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PERFORMANCE AUDIT REPORT

GHANA

**SECOND EDUCATION SECTOR ADJUSTMENT CREDIT
(CREDIT 2140-GH)**

December 11, 1998

Operations Evaluation Department

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Currency Equivalents (annual averages)

Currency Unit = Cedi

April 1990	US\$ 1 =	313 Cedis
May 1991	US\$ 1 =	365 Cedis
Dec. 1994	US\$ 1 =	1,000 Cedis
June 1995	US\$ 1 =	1,100 Cedis
Aug. 1998	US\$1 =	2,325 Cedis

Abbreviations and Acronyms

DCA	Development Credit Agreement
EdSAC	Education Sector Adjustment Credit
EdSAC I	First Education Sector Adjustment Credit (Credit 1744-GH)
EdSAC II	Second Education Sector Adjustment Credit (Credit 2140-GH)
GES	General Education Service
ICR	Implementation Completion Report
IDA	International Development Association
MFEP	Ministry of Finance and Economic Planning
MOE	Ministry of Education
OED	Operations Evaluation Department
SSSCE	Senior Secondary School Certificate Examination

Fiscal Year

Government: January 1–December 31

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December 11, 1998

MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT

**SUBJECT: Performance Audit Report on Ghana
Second Education Sector Adjustment Credit (Credit 2140-GH) ¹**

The Second Education Sector Adjustment Credit in Ghana followed on from the EdSAC I in supporting Ghana's education reform program launched in 1987. The projects were pioneers of education sector program lending in Africa. EdSAC II, financed by Credit 2140-GH for US\$50 million equivalent, was approved in May 1990 and closed with full disbursement in December 1994 after ten-month delay. The credit was released to the Ministry of Education (MOE) conditional on borrower compliance with legal covenants and disbursed against approved statements of expenditure. Cofinanciers were sought but did not come forward.

EdSAC II pursued the government's efforts to reform and revitalize an education system in budgetary crisis during economic adjustment. Its main focus was educational policy reform to improve budget control, reduce subsidies, improve cost-efficiency and strengthen sustainability. The reforms were challenging because they meant reducing teacher numbers, maintaining larger classes in secondary schools and charging student fees, all of which created stakeholder resistance. The project's other focus was a new senior-secondary cycle to broaden access to schools in under-served areas and to launch a new curriculum to prepare students for the workforce. These efforts were to consolidate the introduction of a universal nine-year cycle of basic (primary and junior-secondary) begun under EdSAC I and a more selective, three-year cycle of senior-secondary schooling launched under EdSAC II.

Project objectives were fully consistent with Bank priorities for human capital formation in Africa but the timing of project preparation gave insufficient time for lessons from EdSAC I to be fully absorbed. This left serious issues unresolved and led to design flaws and over-estimation of the borrower's capacity that negatively implemented and development outcomes. During preparation, as a price considered worth paying to secure the project, IDA reluctantly agreed to support the introduction of vocational-technical subjects in the senior-secondary curriculum against Bank policy and research findings which had shown that vocational training at this level is educationally unsound and excessively costly. During implementation, the project management unit's exemplary efforts to meet project expenditure targets were successful. The innovative credit instrument proved useful to sustain regular policy dialogue but created perverse incentives unfavorable to expenditure control across the education sector. When borrower agencies failed to comply with important conditionalities, IDA chose to release credit tranches after only minor delays. IDA's failure to insist on adequate remedial actions, though signifying its responsiveness to the MOE's program funding needs, reduced the impact and sustainability of personnel management and cost-efficiency reforms and encouraged backsliding after tranche release.

Development outcomes have been uneven. On the policy front, the project has helped raise awareness of cost and budgetary issues among education personnel. User fees have been maintained

1. OED reviewed Credit 1744-GH in Performance Audit Report no. 13575, September 30, 1994.

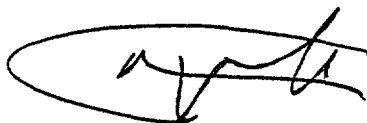
though collection remains problematic. Educational supplies and textbooks filled immediate shortages but need replenishment. Resources for school operations and maintenance remain scarce whether from central, district sources or community cost-sharing. Budgetary allocations to basic education have been maintained, though expenditure control is still weak sector-wide. Efforts to reduce personnel costs had short-lived positive effects, reversed by project completion by salary raises beyond the project's control and by over-staffing in schools. On the investment front, US\$18 million were wasted on workshop equipment for vocational training lying under-used and unmaintained. The dominant focus on physical investments drew attention away from qualitative and institutional development at school level. Secondary level examination scores show signs of improving from a very low base but student performance at primary level remains weak as do school management and teaching skills. As IDA anticipated during preparation, senior schools were expanded too fast for the effective demand and, while enrollments have risen overall, the remoter day schools suffer under-enrollment and high dropout. Opportunities to address the serious issues in senior-secondary education have been missed because the borrower did not implement a post-completion plan and policy reform efforts are fragmented under other IDA-supported projects in other subsectors.

While the Implementation Completion Report (ICR) rates the project positively, a longer-term perspective suggests more sober assessments. OED agrees with the ICR rating of institutional development as modest but rates outcome as marginally unsatisfactory (ICR satisfactory) because of the project's limited educational, institutional and policy impact. It rates sustainability as unlikely because of the absence of borrower follow-up on fundamental problems. Project management's implementation performance was satisfactory despite severe pressures but overall borrower performance was marred by uneven commitment and action among other agencies. Therefore, OED rates borrower performance as marginally satisfactory (ICR highly satisfactory), while acknowledging the challenges posed by the socioeconomic environment and weak institutional capacities. OED's rating of IDA's performance as unsatisfactory (ICR satisfactory) is unkind to its responsiveness to the sector's funding and reform needs and its responsive field supervision, but weighs heavily IDA's responsibility for ensuring sound project design, adequate legal compliance and agreement on an operational plan.

The EdSAC experience suggests some cautionary lessons for the new Bank.

- As the Bank and other donors shift from supporting education projects to financing borrower-driven sectoral programs involving long-term commitment and heavy investments, they need to ensure that the programs are technically sound, readily implementable and financially sustainable, given existing institutional and stakeholder capacities.
- In designing adaptable lending instruments, the Bank needs to support flexibility but must also ensure that the flexibility does not discourage budgetary discipline and cost efficiency.
- In simplifying disbursement procedures, sharing responsibility for project quality under matrix management and decentralizing more responsibilities to the field, the Bank needs to ensure that project expenditures remain consistent with development objectives as expressed in legal agreements.
- In its dialogue with the borrower, the Bank should emphasize the importance of implementing operational plans to ensure development impact and sustainability. But, it should not raise expectations of finance for follow-on projects prematurely, before the borrower's plans for the future have fully incorporated the lessons of experience.

Attachment



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<p>This report was prepared by Linda A. Dove who audited the project in February 1998. Pilar Barquero provided administrative support.</p>
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Principal Ratings

<i>Credit 2140–GH</i>	
OUTCOME	Marginally Unsatisfactory
SUSTAINABILITY	Uncertain
INSTITUTIONAL DEVELOPMENT	Modest
BORROWER PERFORMANCE	Unsatisfactory
BANK PERFORMANCE	Unsatisfactory

Key Staff Responsible

	<i>Task Manager</i>	<i>Division Chief</i>	<i>Country Director</i>
APPRAISAL	Peter Moock	J. de Merode J. Upadhay (acting)	C. Koch-Weser
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Preface

This is a Performance Audit Report on the second of two innovative education projects supporting a major education reform program in Ghana during the country's long period of economic adjustment, social hardship and political change in the mid-1980s and early 1990s. The Operations Evaluation Department (OED) audited the first Education Sector Adjustment Credit (EdSAC I) two years after project completion in 1992.¹ EdSAC II (Credit 2140-GH for US\$50 million equivalent) was approved in May 1990 and closed in December 1994. The forthcoming OED audit report on a related investment operation, the Community Secondary School Construction Project (Credit 2278-GH), throws additional light on issues raised in this review.

OED was optimistic about EdSAC I's results in basic education but pessimistic about long-term outcomes. The report concluded, "We [may] simply not know how to reform an education system, particularly one close to being moribund." This view arose from evidence that the physical investments had been ineffective at that early stage in revitalizing primary and junior-secondary schools and improving students' learning. Four years later, OED examines whether, with additional time and resources, EdSAC II has helped consolidate the policy reforms and school investments launched under EdSAC I and whether it has been more successful in new interventions in senior-secondary education.

OED's findings derive from a mission to Ghana in February 1998 to visit schools, interview beneficiaries and senior government officials and examine project files. Other sources include the Implementation Completion Report (ICR) (no. 14833, June 29, 1995); the President's Memorandum; correspondence files and interviews with the International Development Association (IDA) staff involved in all stages of the operation. The author deeply appreciates the assistance and insights of all whose experience and views inform this report.

Following customary procedures, copies of the draft audit report were sent to the relevant government officials and agencies for their review. Comments received from the Ministry of Education were included in the text and footnotes of the report. The region's comments were included in Annex D.

1. Operations Evaluation Department, *Ghana: Education Sector Adjustment (Credit 1774-GH)*. Performance Audit Report no. 13575, World Bank, Washington D.C., 1994.

1. Project Background

1.1 Based on the experience of Ghana during 1990 to 1994, this OED review explores the complexities and challenges for the government in sustaining a major education sector reform once its initial launch period has passed. It also addresses dilemmas arising for the Bank and the International Development Association (IDA) as they experiment with adaptable program lending in education. The story of project preparation in this chapter shows how critically important it is to base the design of a major follow-up operation promoting fundamental reform on rigorous analysis of previous operational lessons, careful appraisal of the capacities of stakeholders and institutions and the application of the best global knowledge. The story of project implementation in Chapter 3 shows the difficulty for donors in balancing tensions between providing budgetary support in a timely fashion and requiring high standards of performance from a hard-pressed borrower. The project's successes described in Chapter 4 were largely due to the project managers' drive to reach targets and use all available funds to implement school programs, while its failures were largely due to flaws in project design and erosion of borrower commitment to policy reforms during implementation. As Ghana launches its new educational strategies for the 21st century, this review offers a basis for dialogue with the donor community to explore how to build on the successes, remedy the errors and reverse the failures of the past to ensure the health and sustainability of the education system.

