Requests for Expressions of Interest for all consultancies estimated to cost not less than US$300,000 shall be published in at least one newspaper of national circulation in the Borrower's country, or on a widely used website or electronic portal with free national and international access, and in UNDB online.

47. **Details of the procurement arrangements involving ICB and other methods is given in table 3.4.**

Table 3.4. Thresholds for Procurement/Selection Methods and Prior Review

Expenditure Category	Contract Value Threshold (US$)	Procurement/ Selection Method	Contracts Subject to Prior Review
Works	≥ 15,000,000	ICB	All
	< 15,000,000 ≥ 10,000,000	NCB	All
	< 10,000,000	NCB	None (Post review)
	< 200,000	Shopping	None (Post review)
	All values	Direct Contracting	All
Goods	≥ 3,000,000	ICB	All
	< 3,000,000 ≥ 1,000,000	NCB	All
	< 1,000,000	NCB	None (Post review)
	< 100,000	Shopping	None (Post review)
	All values	Direct Contracting	All
Consulting Services - Firms[1]	≥ 500,000	QCBS/Other[2] (QBS/FBS/ LCS)	All
	< 500,000 ≥ 300,000	QCBS/Other[2] (CQS/QBS/FBS/LCS)	None (Post review)
	< 300,000	CQS/Other[2] (QCBS/QBS/FBS/LCS)	None (Post review)
	All values	SSS	All
Consulting Services - Individuals (IC)	≥ 200,000	IC - Qualification	All
	< 200,000	IC - Qualification	None (Post review)
	All Values	IC - SSS	All

Note:

1. General - Terms of reference for all contracts shall be cleared with the Bank
   (a) Short lists for consultancy services for contracts estimated to cost less than US$300,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.
   (b) Consultancy services for contracts estimated to cost US$300,000 and above equivalent per contract shall be advertised in UNDB online and dgMarket in addition to advertising in national newspaper(s) in accordance with the provisions of paragraph 2.5 of the Consultant Guidelines.
2. QBS, FBS, and LCS for assignments meeting requirements of paragraphs 3.2, 3.5, and 3.6, respectively, of the Consultant Guidelines.
3. Clearance of a Procurement Plan that lists Direct Contracting or Single-Source Selection contract packages does not constitute a clearance of the Direct Contracting or Single-Source Selection method for such contracts. The justification for the DC or SS contracts, if any, in the Procurement Plan will have to be provided and cleared by the Bank at the time of procurement.

Environmental and Social (including Safeguards)

48. **A designated focal point will be hired or assigned by the MoEVT to manage and supervise the implementation of the ESMPs.** To ensure that the ESMPs are appropriately implemented and supervised and that the ESMF is accurately complied with, there will be capacity building and technical training provided to key staff responsible for monitoring and supervising implementation of safeguards.

49. **The PMU will recruit a specialist to manage issues related to environmental and social safeguards.** The PMU will also establish a grievance mechanism to manage any complaints as a result of the Project's intervention.

Monitoring and Evaluation

50. **The PDO-level results indicators will be measured through annual school surveys, which will be supported by the Project's TA allocation.** They will be administered to Standard 5 and Form 1 students in a reasonably sized, representative sample of schools. The baseline assessment is expected to be conducted in the upcoming academic year, 2016–17. Follow-up assessments will be conducted annually throughout the Project implementation period. To enhance the cost-effectiveness of this exercise, to the extent possible, the same surveys will be used to get additional information on the Project's intermediate indicators and higher order objectives.

51. **There are three major data sources within the Zanzibar Education system that will yield information on additional indicators.** These are (a) the EMIS maintained by the MoEVT; (b) national student examination data (for PSLE and CSEE) maintained by the Examinations Board; and (c) school inspections data maintained by the MoEVT.

52. **The ZISP monitoring data will be triangulated with direct beneficiary feedback.** Modern technologies will be leveraged to collect real-time data from ultimate beneficiaries (head teachers, teachers, students, and school committees). This information will be integrated into the Project results framework. It will also be used to obtain insights into beneficiary perceptions about Project implementation, identify implementation gaps and deficiencies, and mitigate potential implementation and political economy risks.

53. **Impact evaluations will be built in to provide timely feedback for improving the design of the new and innovative interventions.** For certain innovative interventions, such as teacher skills enhancement, a phased approach of implementation will be used. These will provide built-in learning opportunities within the Project design which can be exploited to refine design and implementation before national scale-up. It will also generate crucial data on implementation quality for specific project interventions.

54. **The ZISP Project is further strengthening the Government's M&E system through its TA support.** The overall EMIS will be enhanced on multiple dimensions and the MoEVT's technical capacity on data management and use will be strengthened. There will be particular focus on generating better and more-frequently updated data on students' formative assessments and teacher management (including performance indicators). Through TA, education system data will be better linked and made easily accessible through education dashboard(s), a part of which will be accessible to the public. Project TA will also finance independent verification of selected DLIs.

Annex 4: Implementation Support Plan

Zanzibar Improving Student Prospects Project

1. The strategy for implementation support is informed by the lessons learned from ZBEIP implementation, the nature of Project activities, and identified Project risks. Implementation support is designed to be flexible, responsive, and efficient. It focuses on: (a) the provision of technical support, particularly to areas where current implementation capacity is limited; and (b) the timely formulation and implementation of risk mitigation measures.