Country Context

1.2 IDA staff interviewed describe how important contextual factors were in shaping the evolution of the Education Sector Adjustment Credit (EdSAC) operations. In the mid-1980s, public education systems throughout sub-Saharan Africa were crumbling in the wake of severe economic, political and social upheaval but governments' capacities to launch fundamental reforms were weak. Ghana was a shining exception. The then military government was performing well under an International Monetary Fund economic adjustment program providing standby credits to support the balance of payments and Bank support to improve economic and budgetary management. In this context, recognizing the importance of investing in human capital, the government developed an action plan to revitalize and restructure the school system. It began discussions with IDA that led to a small rehabilitation project in 1986 and EdSAC I in 1987 (Annex A). The partnership continued in 1990 with the launch of EdSAC II during the later stages of adjustment when programs to mitigate the severe social costs were underway. During EdSAC II, several more investment projects in basic and tertiary education were launched.

Educational Context

1.3 Ghanaian education was in need of strong external support. Over the previous 10–15 years, the school system had deteriorated precipitously. In the early 1970s, it delivered good education and enrollments were high compared to other African countries. Students from the best schools went to university and became government servants or professionals. Teachers were

respected public employees. By 1985, with the economic slide, half the population had dropped into poverty. Education budgets had dwindled. Centralized management had broken down. Teachers were untrained, underpaid and often absent from school. Student enrollments had fallen drastically, especially in rural areas. Parents, struggling to survive with their children's help in home and field, saw little value in schools which delivered poor education and few job prospects.

1.4 The government's decision to go ahead was doubly courageous because Ghanaian society was deeply divided about the reforms—a fact that deeply impressed IDA staff familiar with the intractable problems of other African countries. The school system was originally designed to channel the few, best students—usually from better-off families of high social status—towards the university. It had evolved in ways that led to social divisions, unaffordable costs and low economic returns. Schools provided 13 years of education—6 years of primary, 5 years of secondary and 2 years of pre-university or sixth-form education (6+5+2). Over time, as enrollment pressures increased, 4-year middle schools accommodated the overflow of primary school leavers. In 1966, successful middle-school leavers began entering the common entrance examination for secondary school and by 1985 they formed 60 percent of secondary school entrants. This meant that students took 17 years or more to complete the school cycle. While the middle schools temporarily helped young people with limited prospects, they did not shield them from the harsh competition in the school system and job market.

1.5 As early as 1973, the Ministry of Education (MOE) had begun to pilot an alternative school structure—a new 12-year cycle of schooling, including 6 years of primary and 3 years of junior-secondary schooling for all children, and 3 years of senior-secondary for selected, qualified students. The new curriculum and pedagogy was to offer relevance to life- and work-skills alongside academic content. Both junior- and senior-secondary schools were to prepare students leaving school at those points to be productive workers. The advantages of the proposed system were many—comparability with international norms, open access to 9 years of basic education, a common curriculum promoting social cohesion, and much higher cost-efficiency and affordability. But progress stalled for a decade because of severe budgetary problems and resistance from academics and elites. Then, in the mid-1980s, the government's vigorous pursuit of egalitarianism, socialism and worker productivity propelled the reform program ahead.

IDA Context

1.6 IDA staff emphasize how important it was in 1985 for IDA to seize the moment in support of reform. The government's decision to accept IDA financing in education for the first time was a breakthrough during a tense period in Ghana for the multilateral agencies. The resource transfers would defray the cost of the MOE's school restructuring and allow IDA to influence basic policy reform.

1.7 *Education Sector Assistance Strategy.* IDA's education strategy in Ghana was consistent with its overall strategic focus on economic development, revitalization of the social sectors and human capital formation. Supported by the recommendations of recent public expenditure reviews, the strategy promoted increased efficiency in the sector's investment planning and implementation, redirection of education budgets towards basic schooling, budgetary control and emergency funding for textbooks and school supplies. For Board presentation, IDA described a phased approach under the projects supporting the government's broad 10-year policy (Annex B).

1.8 IDA staff emphasize that the Ghanaian government's reputation for decisive action in a troubled continent and some landmark publications by the Bank gave strong impetus to the lending program in education. A widely discussed report, *Education in Sub-Saharan Africa: A World Bank Policy Study*,¹ had engendered a sense of urgency among donors about the need for fundamental reform in Africa's education systems. Board members anticipated that IDA's assistance in education for Ghana, as in economic adjustment, would merit imitation elsewhere if the country performed well. *Primary Education. A World Bank Policy Paper*,² also due shortly for Board presentation, emphasized the Bank's commitment to helping countries achieve universal primary education while investing selectively in advanced secondary and tertiary education for qualified students. As a result, IDA's regional management channeled generous resources towards development of the lending program in education for Ghana, including the assignment to the field of an education planner as project officer for seven years.

Project Context

1.9 EdSAC II was discussed with government as a follow-up operation in 1988 shortly after EdSAC I was launched and was subsequently included in IDA's lending program for FY90. It was to focus on investments in senior-secondary education in the second phase of the MOE's restructuring plan, just as its predecessor had focused on primary and junior-secondary education in the first phase. At the policy level, EdSAC I had aimed to protect budgets for basic education and reduce overall education expenditures by freezing the number of educational personnel at all levels and reducing student subsidies, especially in post-basic education. The universities did not cooperate, however, causing delayed release of the second and third tranches of the credit. Eventually, IDA agreed to waive the conditionality in the interest of allowing EdSAC II to go ahead. The waiver allowed the second project to be launched while the first project was still being completed.

1.10 During the project preparation period, IDA recognized that the ongoing EdSAC I was proving too demanding and decided to reduce the number of required policy actions in EdSAC II. The senior-secondary school component was also causing problems because the MOE wanted a controversial innovation with which IDA disagreed (para. 1.15). Asked whether the commitment to a follow-up operation was premature, IDA staff affirmed that continued support was critical to sustain government reform efforts, encourage other donors reluctant to support the senior-secondary subsector, and reduce the risk that powerful stakeholders or the imminent transition to parliamentary democracy would block progress. They also recognize that the "heady climate" in the Bank surrounding the Ghana strategy and the government's desire for an early project launch propelled the project forward. Officials wanted the rehabilitation of school facilities to proceed quickly in under-served areas, so that senior-secondary schools would be open in 1990–91 to receive the first cohorts of graduates from the new junior-secondary schools.

Unresolved Issues

1.11 Differences on several important issues remained unresolved during preparation. Though IDA recognized that they were serious at the time, but possibly did not realize just how seriously

1. World Bank, Washington D.C., 1988.

2. World Bank, Washington D.C., 1990.

the lack of agreement would impede progress in achieving long-term health and sustainability for the education system.

1.12 *Stakeholders.* The school restructuring and building program was popular among the poor but unpopular with powerful stakeholders. The prospect of job losses in public education was especially threatening to teachers and non-teaching personnel. The General Education Service (GES) was under conflicting pressures. GES managers found themselves responsible for implementing policy measures that threatened the job-security of staff.³ The Ghana National Association of Teachers felt similar tensions in representing teachers' interests while aspiring to participate in project discussions between the government and IDA as the pre-eminent professional organization in education. The powerful tertiary sector lobby was concerned about declining performance among entry-level students and rapidly deteriorating working conditions. The university staff, in particular, saw the projects' focus on redirecting public subsidies towards basic education as a threat to themselves and their students.

1.13 An early difference emerged when the government reported it was unwilling and unable to implement the cost and budgetary proposals for tertiary education included in EdSAC II. IDA was concerned and continued to urge the government to "attend to the subsector because of the serious consequences for the entire education system of ignoring it." It failed to convince the authorities, however. Later during project negotiations, the Ghanaian delegation declined IDA's offer of an additional US\$12 million in financing for a tertiary education component. Apparently nervous about student unrest in a neighboring country, they explained that the government wanted to win support by moving slowly, holding discussions and making more investments in the tertiary subsector. IDA staff say they were shocked by the refusal. They judged that no room for maneuver remained and the only option left was to omit mention of tertiary subsector reforms from the project's legal agreement—a concession judged essential to prevent the entire project from stalling at a late stage of preparation.⁴

1.14 *Pace of School Expansion.* A second difference emerged over education policy. The government was committed to expanding educational access while improving educational quality and ensuring affordability and sustainability. Senior education officials held that 50 percent of junior-secondary graduates should continue to senior-secondary level and wanted a large school construction and rehabilitation program to accommodate swelling numbers of students. IDA staff countered that a 30 percent intake was more affordable and more consistent with demand for skilled workers and that expansion should proceed at a moderate pace. The issue was not resolved during preparation, though EdSAC II limited IDA-financed investment in facilities to school rehabilitation only. Staff say that they expected expansion plans would be contained by resource shortages during implementation while supporting a search for other sources of finance for school construction. When the search failed, IDA agreed to fill the gap.⁵

1.15 *Senior-Secondary Programs.* A third major difference emerged over the senior-secondary curriculum. MOE officials, especially the responsible senior official, were firmly

3. The MOE relies heavily on the GES secondments for help with policy, as well as on GES staff for program implementation at regional, district and school levels. In 1998, the MOE says it employs about 60 senior public servants while the GES employs over 180,000 teachers and non-teaching personnel.