2. Implementation support will consist of (a) implementation support missions; (b) regular technical meetings and field visits by the Bank task team between the formal review missions; (c) implementing agency reporting based on internal monitoring; (d) independent third-party verification; and (e) internal audit and FM reporting. Key data and documentation include those related to achievement of DLIs, progress on monitoring indicators, financial reports, and procurement documents and contracts.

3. As highlighted in the Systematic Operations Risk-Rating Tool, there are significant risks associated with new, technically complex, and/or politically challenging reforms to be supported under the proposed Project. To contribute to the mitigation of these risks, the Bank task team will provide timely technical support to the client to facilitate smooth implementation and mobilize field-based TA to provide dedicated support to the client as and when necessary. Also, during the first 12 months, the team will conduct videoconferences every month with Project counterparts to support, advice, and follow the implementation.

4. The Bank, together with the implementing agency and its sub-departments, will formally review Project implementation semiannually (September and May).

Implementation Support Plan

5. Formal supervision and field visits will be carried out semiannually, with more frequent technical implementation support missions during the Project. Detailed inputs from the Bank team are outlined in Table 4.1. The listed personnel do not include experts brought in as needed to advise and support the PMU on specific reform areas.

Table 4.1. Implementation Support Plan - Task Team

Skills Needed	Type	Number of Staff Weeks	Number of Trips
Overall policy dialogue, Project implementation supervision and support management, team management and coordination, and internal reporting	Task team leader/ economist	18, annually	Field trips as required
Assessment of education systems and performance; technical and advisory support for any required design and implementation improvements	Education specialist	16, annually	Field trips as required
Research and evaluation	Education economist	6	2

Skills Needed	Type	Number of Staff Weeks	Number of Trips
Assessment of M&E arrangements and performance; technical and advisory support for any required design and implementation improvements	M&E specialist	4, annually	2
Assessment of FM and procurement arrangements and performance; technical and advisory support for any required design and implementation improvements	Procurement specialist	3, annually	Field trips as required
	FM specialist	3, annually	Field trips as required
	Social development specialist	1, annually	Field trips as required

Annex 5: Economic and Financial Analysis

Zanzibar Improving Student Prospects Project

1. This section will analyze the economic rationale for investment in the ZISP and the cost-benefit ratio of the proposed activities by focusing on the following areas:

(a) **External efficiency of education.** Using household information, we investigate whether there is a positive private return to expected improvements in schooling completion rates in Zanzibar's labor market. The principal outcomes expected from the Project are

(i) higher completion rates at the primary level (PSLE) and the secondary ordinary level (CSEE)[50] and

(ii) higher learning performance (higher cognitive skills), which is expected to respond to improvements in school facilities (that is, science and computer labs), provision of personalized education for lagging students, higher teacher quality because of better teacher deployment, in-service training, qualification entry exam, and strengthened teaching incentives among other initiatives.

(b) **CBA of the proposed interventions using the PDV method.** This involves estimating the PDV of the stream of expected benefits and costs of schooling with and without the ZISP and calculating the difference in expected net benefits to arrive at the expected economic gain 'induced' by the ZISP.

(c) Estimation of the expected economic gain is subjected to a sensitivity analysis, which involves investigating if the estimate remains positive when selected key parameters likely to have a different scale of effect on the stream of expected economic benefits are changed unfavorably.