4. Subsequently, IDA financed a stand-alone investment project in tertiary education (Annex A).

5. The Community Secondary School Construction Project.

committed to introducing 41 optional subjects in all schools. These included practical training in agriculture, commerce, technical and vocational specialisms (home economics and visual arts), as well as traditional arts and science education. The IDA team objected because Bank research showed that vocational training in secondary school is not effective, employers prefer adaptable workers with good basic education, and the teaching is excessively costly.⁶ Vocational programs require sophisticated equipment, specialist teachers and small classes for workshop activities and for these reasons are rarely well implemented. The IDA team failed to persuade the ministry to change its mind, however, and decided to support the component while limiting the cost. It helped counterpart staff to package the curriculum as efficiently as possible in three groups of options including core and practical subjects and to determine the minimum affordable class sizes and teacher ratios. The analysis showed that regular classes would need to have 45 students and workshops 22. IDA eventually agreed to a covenant requiring a more generous overall student-teacher ratio of 20:1 and to finance equipment for workshops, while limiting the funding to “minimum essential equipment” in the legal agreement. Asked about the compromise on the curriculum issue, IDA staff said they saw no alternative at the time in view of the strong positions taken by the senior MOE official. They believe that the price was worth paying to secure the project and sustain the reform momentum. Unfortunately, the key senior officials who championed the program were not available for interview during the audit mission. But Ghanaian officials and academics interviewed believe the main reasons behind the government’s assertiveness were the socialistic climate of the times, the political rewards deriving from the large building and equipment procurement program and the very real need to shift from academic irrelevance to practical, work-oriented education. With the benefit of hindsight, they thought that other options to achieve this goal should have been entertained, although admitting that ministry minds were hard to change. They considered, nevertheless, that a stronger IDA stance on the issue would not have led the government to halt such an important project entirely, though it may have reduced or delayed it.

2. The Project

Program and Project Objectives

2.1 The broad objectives of the reform program were, in the words of the President’s Memorandum, to improve pedagogic effectiveness, make education financing more efficient and equitable, and ensure that the reformed education system could be sustained using national resources and assuming modest economic growth. The project objectives were narrower and more precise (Box 2.1).

6. World Bank, *Vocational and Technical Education and Training*. A World Bank Policy Paper. Washington D.C., 1991.

Box 2.1: Project Objectives

- Extend the reform to senior-secondary level while reducing the length of this cycle
- Introduce more practical content into the curriculum and replenish basic materials and supplies
- Consolidate the reforms initiated at the basic education level so that primary and junior-secondary school-leavers would acquire the cognitive skills needed to take advantage of the education offered at higher levels
- Ensure the financial sustainability of the new system

2.2 Funds were to be allocated flexibly across components (Box 2.2), unlike conventional investment projects where the share of funds allocated to each project item and category of expenditure are mandated in the Development Credit Agreement (DCA).

Box 2.2: Project Components

- Training of education sector staff
- Strengthening of educational planning, budgeting and management
- Rehabilitation of educational buildings
- Acquisition of school equipment and supplies
- Development and distribution of printed educational materials, including textbooks
- Institutional support for program implementation

2.3 For EdSAC II, a large share of the credit was to pay the local costs of school reform—phasing out the old school system and phasing in the new—while 60 percent was to pay for related physical investments in schools. At Board presentation, members were interested in the unusual flexibility, as well as in the high proportion of local costs IDA would finance. IDA staff explained that the burden of personnel and operational costs in education is high and that flexibility allowed for adjustments between physical and qualitative inputs as the reform evolved. For example, flexibility would help if expanding infrastructure to meet enrollment growth should prove slow and funds could be diverted to improving curriculum inputs to enhance pedagogic effectiveness. As it turned out, the commendable intention to balance physical and qualitative inputs this way was not eventually realized, in part because the project design did not integrate the quality inputs—curriculum, textbooks and teacher and management training—to encourage teaching and learning effectiveness, and in part because the MOE's desire to use uncommitted funds before credit closing led to a late rush to spend on facilities.

2.4 The EdSAC credits were early pioneers in adaptable program lending. The instruments were innovative because they required sector adjustments through cost-efficiencies and

budgetary realignment while providing funds for the government's program to restructure and improve the education system. The credits were not strictly for balance of payments support disbursing against a negative or positive list of imports. Instead, IDA was to release (make available) the credit funds in three annual tranches, after approving borrower performance as stipulated in the DCA. It then authorized disbursement of funds to the MOE account from the available tranche once assured that project expenditures conformed with the legal agreement.

2.5 For IDA to release a tranche, the borrower had to fulfill six conditionalities mandated in the DCA (Box 2.3). Similar to those for EdSAC I but fewer, their policy scope was limited to actions to reduce and recover costs.

Box: 2.3: Conditionalities

Maintenance of a student-teacher (including national service staff) ratio of 20:1 for senior-secondary schools

Containment of the number of Ghana Education Service staff at not more than 153,000

Book user fees for primary and junior-secondary schools set at no less than the 1987–88 proportions of full cost

Book user fees for senior-secondary schools set at levels sufficient to cover full cost over the life of the books

Fees for student meals at senior-secondary schools set at levels sufficient to cover the full cost of food

Every curricular program option introduced at any senior-secondary school to have enrolled at least 20 students in each grade and to be taught by suitably qualified teachers or national service staff

2.6 Despite the scaling down, some conditionalities would also prove challenging for the borrower to sustain during the short, three-year project because two threatened jobs in education and three threatened parents' pockets and the constitutional right of "free" public education.

2.7 The DCA also required the borrower to review with IDA the recurrent and investment expenditures for the preceding fiscal year and a draft budget for the current year. A standard covenant required that educational institutions operate, maintain and repair plant, machinery, and equipment. The timing of the release of the second and third credit tranches, planned for one and two years into implementation, would allow IDA to review compliance and progress.

2.8 A set of precise performance targets would assist in monitoring progress. However, the targets were not legally binding because they were not included in the DCA, only in the President's Memorandum. They pioneered the use of indicators in the education sector, though, in common with similar efforts at the time, the project did not include plans for how targets were to be achieved based on appraisal of implementation capacities.⁷ During project implementation,

7. OED, *Ghana Country Assistance Review*, World Bank. Washington D.C., 1996, notes that this was a characteristic of IDA strategy in Ghana during this period.

the targets were to cause some tension between the MOE and IDA because of misunderstandings about how to use them and weak capacity to do so.

Project Launch and First Tranche Release

2.9 In pushing ahead on behalf of the client, IDA managed to keep to project processing on schedule to achieve Board approval at the end of FY90. A negative effect of this was an increased burden on project management. IDA staff had previously noted that the management unit was “at breaking point” coping with the two projects together, and that important studies on education finance and the new curriculum related to the reforms were incomplete. Nevertheless, IDA released the first tranche of EdSAC II at project effectiveness, just five months after the final tranche release for EdSAC I.

3. Implementation

Project Management

3.1 Altogether, five additional IDA projects were launched during EdSAC II.⁸ This extended IDA’s influence into every education subsector but exacerbated the management overload. The search for financing for school construction stepped up when the Minister of Education announced a pledge to give two senior-secondary schools to every one of the country’s 110 districts. Construction plans were delayed when protracted negotiations with the African Development Bank fell through.⁹ Apparently overriding earlier concerns about over-expansion of school capacity, IDA stepped in the gap with the Secondary School Construction Project.

3.2 That EdSAC II was completed with only one extension is miraculous given the overload on project managers and staff. With only four years of IDA experience, they coped with complex procurement and disbursement procedures to achieve the project outputs. The fact that the project management unit was a self-standing entity in 1990 made it difficult to coordinate with the MOE, the Ministry of Finance and Economic Planning (MFEP), the GES and the nascent district assemblies. Constructing schools and delivering textbooks, supplies and equipment to schools across the country was logistically complex because many stakeholders at local level were involved. Indeed many of the actions required were beyond the control of the project unit alone—a risk identified but not fully dealt with in the project design. Difficulties arose in securing compliance from senior agencies, especially on budget and personnel issues. The IDA review missions timed during the annual budget preparation exacerbated pressures on project managers—the more so because, to ensure independent judgment, senior staff from Bank headquarters led them. In 1992, an IDA staff reported project management problems, commenting that implementation had slowed down for over a year, due in part to “a level of fatigue...after five years of excessive work and the resignation of key procurement staff.” At this

8. The share of commitments in the social sectors in Ghana doubled from over 10 to 20 percent in the years 1983–96 and 1987–90.

9. Senior-secondary education was not a priority for other donors who had not delivered funds anticipated for the education sector during EdSAC I. The United States Agency for International Development was the exception, supporting a self contained primary education project for US\$ 23 million.

point, the government agreed to reorganize the project unit in the context of wider reorganizations. After this, project managers were able to work more efficiently.

Second Tranche Release

3.3 While implementation pressures stretched project staff, some of the implementation success must be credited to the strong efforts of IDA staff to resolve problems quickly. But IDA struggled to find an appropriate balance between enforcing compliance and releasing funds for budgetary support. Overall, this tension led IDA to send mixed messages about the seriousness with which it viewed non-compliance on policy issues. The need for compliance was clearly spelled out by IDA's officer in Ghana some months before the second tranche release planned for August 1991. Following a public expenditure review, he alerted the senior MOE official on budgetary actions needed while affirming that conditionalities were "closer to being met." While basic education's share of the recurrent education budget looked likely to be maintained at its 1989 level of 63 percent, several difficult issues remained, he wrote.

- The recurrent budget estimates were "acceptable," but "ignoring" the 30 percent salary increase and 15 percent transport allowance recently decreed, and with the "major exception" that the budget estimate was 76 percent higher than in 1990.
- The number of sub-projects in the MOE's budget was "excessive" and none were near completion. Furthermore, the priority given to sub-projects was not based on rational criteria. "It seems that both the Ghana Education Service and the Universities find it impossible to concentrate resources on a limited number of projects that can be easily completed in one fiscal year, but instead seem to provide contractors with lifetime contracts."
- Expenditures were not in line with budgets. The discrepancy between budget and expenditures in 1989 was 36 percent, with overspending at the university level reaching 50 percent. The letter recommended that a regular system of reporting and control of expenditures be put in place to meet the tranche conditions.
- No evaluation was possible on whether budgets increases for maintenance and repair of equipment and facilities in senior-secondary schools were satisfactory because no records were available.

3.4 Though the tone of his report to the MOE was sober, the project officer maintained optimism in reporting back to IDA management, presumably anticipating good progress before the tranche review mission. IDA ultimately approved the tranche release while noting outstanding issues. Shortly afterwards, the field officer roundly criticized the government for breaking the spirit of the agreement. In a letter to the MOE he complained that the MFEP had severely cut the MOE's planned recurrent budget for 1992 *at the very time of the tranche release*.¹⁰ The cuts, the letter said, would hurt school maintenance and educational materials at the same time as the budget for tertiary education was projected to increase by four percentage points. "It is definitely not the intention of the World Bank and other donors that, as they increase their allocations for educational materials, those of the government are reduced." On the gap between budgets and

10. Italics added for emphasis.

expenditures, the letter ended. "Obviously, there is little point in monitoring expenditures if nothing is done about imbalances as they appear. Thus, at the time of the third tranche release we would like to receive the MOE's proposals as to how it will carry out regular budget monitoring on a month-by-month basis...Please let us have the 1992 budgets as soon as they have been formally approved by the MFEP, and also complete expenditure returns for 1991."

3.5 The MOE's response illustrates how lack of clarity about policy agreements and the legal status of the performance targets led IDA to use the targets in ways that the MOE found intrusive, such as stretching them to cover issues (tertiary education and facilities expansion) strictly beyond the project legal scope (Box 3.1).

Box 3.1: Clarity and Communication

The MOE letter said, "It would also appear...that policy has been reinterpreted or misinterpreted." She pointed out that the policy of the MOE was not to provide fully in the budget for primary school rehabilitation since this was a responsibility of communities and local governments. The planned upgrading of infrastructure in schools and polytechnics (under the tertiary education budget) was needed to cope with the explosion of student numbers, ward off student unrest, and compensate for IDA's unwillingness to finance infrastructure for upcoming projects. In conclusion, she continued, "While raising a number of valid cautions, [your letter is] most precipitate in jumping to conclusions while the budgetary discussion are still in progress....the appearance it gives of determining policy and bringing up arbitrary conditionalities, which, if not met, would threaten the release of the third tranche...is very unfortunate. During our pre-appraisal discussion, you vigorously sought to reassure us that the convention of keeping expenditures in tertiary education limited to 20 percent of the total education budget was not a conditionality. Given all the above, I envisage serious difficulties [when] the Bank might arbitrarily wishes to impose conditions from year to year which are not discussed and which do not take due cognizance of government policy...."

3.6 The report of the tranche review mission illustrates the pressures on IDA to remain firm on compliance while continuing the flow of funds for the education program. Schools, the mission pointed out, were offering optional programs for arts classes as small as 10 students in contravention of the legal agreement, while popular practical classes of 35 students in science and technical fields posed safety hazards. Also, trained and qualified teachers were far fewer in the schools than official data indicated. The mission recommended remedial actions to allow the tranche release as soon as possible. In the event, the tranche was delayed only four months with little on file to show that the remedies were undertaken or successful.

Third Tranche Release

3.7 The back-to-office report of the 1992 mission, responsible for recommending the final tranche release, was exceptionally pointed in identifying "the three most important issues" related to the sustainability of the reform but it stopped short of recommending drastic action to avert serious the cost and budgetary consequences foreseen.

- The lack of institutional capacity to introduce simultaneously all the reform measures alongside major enrollment expansion.

- The lack of cost-effectiveness in the senior-secondary programs.
- The serious financial burden of the reform.

3.8 On the first two issues the report expressed “concern” but believed that a final judgment was “premature.” On other underlying problems it was bolder: “[We are] unable to find any systematic, costed projections integrating the quantitative and qualitative policy measures....” Moreover, it said, the MOE’s target of a 50 percent transition rate from junior- to senior-secondary education appeared too high and too costly. The mission’s recommended remedial action, however, did not address the immediate issues, requesting only that the MOE prepare a “Financial Perspectives” study before release of the third tranche. This was to be a contribution to the sectoral and macroeconomic dialogue and to raise awareness of the financial implications of the numerous initiatives in the education sector. The study was reportedly completed but was of little use and is no longer available.¹¹

3.9 On the teacher ratio problem, similarly, IDA tried to get results through a light-handed approach which again proved ineffective. The supervision mission noted progress in basic education (with 51 percent of the age-group enrolled in junior-secondary school) and implementation of the senior-secondary level program where enrollments had doubled, along with continued compliance on book user fees and other subsidy reductions. But, staff pointed out, weak compliance on teacher numbers ratio was worrisome. Schools were still offering classes for optional programs, especially in arts, when the number of available students for these classes in each grade was less than 20. The average teacher ratio remained at the acceptable minimum but many schools did not meet the cost-efficiency requirement. The mission proposed a reasonable compromise that would allow release of the tranche. It recommended that 90 percent of program options in 1993, instead of 100 percent, were to have at least 20 students. The supervision report commented, however, that, “dissatisfaction [exists] on both sides about the prospect of a delay in tranche release while achieving (the norm).” In the event, IDA did not adopt the proposal, requiring only that an official instruction be sent to school authorities directing them to strive towards the target class size.

3.10 IDA experimented with a heavy-handed approach to getting results on the important GES staffing issue but its success was short-lived. The mission reported that “With GES staffing about 6 percent higher than in 1991 and a large salary increase [due]..., actual expenditures in 1992 will be substantially higher than budgeted.” The addition of 5,000 new non-teaching staff to the GES establishment meant that non-salary recurrent spending on education was less than half the budgeted amount. The report concluded, “The macroeconomic situation has had a serious impact in constraining the release of non-wage recurrent budgets for education, along with all other sectors.” It then put the best face on a bad situation. “Fortunately, because of the availability of donor financing and the textbook revolving funds, the impact has been mitigated....the education sector program supported by EdSAC II...has [not] been prevented from being carried out.” The pressure felt to continue the flow of funds is evident in the mission’s comment that it saw “no reason not to release the tranche within a few months because macroeconomic constraints do not justify any delay....” Under pressure from IDA, GES employees were laid off and the tranche release went ahead in March 1993, eight months later. Not long afterwards, however, as pressures on the new government increased, GES staff returned to work and overall personnel numbers had risen by the closing date.

11. In fact, such studies had been included, and delayed, throughout the entire reform period.

3.11 *Project Completion.* As the original completion date passed with 25 percent of available IDA funds still not disbursed, achieving full use of the funds became an urgent concern for the MOE. While project management strove to deliver textbooks and equipment whose procurement had been fraught with problems, IDA's field officer strove to process the project extension with minimum bureaucratic delay while ensuring that all the funds would be used effectively and unfulfilled covenants would be implemented. In an internal memo, the project officer wrote, "With EdSAC I which was extended twice...almost no supporting data was required at all....The borrower must prepare an operational plan showing how the unfulfilled covenants will be implemented in the extension period and how the undisbursed funds will be fully used in the extension period....additional information will ...deflect attention from the real issue—if the program is extended, will all the funds be used in an effective and timely matter?"

3.12 But just a month before the extending closing date, US\$10 million were still uncommitted. The final supervision mission recommended urgent action to avoid cancellations and IDA authorized funds for remedial teaching in senior-secondary schools, construction of pavilions for primary schools (for which the communities supplied the roofs) and advance payments to contractors for work under another IDA project—funds which, staff say, were largely wasted when contractors defaulted.

3.13 *Physical and Qualitative Inputs.* Because of these actions in the interests of resource transfer, the project funds were largely spent on physical infrastructure to the comparative neglect of qualitative inputs. Because of the pavilions, infrastructure spending under EdSAC II constituted one-third of the total credit disbursements. Of the US\$21 million of IDA funds that went to basic education, US\$12.7 million (over 60 percent) funded construction of primary school pavilions (school frames). The construction was arguably within the project's scope in order to "consolidate" primary school improvements, but the expenditures should have been thoroughly justified and the component rigorously appraised given that the project description did not include *new* construction. Of the US\$25.1 million that went to senior-secondary schools, over US\$18 million (72 percent) funded workshop equipment, while US\$3.7 million (15 percent) funded textbooks. Only US\$500,000 (2 percent) went to in-service teacher training, an essential ingredient for ensuring school effectiveness. The nearly US\$15 million concurrently used for the Community Secondary School Construction Project, plus an additional US\$6 million from last-minute allocations under EdSAC I, raised the total of IDA finances devoted to secondary school buildings and equipment to US\$39 million.

3.14 *Compliance at Credit Closing.* Unfortunately, though the borrower was technically in compliance for the third tranche release, progress made on cost and budget issues was rapidly reversed shortly afterwards because of factors beyond the project's control. IDA's final supervision report in March 1995 commended the project for reaching implementation targets and compliance on most fronts. It pointed out, however, that government salary increases had wiped out any cost reductions achieved through reductions in GES personnel. The supervision mission acknowledged that budgetary problems were not easy to solve and emphasized IDA's commitment to monitoring progress in future policy dialogue.

4. Outcomes

4.1 While EdSAC II produced its planned, immediate outputs, as the ICR records, major efforts are needed to capture the full benefits expected. Unless these efforts are made, the quality and sustainability of public education and the productivity of the country's future workforce remain at risk. For these reasons, OED is less sanguine about the project's long term outcomes than the ICR, while acknowledging the progress in restructuring the schools, widening access and beginning to address sensitive cost and budgetary issues in a difficult environment. Following is a more detailed summary of the project's successes and shortcomings, first for the schools and second for policy.