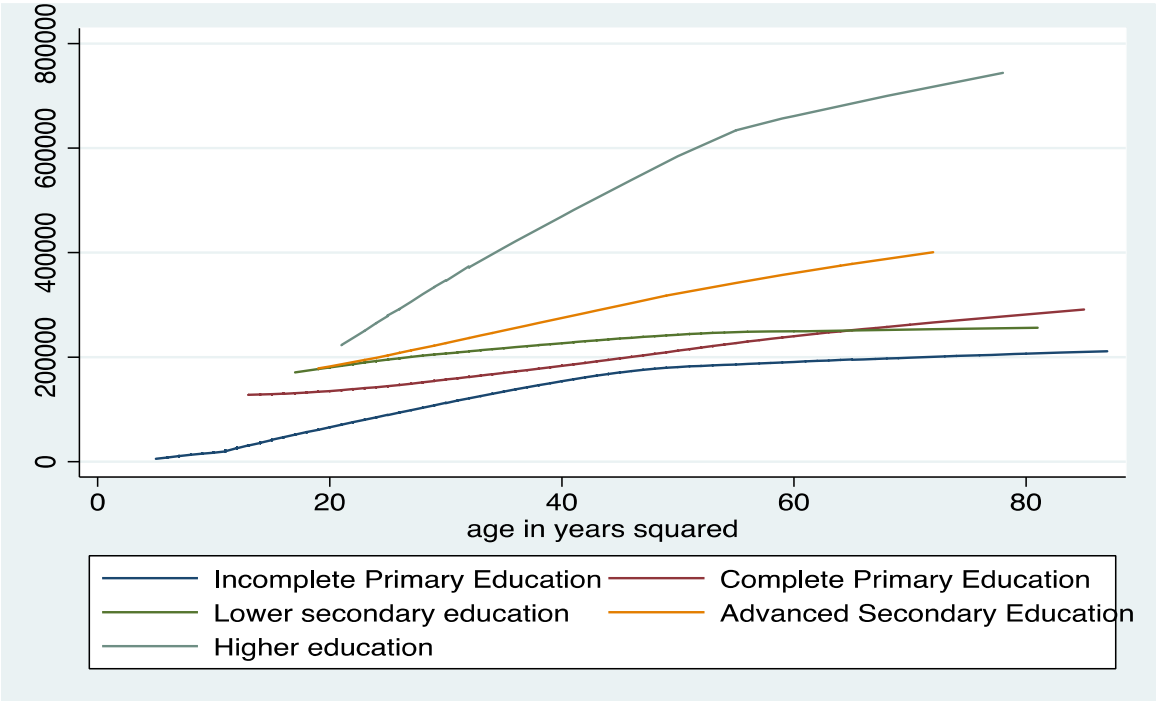
External Efficiency

2. According to the human capital theory, education can be expected to generate a range of private and social benefits (see, for example, Behrman 1999, Glewwe 2002, and Huffman 2001 for reviews of microeconomic evidence on the impact of schooling on various socioeconomic outcomes in developing countries). More education tends to imply improved productivity and income, a healthier and better-nourished population, and greater autonomy for women. Economic development in turn implies a better quality of life (Martin and Juarez 1995; Sanderson and Lutz 2010). Following the standard practice of CBA, the benefits of schooling are measured using labor earnings over the course of the standard working life. These labor earnings reflect the direct private return to schooling (both higher completion rates and learning outcomes).

[50] According to the results chain, the main objectives of the ZISP are to increase school retention, transition between levels, student learning, and better school-labor market transition. By having an impact on retention and learning, the project is also likely to have an impact on the probability of completing different schooling levels.

3. Estimation from National Panel Survey (NPS) 2012 shows that education qualifications are a strong predictor of earnings in Zanzibar's labor market. Figure 5.1 shows the average simulated annual income by level of education and age. As shown, a higher level of education rewards a higher lifetime earning horizon.

Figure 5.1. Average Annual Simulated Earning by Education Levels

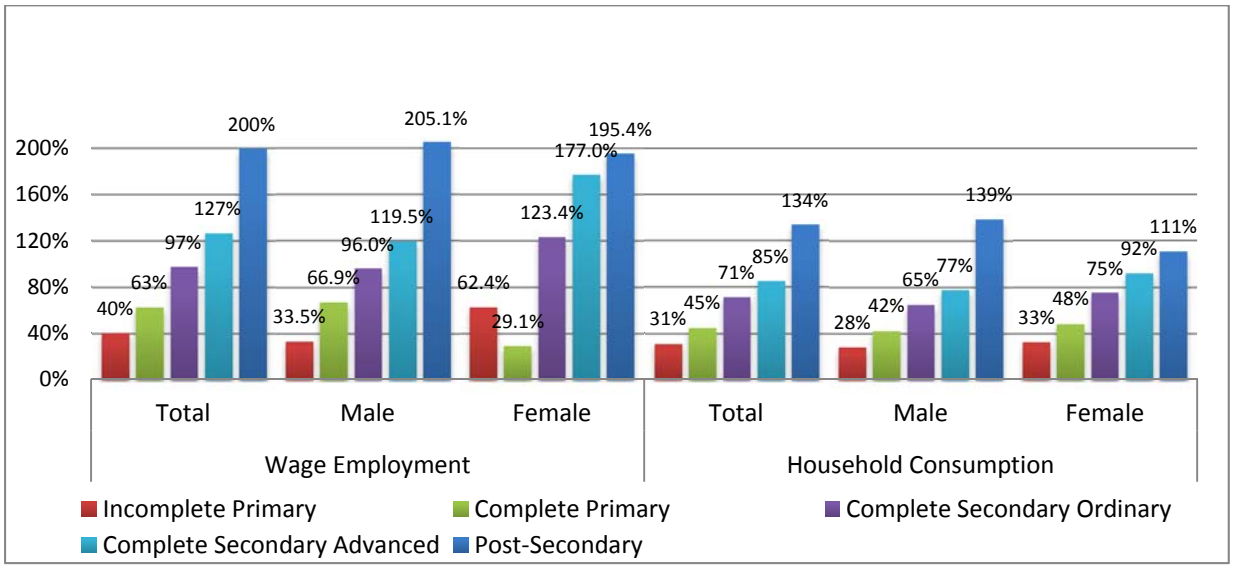


Source: Calculations based on NPS 2012

4. First, the estimation is done using the sample of salaried workers whose payment information is clearly documented in the survey. However, as most of the households reside in rural areas, the information is rather limited in that only ten percent of the whole working-age population in Zanzibar has reported formal pay. Thus, we will extend the estimation using household consumption as a proxy for wages,[51] divided by household size of a working-age adult. In addition, we have estimated separately using two measurements of education years of schooling and categorical dummies of education level. The Mincer Equation of Regression using formal wage measurement shows that an additional year of education results in higher earnings of about 9.6 percent, which is closer to an average return to education in Sub-Saharan Africa (Psacharopoulos and Patrinos 2015). It is also important to note that the rate of return for women is higher than men for both salaried workers and household consumption measures, with the exception of tertiary education.

[51] Consumption is not an accurate proxy, but it will further improve the methodology by imputing income using rural income-generating activities.