School Structure and Participation

4.2 EdSAC II's major achievement was in supporting the MOE's efforts to complete school restructuring with the reduced senior-secondary cycle and increasing access to basic and post-compulsory education in new and refurbished school facilities. As the middle schools closed in 1990, the number of senior schools nearly doubled. Some 500 day schools, including 120 technical-secondary schools, now admit junior-secondary graduates in previously under-served areas. In 1997-98, 10 cohorts of students completed the new basic education cycle and 5 cohorts completed senior-secondary. Undoubtedly, without the funding for facilities provided under both EdSACs, reversing the earlier enrollment declines would not have been possible and participation in basic schooling would not have surpassed pre-project rates (Annex C, Table 1).¹² In 1992/93 enrollments peaked as grades within the old structure began to phase out. In June 1990 the total enrollment in the old 7-year secondary school structure was 168,000. In June 1997, the new 3-year structure enrolled nearly 189,000 students. The MOE's goal of enrolling 50 percent of junior-secondary graduates in the senior schools is still elusive, however. And the problem of unequal opportunity still persists because many senior-secondary schools are remote from students' homes (para. 4.14).

4.3 A beneficiary assessment completed in 1994 showed that the public had mixed reactions to the changed structure of schooling. Underprivileged families appreciate the reduced length of the new school cycle and are pleased with the improved access to secondary education. But this favorable response shows signs of fading as new fees and transportation costs begin to bite, student performance falls short of expectations and senior schools report irregular student attendance and high dropout. Privileged families say they are resigned to the new school structure but use every resource to get their children admitted into established academic schools, both public and private.

School Development

4.4 *Senior-Secondary Schools.* EdSAC II did not expect to fully develop the new secondary schools in just three years but did aim to make them effective as teaching-learning institutions. Unfortunately, the project's investment in the vocational curriculum set back this process. The project was diverted from the critical tasks of developing school managers who could lead school improvement resourcefully and teachers who could teach the core curriculum effectively. The

12. An improving economy and a continued high birth-rate also encouraged enrollment growth.

8,600 teachers who received only 15 days of in-service orientation under EdSAC II have received no follow-up training.¹³ They have little incentive to change teaching methods, given the heavy curriculum load, the scarcity of teaching materials, the greater effort needed for innovative project-based teaching and continuous assessment methods and the pressures of examinations not yet fully aligned with the curriculum. While the curriculum is currently being fine-tuned to add more science and mathematics, the problems with vocational subjects are not yet being addressed.

4.5 While previously under-served communities appreciate the school facilities made suitable for senior-secondary education, the huge investment in equipment is largely wasted and the technical-secondary schools, in particular, are functioning poorly. Though recently refurbished facilities remain in fair condition, equipment needs maintenance and repair (some is not yet even installed) and textbooks are wearing out. Without operating budgets from public sources and substantial revenue from fees, the schools face an impossible task to ensure continued parental support.

4.6 In the three years since project completion, the MOE has not had a strategy to cope with unfinished business in senior-secondary education. Many schools now operate well below capacity and those with very low enrollments may not survive. With a current overall teacher-student ratio of only 18, classes sizes are not cost-efficient and affordable. The authorities cannot remedy the situation in a targeted fashion because they have not continued to monitor the situation school-by-school.

4.7 In response to OED's findings and a review of the evidence, IDA's Regional management has concluded that the problems of implementation of the vocational-technical curriculum are insurmountable and that the objectives of better labor market performance or appreciation for manual work are not being achieved. As the key elements for a revitalization of senior secondary education, what is needed, the Region proposes, is a major revision of the secondary school curriculum away from vocational "practical" subjects towards science, mathematics, technology and business, a limited number of subject choices in small schools and a clear and well-implemented policy of targeted scholarships.

4.8 *Primary and Junior-Secondary Schools.* At the basic education level, where investments have had more time to show benefits, EdSAC II planned to consolidate school improvements begun under EdSAC I. By investing nearly half its funds in infrastructure, equipment and textbooks, the project did much to improve the physical environment for teaching and learning in primary and junior-secondary schools. The MOE's current basic education program supported by IDA is intended to sustain these investments and improve school effectiveness.¹⁴ Progress is currently slow, according to supervision reports, but it is too early to assess development outcomes.

13. Ten technical teachers' colleges are now training more specialists but their skills are not well regarded and turnover is apparently high.

14. The MOE's Program for Free, Compulsory and Universal Education by the Year 2005 (fCUBE) (US\$3 billion) supported by Credits 2508 and 2885.

Student Performance

4.9 *Senior-Secondary Education.* Some progress in raising student performance levels at secondary level should reasonably be discernible four years after project completion. As the ICR explains, the first students to go have completed the new secondary cycle in 1993 suffered severely from the disruptions of the reform. While under five percent achieved the Senior Secondary School Certificate Examination (SSSCE) scores that met the minimal university entrance standard, 79 percent passed in one subject or more.¹⁵ Since then, some progress has begun to show. Candidate numbers have risen by 25 percent and more candidates are passing more subjects¹⁶ (Annex C, Table 2). Still, one in five students still do not pass in any subjects—a far from acceptable performance.

4.10 Because of the absence of data and analysis, comprehensive assessment of student learning outcomes across all curriculum programs is not yet possible. The examination authorities have not yet analyzed the results by subject, program and type of school nor offered guidance on remedies for problem areas. Teachers complain that junior-secondary graduates are ill-prepared in basic skills and universities complain that first-generation tertiary students are ill-prepared in study skills. Universities now offer remedial courses for new students, lengthening the time required to graduate and raising costs excessively. The vocational-technical subjects are not being taught effectively, especially the hands-on aspects. Nevertheless, according to an expert who led the curriculum reform, the new secondary curriculum does have the potential to offer a more rounded education than a narrow academic program. In his view, technical subjects can give students more skills than instructors in the new polytechnics possess. That said, however, he agrees that much needs to be done to translate the curriculum goals into effective teaching and learning.

4.11 Public expectations for student performance are shifting only slowly towards the reform goals. The press is quick to headline poor examination results and poor university entrance rates, especially in the new schools. University admission rates are still the main criterion by which secondary schools are judged. Accurate information about schools' performance and enhanced opportunities for students is not routinely disseminated. Hearsay fuels parents' unease. Typically, the public does not trust the new examination as fair and objective, in part because teacher's assessments of students' projects are considered less objective than formal examinations. Because of fierce competition for university places, even students with "A" grades in nine subjects may not be admitted without good contacts and the capacity to pay informal fees. Deteriorating prospects reduce goodwill for the reforms among privileged families. University staff interviewed say that selection mechanisms still continue to favor students from traditional schools but that more first-generation secondary students from under-privileged communities now reach tertiary education, especially the new polytechnics, though their preparedness for advanced study is weak.

4.12 *Basic Education.* At primary level, despite the longer period for reforms to take hold, student achievement levels remain disturbingly low, and rural students still perform much worse

15. The SSSCE is an imperfect instrument to measure changes in student achievement levels over time but no better indicators are yet available.

16. The percentage of passes at the minimal level, "E" or above, in nine subjects has risen, though from a very low base. The numbers of candidates passing in 6–8 subjects has also risen.

than urban.¹⁷ Without improvement in basic skills, mere access to schools will not prepare students for more advanced education levels, as the projects intended. IDA staff say that improving learning outcomes for a new generation of school children from illiterate households depends critically on improving school managers' capacity to implement the curriculum, improving the recruitment, deployment, management and training of teachers and providing early childhood and parental education.

Budgetary and Institutional Policy Reform

4.13 An intangible benefit for policy-making resulting from the project experience has been the enhanced capacity of senior MOE and GES officials to address issues of cost and finance in discussions with other agencies and the donors. But tangible progress on the critical EdSAC policy outcomes has been disappointingly uneven and some crucial reforms are stalled, prejudicing the long-term goal of financial sustainability for the new system, independent of external resources. Progress made in containing personnel costs has been undermined and budgetary control is still weak. While new norms and tools to improve cost-efficiency have been adopted, anticipated economies have not yet been fully realized. The MOE's commitment to maintaining the fee policy is commendable but better execution and targeting by related sectoral agencies is needed to make it more effective and equitable. In secondary education, the project's unwise investments in the vocational-technical curriculum have raised costs unduly. Box 4.1 indicates that EdSAC II made only marginal progress on policy reforms relative to the results of EdSAC I as reviewed by the OED audit mission conducted five years ago.

Box 4.1: OED's Findings on EdSAC I in 1993

The planned inputs were delivered to schools, enrollments expanded and students began to progress through the new school structure. But the savings from the reduced length of the primary and secondary cycle were less than anticipated. Budget-saving measures were initiated, abolishing boarding subsidies at secondary level and introducing textbook fees. Fees were only partially collected and did not cover full costs; the revolving fund was established but managed inefficiently. Boarding subsidies at tertiary level were still high because of heavily subsidized student loans. The personnel retrenchments were considered unlikely to result in lasting cost reductions because primary and junior-secondary enrollment growth was about to affect senior-secondary and tertiary levels. "The reform program has resulted in upward pressures on costs....It is not clear that the savings are sufficient to ensure sustainability." Financial sustainability without continued donor support was considered unlikely.

4.14 *Unit Costs.* At the basic education level, enrollment pressures have pushed up student-teacher ratios at primary level and modestly reduced unit costs, but at senior-secondary level, costs are higher than planned because of too rapid expansion of school places relative to lower than anticipated student enrollment. Since 1995, student-teacher ratios have increased markedly from 28:1 to 35:1 on average at primary level and more modestly from 18 to 21 at junior-secondary level. These averages, however, mask disparities between overcrowded urban schools

17. Primary Education Program, Report on the Administration of Primary 6 Criterion-Referenced Tests Results. MOE/USAID, 1996. According to the most recent data, performance in English rose 4 percentage points over a two-year period to a modest average score of 33 percent in 1996. But in mathematics scores declined slightly to 27.3 percent.

and under-enrolled rural schools and any cost reductions are still partly offset by the higher cost of qualified teachers.¹⁸ Lower than anticipated enrollment levels in senior-secondary schools mean that classes are unaffordably small. On average, the schools have about 133 students in each year, but the actual numbers in poor, sparsely populated areas are lower because of irregular attendance and high dropout. Despite current excess capacity countrywide, five more schools for under-served districts are planned in the 1998 budget.