Figure 5.2. Mincerian Regression Result: Earning Increase Compared with Income Primary by Level of Education (%)



5. To more precisely quantify the scope and size of these effects, we estimate the number of students who are likely to be affected by the ZISP. We focus our attention on the increase in the number of students passing the PSLE and CSEE using the targets of the pass rates for PSLE and CSEE set by the interventions for the subsequent years. The improvement in the completion rates as well as transition rates is because of improvements in the quality of education. An analysis from India's ASER exam reveals that a one percent improvement in learning outcomes leads to a 0.43 percent decrease in the dropout rate. Similarly, a one percent improvement in learning outcomes leads to a 0.42 percent increase in transition from primary to upper primary schooling.[52] The ZISP targets the average increase in pass rates of PSLE and CSEE to be around five percent to ten percent over the next four years. Even though the Project will have a positive impact that will last beyond four years, we restrict our attention to the next four years and use the average increase in pass rates as ten percent. This assumption again is a testimony that we have been extremely conservative with our analysis.

6. There are currently around 239,277 students enrolled in primary schools while around 89,685 students are enrolled in secondary schools. With an average increase of 10 percent in pass rates, it is expected that an additional 23,594 students will clear the PSLE and 8,954 will clear the CSEE over the next four years. We will use these numbers for our CBA to justify the Project on economic grounds in the following section.

7. The CBA follows an economic model that accounts for the cash flow generated by a person in his or her productive lifetime.

8. To provide the economic rationale for each component, the CBA is computed separately for each activity using the learning outcome. To conduct the CBA, the model makes several assumptions about the Project and the associated costs and benefits. The following presents the model assumptions, NPV, and IRR for the Project. In addition, although the future is uncertain,

[52] Bihar Project Appraisal Document, page number 68.

the current labor market outcomes also play a crucial role with regard to expected earnings and chances of employment for different education attainment levels. Furthermore, as demonstrated by the rate of returns to education at the current level, the labor market has a very strong signal for formal education, which may influence the expected returns in the long term. So we adopt the current pattern of the labor market as the basis for this analysis and we consider several different assumptions including Project targets of success in the sensitivity analysis. The summary of specific assumptions adopted for the base scenario are given below.

- **Unemployment rate.** The labor force participation rate in Zanzibar is 70 percent[53] and unemployment rate is 16.5 percent, compared to less than three percent in the mainland. The working age of the labor force is defined as 17 to 60 years.
- **Discount rate.** The assumed discount rate of 11 percent is based on the recent lending rate.
- **Inflation adjustment.** Given the currency used (U.S. dollars for all), five percent inflation adjustment per year is assumed.
- **Earnings.** Earnings by level of education is estimated using NPS 2012 for primary, lower secondary, Form 1, Form 2, Form 3, advanced secondary, and higher education levels.
- **Years in the labor market.** Assuming the retirement age of 60 years (NPS 2012), participants of the Project remain in the labor market for 34 years following education completion.
- **Opportunity cost.** Forgone opportunity costs of those who participated in the Project was estimated using upper secondary average earnings by earnings for the relevant age group.
- **Exchange rate.** Average annual exchange rate of TZS 2,104.29 per U.S. dollar has been used for local currency conversion to dollar.

9. Using the parameters above, the calculation of the NPV for this Project, benefit-to-cost ratio, and the IRR is conducted. The NPV is calculated as US$21,606,082.

Learning Outcomes

10. Turning to learning outcomes, we estimate the NPV of labor market outcomes as a result of higher learning in a similar fashion; however, our initial estimates are obtained by regressing test scores on a range of schools, teachers, classrooms, and student characteristics using SACMEQ III data (2007). Full regression results are omitted here given the limited space; however, classroom characteristics such as computer rooms, other school/classroom characteristics and teacher skills, and length of training appear to increase performance on test outcomes. However, some of these coefficients are inadequately determined, a point we return to in the sensitivity analysis later.

11. We assume that all students in the Project regions will be affected by improvements in teachers' subject skills, improved pedagogical skills and English fluency, and higher attendance

[53] According to NPS 2012, Zanzibar's labor participation rate is 63.5 percent. As mentioned in the learning outcome part, strong evidence can link return to learning outcome and economic growth, which will increase the labor market participation rate by 10 percent.

rate. However, computer lab development will only affect a subsample of schools (60 schools) and only secondary schools as outlined in the Project component of the Project Appraisal Document. There is strong evidence that the cognitive skills of the population—rather than mere school attainment—are powerfully related to individual earnings, to the distribution of income, and to economic growth (Hanushek and Wessmann 2007). Some other empirical evidence using different cognitive measurement datasets (Program for International Student Assessment, TIMSS, PASEC, SACMEQ, LLECE) have similar conclusions (Altinok and Murseli 2006; Lee and Newhouse 2013). Here we applied the parameter of labor market return to cognitive skills using the within-country analysis (Knight and Sabot 1990) in Tanzania showing a 13 percent increase in wage from a standard deviation of one in measured test scores. In addition, there is other evidence showing that an increase in test score is related to reduction in unemployment rate in lower-income countries (Lee and Newhouse 2013).

Table 5.1. Value of Increased Educational Attainment in Labor Market Returns as a Result of Increased Learning Outcome

Component	Discipline	NPV (in US$)
Teacher Training	Math	1,721,950.94
	Reading (English)	12,422,054.70
Teacher Attendance	Math	3,574,348.90
	Reading (English)	1,255,852.32
MSE Rooms	Math	12,194,964.42
	Reading (English)	8,350,487.81
TOTAL		39,519,659.09

12. **The model employed in the analysis captures only a part of the Project's benefits and therefore underestimates its potential benefits.** For instance, primary and secondary education is increasingly associated with better cognitive and non-cognitive skills that create better outcomes in a host of labor market and adult life indicators (better health, lower criminality, better-informed voters, and so on). For example, some data from the recent DHS for Tanzania (including Zanzibar) by level of education reveal that a higher level of education is correlated with a lower fertility rate, infant mortality, and child stunting. Thus, secondary education has significant social benefits for reducing child marriage and increasing women's labor force participation rate; these benefits can even accrue to the next generation.[54] Higher national education attainment is also associated with higher economic growth. Research by the Organisation for Economic Co-operation and Development (2010) estimated the impact of improving academic quality (measured by results in international assessments) on countries' future economic growth. According to the study, a 50-point increase in Program for International Student Assessment scores (half standard deviation or one year and a quarter of education) is associated with 0.9 percent percentage points higher growth rates in the long term (over a 50-year period).

[54] According to an impact evaluation research targeting young women in Malawi, cash transfers were provided conditional on staying in school. It has significantly declined early marriage, teenage pregnancy, and self-reported sexual activity among program beneficiaries.

Table 5.2. Relationship between Women's Educational Status and Selected Social Indicators (DHS 2010)

	Total Fertility Rate	Infant Mortality (per 1,000)	Child Stunting (percent of children)
Tanzania	5.4	60	35
No education	7.0	63	36
Primary education incomplete	6.0	67	35
Primary education completed	5.5	58	34
Secondary education or more	3.0	52	23
Zanzibar	5.1	54	20

Note: Total fertility rate, infant mortality, and child stunting indicators are correlated with mother's education status.

13. Using the parameters estimated from Mincer Regression (Figure 5.2) and the assumptions listed above, the calculation of the NPV for this Project, benefits-to-cost ratio, and the IRR is achieved by comparing the entire flow of costs and benefits over the working life of students affected by the Project. Using the above estimated parameters, the NPV of the Project is calculated as US$61,192,548, benefits-to-cost ratio is 2.42, and the estimated IRR is 23 percent.

Sensitivity Analysis

14. This analysis focuses on determining the sensitivity of calculated NPVs, IRRs, and benefits-to-cost ratio to our initial assumptions. The Project's success depends on the ability to decrease the dropout rate and increase students' exam pass rate; the sensitivity analysis also depends on different paths of chances of employment. Four sets of analyses are undertaken and resulting outcomes are presented as follows. First, it is assumed that if returns to educational quality are lower than the expected ten percent pass rate (due, for instance, to only partial disbursement under the operation), then the implicit discount rate is varied. The second is to apply a higher discount rate according to the lending rate fluctuation. Third, labor participation currently is quite low (63.5 percent); if applied using the mainland data, it depicts a higher NPV and benefits-to-cost ratio. Finally, when estimating the wage effects parameters using not only salaried workers but also informal sectors workers, who mostly reside in rural areas, it is expected to have lower wage effects. The last scenario is the most stringent sensitivity analysis performed as five parameters are being changed. The sensitivity analysis performed confirmed that it is a good investment.

Table 5.2. Sensitivity Analysis for Project Economic Impact

Assumption	Change	NPV (in US$)	IRR	Benefits-to-cost Ratio
Basic scenario	As described in the text above	61,192,548	23	2.42
Decrease in returns to completion rate	Reduced to 5%	24,967,186	12	1.58
Higher discount rate	Applied at 15% rather than 11%	44,058,725	18	2.07
Labor participation rate	Applied at 63.5% rather than 70%	52,144,500	20	2.21
Change in marginal wage effects by education level[55]	Estimated effects are based on informal sector combined income information	20,064,202	8	1.47

Fiscal Sustainability Analysis

15. The Government's expenditure on education as a share of gross domestic product shows an upward trend according to the Tanzania PER (World Bank 2010). Considering the Government's commitment to achieving the MKUZA III strategic objectives and the economic growth rate being around eight percent in the past three years, thus if carefully managed, the risk to sustainability of the existing program is low. The overall budget allocation is 5.9 percent in year 2010, which is much higher than all the other major sectors. The MoEVT was allocated 28.5 percent of the Government budget compared to less than ten percent allocation to all the other MKUZA sectors, indicating the importance of the education sector to the Revolutionary Government of Zanzibar.

Table 5.3. Various Education Expenditure Indicators, 2008 Through 2012

Indicators	2008	2009	2010	2011	2012
Tanzania public expenditure on education as a percentage of gross domestic product	4.6	4.6	5.95	–	–
Tanzania public expenditure on education as a percentage of government expenditure *	51	58	61	–	–
Zanzibar budget allocation to the MoEVT (%)	24.8	23.4	20.0	21.1	19.0

Source: Tanzania Public Expenditure Review (2010); *Zanzibar Mkuza Financing and Strategic Allocation of Resources Into Areas That Support Pro-Poor Growth*.