4.15 Though the tertiary subsector was not included in the project, its performance has repercussions sector-wide because courses are more expensive to run and serve fewer students. A recent IDA report complained that commitment to efficiency and cost-recovery in tertiary education is waning. It questioned whether the subsector can remain financially sustainable, given explosive polytechnic growth and a new university planned for the north. This expansion drains scarce public and private resources from basic education and puts at risk the soundness and sustainability of the entire education system.

4.16 *GES Personnel.* Because personnel costs absorbed most of the MOE recurrent budget, the government's policy letter emphasized that the entire reform program would be jeopardized unless GES staffing could be contained at reasonable levels. In 1998, staff numbers have surged to 180,000, a rise of 17 percent (Annex C Table 3). Teacher numbers have grown by only 2,800 but other unanticipated growth factors have exacerbated the problem, officials say. These include the recent addition to the GES establishment of thousands of pre-school staff,¹⁹ additional administrators to cope with decentralization and additional polytechnic staff to cope with expansion. Government policy affirmed that budgetary resources would not be used merely to promote employment within the system. Employee workloads vary greatly, however. Senior officials are usually overloaded, but many junior staff in GES headquarters and in schools are underemployed. The growth in staffing has reportedly pushed GES expenditures as high as 83 percent of the entire MOE budget.²⁰

4.17 *Budgets for Operations and Maintenance.* Non-personnel budgets are under constant pressure and the first to be squeezed across all government agencies. By reducing GES personnel costs, EdSAC II aimed to increase the share of the central budget for school operations, supplies and repairs, though no target share was mandated. From 1994 to 1997, the budgetary allocation in education has run at under 9 percent a year, a low but reasonable level in difficult times. However, *actual* expenditures have run 15–20 percent below budget—as low as 5.1 percent for primary level and 6.3 percent for junior-secondary. In basic education, donors and some school districts provide supplementary funds.²¹ In contrast, in secondary education, where donor funds are scarce, it is encouraging that private foundations help and government budgetary allocations

18. The practice of employing low-cost pupil-teachers was officially abandoned but their numbers are reportedly increasing again. Some observers believe they do a better job than some regular teachers because they attend school more regularly and are more familiar with pupils' learning needs.

19. Early childhood education offers better preparation for children to benefit from formal schooling. But whether or not pre-school staff should be public employees in the Ghanaian context is arguable. If the service benefits privileged children, it should be privately financed. But if the market fails underprivileged children, targeted public subsidies are sensible, though this does not entail hiring school staff as government servants.

20. In terms of budget allocations, personnel costs, excluding tertiary-level personnel, have constituted only about 76 percent of the total since 1994.

21. Credit 2885 currently finances roofing sheets for rehabilitation but not the routine maintenance and repair preserving the value of investments in plant.

run to 21 percent of the total education budget.²² The general complaint from school heads, nevertheless, is that educational supplies are scarce and maintenance is left undone for lack of funds. This suggests that budgeted funds are not reaching the schools or that heads spend them on other priorities. Moreover, administration of the senior schools is still the responsibility of central government through its regional offices and this may reduce the extent to which districts and school communities show commitment to supporting them. Thus, a central-local partnership has not yet developed and hard-pressed districts and communities cannot provide the substantial help needed.

4.18 *Cost-Recovery.* Cost-recovery policies supported under the projects remain broadly intact. But much needs to be done to enhance the efficiency of fee-collection and improve revenues, a situation not much changed since EdSAC 1.

- *Textbooks.* Appropriately, book user fees initially established for primary- and junior-secondary levels have been abolished under the current thrust to improve learning in basic education. At senior-secondary level, official fees are set to recover the full cost over the four-year book life, as planned. The current annual fee is set at cedis 9,000 per student (under US\$4 in current prices), though, actual fees vary widely from school to school. Onward payment of fees from schools to the authorities is reportedly much improved now that auditors visit the schools. But many fees are forgone when students fail to register or drop out when they cannot pay. In 1998, fees collected stand cedis 508 million (US\$218,000), while the textbook revolving fund for basic education stands at cedis 54.5 million (US\$23,440). Lodged with the Bank of Ghana, the fund accrues no interest, however, and inflation erodes its value. A study of the fund is reportedly planned.
- *Fees for Amenities and Programs.* The imposition of fees for meals and hostel accommodation was essential to reduce costly subsidies but has inadvertently had negative educational consequences because of irregular attendance and dropout and the omission of compensatory provisions for needy students. As planned, fees for meals, when provided at the senior-secondary level, currently cover the full cost but they were supplied only at one school visited. As a matter of policy, the new senior-secondary schools do not offer accommodation as some established schools still do. In practice, the incidence of fees varies widely depending on the schools' popularity and students' ability to pay. A third-year student at secondary day school entered for the SSSCE currently pays the equivalent of nearly US\$73 in fees and an additional US\$183 for using workshop equipment, while GNP per capita is only US\$360 a year and one-third of the population still lives in poverty.²³ Reconciling budgetary realities with the goal of providing more equitable access to day schools for the poor in rural areas is a difficult dilemma and the MOE plans to review its options in 1998.

22. The central maintenance and repair budget for senior-secondary schools ran to cedis 2.4 billion in current prices in 1994 and to cedis 2.1 billion in 1997.

23. Fees can be a substantial burden. For a first-year, day student taking science, for example, they total cedis 117,000 (US\$50), not counting the cost of a school uniform. Boarding students pay an additional cedis 426,000, those using technical equipment an additional cedis 37,000, and SSSCE candidates an additional cedis 15,000. University students continue to enjoy heavy subsidies through loans covering board and lodging and guarantors are highly likely to default on repayment. Tertiary-level fees vary widely—from cedis 90,000 at Tamale polytechnic to cedis 171,500 at the University of Ghana (for science students) and cedis 215,000 at the GES Technical Institute.

To reduce overcharging, the GES has recently issued an instruction imposing a ceiling on fees levied by school districts and heads. From 1998, each school will have to justify its level of subsidy against targets being developed under a new performance-based management system but the details have yet to be worked out.

4.19 *Budgetary Discipline.* The project's achievement in upholding the percentage share of basic education in the MOE budget has been maintained since project completion—a success attributable to government commitment to basic education and to the heavy donor presence in the subsector.²⁴ But, this success, notwithstanding, the gap between budgets and expenditures—a topic of deep concern to IDA during project preparation—remains unbridged.²⁵

4.20 The education sector's recurrent budget will feel expansionary pressure as long as school-age populations and enrollments grow. In 1994, its share soared to 41 percent of the total government budget and has since consumed 33 percent and more. The 1998 level is likely to be between 34 and 40 percent, according to various estimates. In the recent economic downturn, critics have charged that massive scope for cost containment and efficiencies still exists in the public school system. Currently, however, budgetary discipline in education has still far to go and depends on broad public finance reform beyond the MOE's control. New accounting and auditing mechanisms being developed across government agencies offer promise and are especially important initiative for education's future because of the system's size and dispersion. Also, a new study underway with IDA assistance promises to review sector-wide costs and financing as a basis for decision-making, building on other partners' contributions in this field.²⁶

5. Findings and Issues for the Future

OED Assessments

5.1 *Outcomes.* Beyond the ICR's assessment which examines achievements at project completion, OED is able to evaluate longer-term developmental outcomes. Nevertheless, assigning a single outcome rating for so complex an operation requires balancing difficult judgments on various components with the advantage of hindsight.

5.2 The scope and realism of EdSAC's policy objectives as presented to the Board were over-ambitious given the contextual and institutional challenges of the period. This should not

24. Basic education consistently enjoys over 60 percent of the recurrent budget, while the senior-secondary allocation has also remained fairly steady at about 14 percent and the tertiary allocation at about 10 percent. Other MOE programs have declined to accommodate this (Annex E, Tables 5 and 6).

25. In 1996, actual expenditures were especially excessive, while in earlier years, they were under budget at various levels. Overall, between 1994 and 1996, actual expenditures exceeded MOE budget estimates by as much as 71 percent at junior-secondary, 31 percent at senior-secondary, 22 percent at tertiary level and 20 percent at primary level. And these data do not include additional subventions under different budgetary heads and, of course, all local expenditures.

26. For example, the European Union supported a large study: Perran Penrose, *Budgeting and Expenditures in the Education Sector in Ghana*, European Union/MOE, 1996. The Department for International Development (UK) is reviewing sector accounting and auditing mechanisms, recently presenting findings at a policy seminar on Integrated Systems of Financial Management. The United Nations Development Program provides technical assistance for an educational management information system.

detract from the fact that the policy objectives were appropriate if the education system was to provide lasting value for the Ghanaian economy and society. Observers say that, compared with the mid-1980s, the education system is now functioning better and is more cost-conscious. Moreover, project investments provided needed material support for the government's program to reduce the length of schooling, expand access and implement a new curriculum.

5.3 In important policy areas, though, the project's performance fell short of expectations. It failed to ensure the financial sustainability of the new system, despite some progress in establishing cost-sharing mechanisms. It failed to consolidate achievements in basic education (so that school-leavers would acquire the cognitive skills needed to take advantage of education at higher levels). And while it introduced more practical content into the curriculum, that effort was seriously misguided and the related investments in hardware diverted attention from establishing the schools on a sound footing as effective learning institutions. No plan existed to develop the schools after project completion. The absence of a follow-up action is particularly serious because of the high priority the project gave to long-term sustainability.

5.4 Budgetary problems may have inadvertently been made worse by the way the new credit instrument actually operated. The incentives it introduced shaped official behavior in unanticipated ways. Though intended to meet only the transitional costs of the reform, project funds in practice supplemented regular budgets and matching funds were not required. This meant that incentives to control budgets and expenditures across all education levels were reduced. Likewise, the built-in flexibility in the credit agreement may have reduced pressures on the MOE to be strategic in allocating project funds. Some of these weaknesses have been addressed for the ongoing IDA-assisted basic education project which retains the focus on a broad educational program while disbursing against approved expenditures and requiring a modest level of matching funds. Disbursements are currently much lower than planned, however, and project managers and IDA staff express concern that the program may prove to be too complex relative to the country's managerial and technical capacities.