16. Public financing for supporting upper-primary and lower-secondary education provision is justified by the important social externalities that arise from secondary completion**.** For instance, primary and secondary education is increasingly associated with better cognitive and non-cognitive skills that create better outcomes in a host of labor market and adult life indicators (better health, lower criminality, better-informed voters, and so on). Also, data from the Demographic and Health Survey (DHS) 2010 for Tanzania (including Zanzibar) by level of education reveals that a higher level of education is correlated with lower rates of fertility, infant mortality, and child

[55] Here we use the parameters calculated using the informal sector combined (that is, household consumption proxy). The calculation result is shown in Figure 5.2. The difference between formal and informal sector combined is that the formal (salaried) sector is mainly present in urban areas. It is expected that the wage using informal sector will be lower than the basic scenario.

stunting. The Project is also expected to increase job satisfaction among teachers and provide other community-level benefits.

17. The Bank's involvement is expected to bring tangible value added in several key domains. The Bank's technical expertise, global knowledge, and leverage will be critical in shifting focus away from inputs toward increased efficiency of existing expenditures through service delivery improvements. In addition, the Bank is expected to provide an effective platform for marshalling technical support, consensus building, and donor harmonization around system and institutional changes which are expected to yield returns in the longer term.

Annex 6: Detailed Planning and Risk Mitigation for ZISP Construction Activities

Zanzibar Improving Student Prospects Project

Lessons Learned

1. The Project adopts a significantly new approach towards infrastructure provision, as seen by the Table 6.1 below that contrasts design choices in ZABEIP with ZISP.

Table 6.1

Type	Old Project (ZBIEP)	ZISP
Objective	Improve enrollment in secondary schools and provide an appropriate environment for education	Improve English, Math, and Science acquisition in upper primary and lower secondary
Approach	Construct 19 new schools, eight hostels, and undertake extensive rehabilitation in six existing schools - to accommodate increased secondary enrollment	Construct additional structures in 25 existing schools to: (i) reduce overcrowding in heavily congested schools; (ii) provide extra classes for lagging students; (iii) provide facilities and equipment tailored for effective English, Math, and Science instruction[56] and for teacher preparation
Cost effectiveness		Multi-purpose structures, Hub concept, Technology-enabled cost-effective equipment. Will reach students directly (no teacher houses or teacher training facilities).
Lessons learned and reflected from last project	(i) Infrastructure provision significantly impacted quality of education provision and had tangible aspirational impacts on head-teachers, teachers, students, and communities; and (ii) lack of implementation readiness caused significant delays with negative impacts on achievement of project indicators. Therefore in ZISP design: significant upstream work has been done to ensure implementation readiness for construction and project indicators are realistic	

Site Selection

2. Distribution of new construction in the 25 sites across districts is done on needs-based criteria generated from district-level aggregates for: (a) share of schools without science labs; (b) pupil to classroom ratio.

3. Keeping in mind equity issues, there were additional considerations for district allocation:
   - Facilities will be constructed in both Unguja and Pemba, with the relative share across the two islands being roughly proportional to the relative share of total schools.
   - Construction will cover all 10 districts.

[56] These will help change the way English, Math, and Science are taught – based on global evidence

4. As shown in Table 6.1, a Scarcity Index was created based on the two indicators mentioned above.[57]

Table 6.1. Scarcity Index on District Science Lab Distribution and Pupil to Classroom Ratio

Island	District	Share of Schools without Labs		Pupil to Classroom Ratio		Total No. of Sites for Infrastructure Provision (Scarcity Points A+B)
		Data (%)	Scarcity Points A*	Pupil to Classroom Ratio	Scarcity Points B**	
Pemba	Wete	48	0	42.1	2	2
Pemba	Chake	52	1	45.3	2	3
Pemba	Mkoani	52	1	41.8	2	3
Pemba	Micheweni	79	2	51.2	3	5
Total in Pemba						13
Unguja	North A	100	2	40.4	2	4
Unguja	South	19	0	34.8	1	1
Unguja	Central	53	1	34.5	1	2
Unguja	North B	50	1	45.4	2	3
Unguja	Urban	0	0	76.9	3	3
Unguja	West	41	0	65	6***	6
Total in Unguja						19
Total in Zanzibar						**32**

Note: *:Scarcity Point A calculated as follows:

Share of schools without labs	More than 70	50–70	Less than 50
Scarcity Points A	3	2	1

**: Scarcity Point B calculated as follows:

Pupil to classroom ration	More than 50	40–50	Less than 40
Scarcity Points A	3	2	1

***: Based on very rapid population growth, high rates of migration, and high population densities, the ministry has requested a higher number of construction sites be located in this district (6 sites instead of 3 based purely on Scarcity Index).

5. Within each district, the site/school location is based on the following criteria:

(a) Only secondary schools with levels up to Form 4;
(b) Schools with space for construction of labs, libraries, and computer rooms (land certificate availability); and

[57] For the science lab, two points are assigned if the share of schools without labs is higher than 50 percent; one point is assigned if the share of schools without labs is between 25 and 50 percent; zero points are assigned otherwise. For school construction, two points are assigned if the pupil to classroom ratio is higher than 50; 1 point is assigned if the pupil to classroom ratio is between 33 to 50; zero point are assigned otherwise.

(c) Schools that are in a location that is accessible by other schools so that they can share the facilities.[58]

6. Based on these criteria, the following 25 sites have been selected:

Table 6.2. Proposed Secondary Schools In Zanzibar for Construction under New Bank-Funded Education Project

PEMBA

S/N	Schools	Details	District
1	KISIWA PANZA (Island)	1 storey	Mkoani
2	KANGANI.	1 storey	Mkoani
3	KINOWE.	1 storey	Micheweni
4	MAKANGALE.	1 storey	Micheweni
5	WINGWI.	2 storey	Micheweni
6	KOJANI (Island)	2 storey	Wete
7	FUNDO (Island)	1 storey	Wete
8	CHANJAMJAWIRI.	1 storey	Chake chake
9	PUJINI.	1 storey	Chake chake
10	CHAKECHAKE.	2 storey *	Chake chake

**: 12 classrooms*

UNGUJA

S/N	Schools	Details	District
1	JANG'OMBE	2 storey	Urban
2	KISAUNI	1 storey	West
3	MWANAKWEREKWE	3 storey	West
4	REGEZA MWENDO	2 storey	West
5	CHUINI	1 storey	West
6	MTONI KIGOMENI	1 storey	West
7	TUMBATU (Island)	1 storey	North A
8	KIJINI	1 storey	North A
9	FUKUCHANI	1 storey	North A
10	KITOPE	1 storey	North B
11	DONGE SEK	1 storey	North B
12	MAHONDA	2 storey	North B
13	UROA	2 storey	Central
14	BWEJUU	1 storey	South
15	UNGUJA UKUU	1 storey	Central

[58] Though the school map is not available, the MoEVT has grouped schools according to their geographic proximity to guarantee the maximum beneficiaries.

Risk Mitigation

7. Based on the lessons learned from the ICR of the ZBEIP, two types of explicit risk mitigation strategies are being put in place to maximize the likelihood of timely completion and PDO impact of this component. These are as follows:

(a) **Ensure construction activities can start immediately on Project effectiveness.** In the ZBEIP, construction activities were significantly delayed due to significant delays in implementation readiness, especially finalization of construction designs. These delays were linked to low implementation capacity in the Ministry's PMU. To mitigate this risk, a significant project advance has been provided (US$500,000) to facilitate implementation readiness for this subcomponent. It was agreed that implementation readiness activities will commence immediately—under the assumption that construction will begin at all 25 sites on Project effectiveness.

(b) **Ensure infrastructure provided can be used for improved learning.** There was anecdotal evidence suggesting that some of the construction facilities provided under the ZBEIP were not being fully used because of the lack of complementary inputs like trained teachers. To mitigate this risk, it will be ensured that each construction site has: (a) trained Science and Math teachers; and (b) a high level of teacher and head teacher attendance in the preceding months.

Annex 7: Review of Past Experiences and Implementation Capacity for Teacher Training, School Grants, and M&E

Zanzibar Improving Student Prospects Project

Implementation lessons for teacher training

1. A systematic review of past teacher training experiences in Zanzibar was undertaken as a part of ZISP Project preparation[59]. A Summary of lessons learned is presented below.

2. **There is need for clearly articulated incentives as follow up to intensive teacher training**. A key reason past training efforts have been relatively ineffective is that teachers feel de-motivated by the lack of clear pathways for career progression following intensive high-effort training. This risk is being mitigated in ZISP through: (i) provisions of appropriate incentives guaranteed through a Government order (which is linked to a DLI); and (ii) reforms in teacher performance management that allow for teacher capacity building to be reflected in career progression.

3. **It is crucial to engage head teachers in teacher training programs**, particularly for a program of this size. Outreach with head teachers is needed to provide them with information and guidance on the objectives of training and how to handle the trainers and trainees. This helps secure their support and participation. In light of this, provisions are made for head-teacher outreach within Project TA.

4. **TCs are the appropriate delivery mechanism for teacher training.** Past experiences show TCs provide training at exactly the right level of decentralization. This is because on the one hand, training is close enough to teachers to make follow-ups, refreshers, and ongoing mentoring possible. On the other hand, it is not happening at the school-level which would be disruptive to students. A review of TC capacity indicates that they are: well-structured, relatively well-equipped, and sufficiently engaged with schools and communities.

5. **It is important to leverage pre-existing local materials.** In fact the review showed that the most successful Science trainings were those that showed teachers how to use cheap, locally available material for practical Science training. These insights will be included as a part of the ToRs for training content design.

6. **All teacher training efforts – especially those related to content – need to include modules on English language proficiency.** Given the need for instruction of classes in English from Standard 5, there was an observed need for greater language training both within delivery and materials development. This is being reflected in ZISP training design.

[59] Review was led by Alexandru Crisan and Rachel Danielle Cooper (Consultants, World Bank) and took place in December 2015. The review involved multiple focus group discussions with organizers and participants in past teacher training efforts in Zanzibar, including ZBEIP training, Science, Technology, and Higher Education project training, and Teacher Advancement Program training.