5.5 When all these factors are weighed, the project cannot be considered satisfactory in outcome because it failed to achieve most of its major relevant objectives, had limited developmental results and some shortfalls of serious consequence. While this judgment is a negative one, some qualification is appropriate because the project was innovative, challenging and made a start on some aspects of policy reform and school restructuring—all investments requiring sustained efforts over many more years. Therefore, OED assesses the project's performance as only marginally unsatisfactory. With political will and perseverance, opportunities yet remain to turn modest impact into substantial impact, building on the EdSAC experience.

5.6 *Institutional Development Impact.* In reviewing institutional development impact, OED assesses the development effectiveness of projects on a country's people, policies and capacities, though to judge the EdSACs by current standards would be unfair, since only recently has the Bank Group emphasized the critical importance of institutional analysis and the design of institutional components.²⁷ EdSAC II aimed to develop sectoral institutions at central and local levels as well as establish new institutions at school level. It was not unusual for the time in focusing more on implementation—supplying inputs to schools and introducing new policy

27. World Bank, 1997 *Annual Review of Development Effectiveness*. Operations Evaluation Department. Washington D.C., 1998.

instruments—than on strengthening institutional capacities, procedures and incentives to implement and sustain these efforts. The project design rested on the assumption that durable changes in values, organizational cultures and work practices would emerge to support sector activities—an assumption that, in retrospect, was not entirely justified, especially given the changing political and governmental environment.

5.7 Like its predecessor, EdSAC II did not succeed in establishing the right incentives to promote full stakeholder ownership and appropriate behaviors or do much to strengthen local management capacity for the schools. This is not to deny that the EdSAC experience deepened *project* implementation capacity and enhanced the quality of sectoral dialogue on cost and financial issues across government agencies—with positive spin-off for subsequent donor efforts. Weighing all these factors, therefore, OED considers that the project’s development impact on sector institutions has as yet been promissory rather than substantial.

5.8 Undoubtedly, the problems still to be addressed are complex, as IDA staff point out. Reforms in the incentives and conditions of service for educational personnel are needed, as well as in training, management and supervision. Serious effort to address these issues requires political courage and heavy investment in designing institutional reforms, ensuring stakeholder ownership and cultivating public support. However, the EdSAC experience should influence the government and donors when rethinking education strategies, emphasizing as it does that, without institutional capacity and without practical policies that people are willing to implement, major investments in school inputs are unlikely to produce substantial improvements in the quality of teaching and learning. While EdSAC II managed to help revive a moribund education system, it fell short of learning how to reform sector institutions. OED agrees with IDA staff and government officials who observe that a new approach to institutional capacity building is needed.

5.9 *Sustainability.* When OED assesses the likelihood of project benefits being sustained in future, it examines relevant institutional, financial and environmental factors and reviews the soundness and durability of physical and technical accomplishments—aspects previously explored. In addition, reviewers examine government commitment and ownership which are proven critical for maintaining project results.

5.10 A robust operational plan requires a commitment to follow through on meeting objectives, a time-frame, monitorable progress indicators, identification of responsible implementing agencies and financial resources. A plan for senior-secondary education might have detected problems and put in place remedial strategies to improve school effectiveness. A plan to pursue the budgetary and cost objectives with a strong commitment to continue system-wide reforms might have prevented subsequent actions on personnel from undermining the project’s achievements. Without a plan agreed with senior ministries, the MOE has remained relatively weak in defending the senior-secondary schools. Political will, institutional continuity and sectoral capacity to follow through are at risk with a presidential election imminent and economic progress slowing down. All this, combined with the continued budgetary dependence on external assistance in education, makes the prospect for long-term sustainability rather poor. While IDA’s decision not to finance an EdSAC III was probably wise in view of the problems experienced, its decision to not to provide any support to secondary education in its future operations meant that it walked away from its obligation to help the country benefit from the its heavy investments in secondary schooling.

5.11 Planned government-wide budgetary reforms may eventually produce more efficiency in public education and an upcoming MOE review of educational strategy presents opportunities for learning from the previous two decades of reform effort. New policy guidelines are anticipated which will identify the government's evolving needs for donor assistance in education. IDA is fully supportive of this new direction which is intended to put the client in the driving seat and provide a more disciplined framework for the donors' various priorities. To be helpful, however, the donors need to reduce their heavy and uncoordinated demands for information and discussion that severely tax the system's capacity. All this is promissory, however, and enhanced prospects for development impact and sustainability await action.

5.12 *IDA Performance.*²⁸ OED assesses IDA performance at all stages of the project cycle and acknowledges that its assessment of IDA's overall performance as unsatisfactory is unkind to the strategic vision of management in supporting the EdSACs, the innovative efforts and teamwork of staff supporting project preparation, including good cost analysis during appraisal and identification of risks, and the responsiveness of supervision. True, the negative consequences of experimental approaches and difficult judgments made at the time in good faith were not entirely foreseeable. For example, not resolving differences over school expansion rates led to the very opportunities for over-expansion that IDA tried to prevent by building flexibility into project spending. And IDA's release of credit tranches as early as possible in order to help the MOE's budget flow was undoubtedly consistent with the goals of a sector adjustment operation, though this inadvertently reduced its influence on the pace of progress in implementing reform actions covenanted. But the experiment in a coax-and-cajole approach to supervision of borrower compliance proved open to misinterpretation, while the heavier-handed insistence on the GES target numbers proved no more successful, achieving short-term legal compliance but not lasting reforms. All this points to the need for building strong stakeholder ownership, full borrower commitment and strong consensus on realistic targets before Board approval.

5.13 The positive aspects of IDA's performance do not, in OED's view, compensate for the serious shortcomings, even when mitigating factors are taken into account. IDA must bear direct responsibility for appraising project design, scope and readiness for implementation and this was defective, leading to implementation problems and negative outcomes. IDA recommended the project for Board approval without sufficient examination of the EdSAC I experience, especially on stakeholder ownership, teaching-learning strategies, sectoral capacity and the new credit instrument. Reducing the risks of cost-escalation by introducing legal conditions on teacher ratios and class sizes was a reasonable fall back once the decision to support the curriculum programs was made, but staff knew that the weak capacity for enforcement at national and classroom level made the chances of effective implementation rather low. IDA's recommendation to the Board of the vocational-technical component, against the Bank's policy advice, was understandable given the pressures, but the heavy investments IDA approved were unjustifiable given their low educational value. Indeed, unless curriculum changes are made in the near future, the project may have set back progress in secondary education by a decade.

5.14 Finally, an otherwise excellent ICR assumed incorrectly that a series of Bank operations supporting reform would substitute for a government plan for the project's future. The failure of IDA to ensure that the government had an operational plan is puzzling, given the project's emphasis on sustainability. Observers have suggested that weakened commitment to the EdSACs

28. Annex D provides the Region's comments.

may have resulted from the departure of IDA's project officer from Ghana in 1994 alongside changes of political and ministerial leadership. Another theory is that both parties may have suffered from overload and reform fatigue, preferring to wait and see if problems in secondary education would resolve themselves without radical and embarrassing changes in approach.

5.15 While OED appreciates the uncharted territory and the contextual constraints under which IDA operated, it must ask whether the entire reform program would have been at risk if project processing had been delayed to improve the project's quality at entry. Of course, no firm answer is possible retrospectively. The testing question, then, for project staff is whether, in the light of the unintended negative outcomes, they would currently recommend EdSAC II to the Board without taking more time during preparation to considering alternative approaches to the outstanding problems. IDA insists that no alternatives presented themselves at the time. Ghanaian observers counter that an IDA delay would have had a sobering effect but would not have diminished the government's determination nor permanently alienated the donor community and would have signaled the seriousness of the need to resolve the policy issues. Delay might have slowed implementation, however, because of increased pressure on the domestic budget. They caution that it would have needed skillful management in the political arena since public expectations for junior-secondary graduates were raised.

5.16 *Borrower performance.* The commitment and capacity of the various borrower agencies participating in the project was uneven. The government's determination to persevere in a second operation with risky reforms was commendable but commitment among key agencies was not sustained, reducing the policy impact. Though IDA, not the borrower, was ultimately responsible for flaws in project design, senior MOE officials were responsible for disregarding IDA's good advice on the pace of school expansion and on the vocational curriculum. Nevertheless, the project unit performed very well in meeting project implementation and output targets. For these reasons, overall borrower performance may be considered satisfactory but less than fully so because of some serious shortcomings.

6. Ensuring Development Impact

6.1 EdSAC II's experience shows that IDA needs to strengthen its advice and assistance to the country's sector strategy formulation in several areas.

- Conducting institutional assessments and designing capacity-building interventions.
- Identifying the respective responsibilities of government agencies at national level for policy, financing, regulation and supervision, including the challenges of personnel management and compensation.
- Identifying the respective responsibilities of public and private agencies, as well as households for financing and delivering education.
- Estimating the appropriate size and shape of the school system including the degree of selectivity and diversification at post-basic levels.

- Developing strategies to improve school effectiveness building on global experience, including local action plans tailored to local contexts and built on community support.
- Developing capacities in sector analysis and evaluation.

6.2 The EdSAC experience suggests several areas for the government's attention.

- Increasing the efficiency of cost-sharing policies and mechanisms while not unfairly penalizing students and schools in poor communities.
- Readjusting the senior-secondary curriculum and examinations to enhance students' basic knowledge and skills relevant to more advanced study and the workplace.
- Strengthening the administration, content and credibility of the examinations.
- Reinvigorating professionalism in the educational service.
- Expanding programs to keep the public well informed about educational issues, objectives and progress.
- Strengthening monitoring and evaluation in education to provide an objective foundation for planning interventions, disseminating information to the public, encouraging donor support and withstanding inappropriate political pressures.