7. **Pro-active planning for potential attrition is needed**. It is important to maintain a reserve list of teachers to fill spaces of selected teachers who drop out or are unable to continue participating in training. Possible reasons for dropout include personal or professional reasons. In some cases, head teachers might not allow teachers to participate because they are unable to redistribute the workload. Accordingly, a reserve list is being maintained for ZISP and careful consideration paid to possible reasons for teacher dropout in training design

8. The designs of ZABEIP and ZISP are contrasted in the Table 7.1 below.

Table 7.1

Type	ZBIEP Design	ZISP Design
Objective	In-service teacher training to support the quality of education	Comprehensive teacher reform to improve quality of instruction and student support in English, Math, Science
Approach	Upgrade lower secondary Math and Science for upper secondary; English training for primary teachers; Life skills training curriculum	A cohesive set of interventions that simultaneously address constraints in three key domains— (i) availability of trained Math and Science teachers for lower secondary, (ii) teacher skills for classroom instruction and student support, and (iii) teacher incentives and accountability structures[60].
Development-effectiveness		Design reflects global evidence showing that interventions that most consistently produce large improvements in student learning are those: (i) help tailor instruction to student's level of knowledge; and (ii) provide avenues for early resolution of learning gaps

Implementation Readiness for School Grants

9. This is a relatively new approach in Zanzibar. Traditionally, schools have relied on voluntary contributions from parents to meet school operational expenses. Therefore, it is necessary to identify concrete and functional channels for planning, distribution, procurement, implementation, reporting and spending verification, and auditing; demonstrate schools' readiness to adopt these systems; and ultimately to prepare schools to incorporate them.

10. To assess the Government's implementation capacity, school readiness, and to ensure the sustainability of school grants, the Bank team has discussed with the Ministry the following issues:

[60] Three types of activities: (a) retraining of selected in-service teachers to increase the supply of Math and Science teachers in lower secondary grades; (b) training of all English, Math, and Science teachers in targeted grades in enhanced student support; and (c) teacher management reforms to strengthen teacher accountability and motivation structures.

- Implementation capacity assessment (auditing and procuring system, and fund flow mechanism, etc.);
- School readiness assessment;
- Agreement on the School Improvement Grant's design; and
- Eligibility for schools receiving grants and spending categories.

11. Schools in Zanzibar are already equipped with some key foundational structures/mechanisms for SIGs. Specifically, all primary and secondary schools already have:

- Functional bank accounts;
- Operating School Management Committees (SMCs): Schools (head-teachers) are not authorized to initiate any expenditures without SMC approval;
- Practice of preparing School Development Plans (SDPs): SMCs prepare plans on their goals and needs (both development activities and current expenditures), which are then submitted to the MoEVT;
- Practice of keeping basic financial records in cash books and ledgers in which school income and expenditures are noted; and
- All schools are supposed to prepare school development plan in principal, but exceptions are for some schools with low capacity.

12. Key informant interviews reveal that there is a wide variation in the capacity of head-teachers and SMCs and quality of SDPs and financial records. A training delivered through MoEVT (with financial support from UNICEF) has been attempting to address this issue. This training was provided to four districts. However, performance remains spotty and is compounded by lack of funds and poor-quality planning.

13. The TA component will be used to hire an international firm to provide end-to-end support for the roll-out of school grants. This firm will be responsible for:

- Creating school grant operational manuals
- Provision of school-level capacity building for financial management
- Community sensitization
- The contract will be for three years and will involve yearly school visits to provide training, coaching, refreshers, and field-level data on the implementation of school grants.

Implementation readiness of M&E systems

14. The M&E system is well-structured and underpinned by: (i) periodic collection of detailed school-level information and (ii) leverages well-integrated chain of delivery within MoEVT for collection of information. MoEVT has an EMIS office in both Unguja and Pemba. Two types of data are routinely collected:

- Annual education statistics

    - These data are collected through a school census questionnaire by working directly with the school statistician[61].
    - The end-to-end process of this data collection lasts from June to September every year.
    - The Ministry uses these data to produce two types of reports namely the Annual Statistical Abstract and the Budget Speech.
    - These reports are used for monitoring the implementation of the education sector plan.
    - The publication of Annual Statistical Abstract is routinely delayed.
- Teacher and Student attendance data is collected monthly through the head teacher's attendance roster. The key informant survey indicates that these data are not being entered in a timely way and are not being used for planning at the central or district level.

15. The EMIS data collection system is almost entirely centralized and manual in its operations and management. It does not involve any automation or computerization. In terms of data processing, the EMIS database is managed more or less mechanically through Excel.

16. The existing M&E system has placed more emphasis on the collection of data than on systematically processing and analyzing the collected data and packaging and disseminating them for evidence-based decision-making by internal and external stakeholders.

17. A number of Development Partners have shown interest in supporting EMIS in the area of system development and capacity building in all levels (Central, District and school levels). The partners include USAID, World Bank, UNICEF

18. Currently, the Ministry is in discussion with Office of Chief Government Statistician - OCGS to support the Ministry technically on the use of CSPro program. This program will be used as a transitional program for EMIS, while planning for the development of a permanent and robust system in the future.

19. Recent experience from mainland Tanzania underlines the importance of forward-looking planning and coordination while making EMIS related investments. These findings are being reflected in the design of ZISP TA component.

[61] Each school has a school statistician. It is not a separate position, and it is usually selected from Math or Science subject teacher. If there is no Math or Science teacher by qualification, available teachers who have mathematics background or teaching Math in practice will be selected.