6.3 The EdSAC experience suggests some cautionary lessons for the new Bank.

- As the Bank and other donors shift from supporting education projects to financing borrower-driven sectoral programs involving long-term commitment and heavy investments, they need to ensure that the programs are technically sound, readily implementable given existing institutional capacities and stakeholder interests, and financially sustainable.
- In designing adaptable lending instruments, the Bank needs to support flexibility but must also ensure that the flexibility does not undermine budgetary discipline and cost-efficiency.
- In simplifying disbursement procedures, sharing responsibilities for project quality under matrix management and decentralizing more responsibilities to the field, the Bank needs to ensure that project activities and expenditures remain consistent with development objectives as expressed in legal agreements.
- In its dialogue with the borrower, the Bank should emphasize the importance of implementing operational plans to ensure development impact and sustainability. But, it should not raise expectations of finance for follow-on projects prematurely, as was the case for the EdSACs, before the borrower's plans for the future have fully absorbed the lessons of experience.

Basic Data Sheet

GHANA: SECOND EDUCATION SECTOR ADJUSTMENT CREDIT (CREDIT 2140-GH)

Key Project Data

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of appraisal estimate</i>
Total project costs (US\$)	88.5	94.20	106
Loan amount (US\$)	50.0	51.80	103
Cancellation (US\$)		0.06	
Loan amount (SDR)	37.9	37.90	100
Cancellation (SDR)		0.04	
Date physical components completed: December 12, 1994			

Cumulative Estimated and Actual Disbursements (US\$ million)

	<i>FY91</i>	<i>FY92</i>	<i>FY93</i>	<i>FY94</i>	<i>FY95</i>	<i>TOTAL</i>
Appraisal estimate	17.0	34.0	50.0	50.0	50.0	50.0
Actual	13.3	23.9	32.6	37.2	53.2	53.2
Actual as % of estimate	78.2	70.3	65.3	74.4	106.4	106.4
Date of final disbursement: June 30, 1995						

Project Dates

<i>Steps in project cycle</i>	<i>Original</i>	<i>Actual</i>
Identification (Executive Project Summary)	December 1988	November 7, 1988
Preparation	January 1989	April 3, 1989
Appraisal	July 1989	June 17, 1989
Negotiations	March 1990	March 26, 1990
Development Policy Letter		March 29, 1990
Board presentation	May 1990	May 24, 1990
Signing		June 20, 1990
Effectiveness	August 1990	July 18, 1990
Special Account		June 1991
1st Tranche Release (SDR12.9 mill)	August 1990	July 1990
2nd Tranche Release	August 1991	December, 1991
3rd Tranche Release	August 1992	April 1993
Credit closing	February 1994	December 31, 1994

Staff Inputs (staff weeks)

<i>Stage of project cycle</i>	<i>FY89</i>	<i>FY90</i>	<i>FY91</i>	<i>FY92</i>	<i>FY93</i>	<i>FY94</i>	<i>FY95</i>
To Appraisal	48.0	5.1					
Appraisal to Board Approval		28.1					
Board Approval to Effectiveness		12.4					
Supervision		1.2	5.4	18.9	22.9	10.3	
Completion							12.0
Total	48.0	46.8	5.4	18.9	22.9	10.3	12.0

Mission Data

<i>Stage of project cycle</i>	<i>Date (month/year)</i>	<i>No. of Staff in fields</i>	<i>Duration of mission (# of days)</i>	<i>Specializations represented^a</i>	<i>Performance rating</i>	
					<i>Implemen- tation status</i>	<i>Development objectives</i>
Through appraisal						
Identification	Nov 1988	3	12	EP, ED, EC	---	---
						-
						-
Preappraisal	March 1989	4		EP, ED, EC	---	---
						-
						-
Appraisal	July 1989	5		EP, ED, EC	---	---
						-
						-
Supervision	April 1991	2	16	EP, PO	1	2
	Sept. 10, 1991	3	11	EP, EC, PO	2	1
	Sept. 10, 1992	4	10	EP, EC, ED, PO	2	1
	August 1993	2	3	EP, PO	2	2
	July 1994	3	15	EP, PO	S	S
	Nov. 1994	3	7	EP, PO, ED	S	S
Completion	Nov. 1994	3	12	EP, PO	S	S

a. ED=Education Specialist; EP=Principal Education Planner; IS=Sr. Implementation Specialist; OA=Operations Analyst; OO=Sr. Operations Officer; PO=Project Officer; PS=Procurement Specialist.

Other Project Data

Borrower/Executing Agency: Government of Ghana and Ministry of Education

Related Bank Credits

<i>Credit title</i>	<i>Credit</i>	<i>Purpose</i>	<i>Year of approval</i>	<i>Status</i>	<i>Closing date</i>
<i>Preceding operations</i>					
Health & Education Rehabilitation (Credit 1653-GH)	5.0	Deliver texts and supplies to school and strengthen planning and management.	1986	Completed	12/31/91
Education Sector Adjustment (Credit 1744-GH)	34.5	Support education system reform. (1st phase—basic education)	1987	Completed	12/31/91
<i>Following operations</i>					
Community Secondary School Construction (Credit 2278-GH)	15.0	Construct new senior-secondary schools in underserved areas with community inputs.	1991	Completed	06/30/95
Literacy and Functional Skills (Credit 2349-GH)	17.4	Adult literacy.	1992	Completed	12/31/97
Tertiary Education (Credit 2428-GH)	4.5	Management and qualitative improvement in tertiary education.	1993	Completed	09/30/98
Primary School Development (Credit 2508-GH)	65.1	Increase learning achievements and enrollments.	1993	Completed	12/31/98
Vocational Skills and Informal Sector Support (Credit 2695-GH)	9.6	To improve informal sector productivity and make vocational training demand-driven.	1995	Board Approval 03/28/95	06/30/01
Basic Education Sector Improvement (Credit 2885-GH)		Implement free compulsory universal basic education.	1996	Board Approved 06/18/96	06/30/01

**MINISTRY OF FINANCE AND ECONOMIC PLANNING
P.O.BOX M.40
ACCRA**

Our Ref. No. SEC FP/036

29th March, 1990

**GHANA
SECOND EDUCATION SECTOR ADJUSTMENT CREDIT
LETTER OF EDUCATION DEVELOPMENT POLICY**

Mr. Barber Conable, President
The World Bank
1818 H Street, N. W.
Washington, D.C. 20433

Dear Mr. Conable:

I am writing to you with regard to the proposed Second Education Sector Adjustment Credit to inform the International Development Association of the progress that has been made during the first phase of Ghana educational reform programme and of our plans to solidify and extend the benefits of the programme over the next several years. Our development objectives in the area of education have been to devise a more effective and relevant system, serving more Ghanaians, yet sustainable over time given the nation's limited resources. These objectives were first elaborated in the 1974 White Paper, "The New Content and Structure of Education," and they were further clarified in the Education Policy Statement of the PNDC Secretary of Education.

In terms of macroeconomic policy, the Government has, during recent years with assistance from the World Bank and the IMF, undertaken a range of policy measures intended to reverse the economic decline of the late 1970s and early 1980s. The first phase of the Economic Recovery Programme (1983-1986) led to improvements in the country's balance of payments and positive growth of GDP. During the second phase, Government has broadened the scope of the programme to encompass reform and revitalization of the social sectors as well as rehabilitation of the economic sectors.

In this context, we have placed particular emphasis on the education system, recognizing the critical importance of human resources as the foundation for broader national development. However, we also recognized that if education were to be improved and expanded, new patterns of financing and resource allocation would be required. With the assistance made available by the Bank and other international donors under the Education Sector Adjustment Credit (Cr. 1744-

GH), in 1987 we began to implement a number of measures that are central to the nations' educational reform programme:

- First, adjustments have been made and will continue to be made within the educational budget to ensure that the resources allocated for education improve quality and expand access, and that they are not used merely to promote employment within the system. Evidence of this critical shift in emphasis can be seen in the form of more books and instructional materials in classrooms, fewer untrained teachers in schools, and better and more regular supervision provided by circuit- and district-based officers of the Ghana Education Service, as well as rising enrollment rates in basic education.
- Second, students and their families have been asked to increase their participation in the financing of education in line with a significant enhancement of educational quality. By introducing or increasing fees for books and feeding it will be possible to use budgetary allocations to benefit a much broader spectrum of the school-age population.
- Third, the structure of the education system changes significantly under the reform programme. The length of pre-university education will be reduced from 17 years to 12, thereby promoting access and equity in that parents and Government will have fewer years of schooling to finance per child.
- Finally, the curriculum is being revised at all levels of the system to make it more relevant to Ghana's economic and social conditions. This work has already been completed for grades 1-9 and is now being undertaken for grades 10-12.

Achievements During the First Phase of the Reform

In accordance with an earlier Letter of Education Development Policy, addressed to you in connection with the first Education Sector Adjustment Credit on 8 October, 1986, Government has already implemented a number of important reform measures. Chief among these have been:

- (a) initiating the reduction of pre-university education by replacing four-year middle schools with three-year junior secondary schools (and, to compensate, increasing the length of the school year from 33 weeks to 40 and improving the quality of basic education);
- (b) terminating intake from primary schools directly into secondary schools and permitting future entry only from junior secondary school class 3;
- (c) reforming the curriculum in primary and junior secondary school (grade 1-9) to make it more consistent with Ghanaian social, economic, and cultural conditions (costs at this level have also been contained through greater utilization of locally available materials);
- (d) providing all students access to require textbooks, and introducing book user fees paid into a revolving fund to be used for book replenishment;

- (e) eliminating the direct subsidy for food at secondary- and tertiary-level institutions, and introducing a loan scheme for students at tertiary-level institutions to cover these and other costs;
- (f) reducing the number of non-teaching staff at secondary- and tertiary-level institutions;
- (g) announcing a freeze on the total number of teachers in the system;
- (h) banning all future recruitment of untrained middle and junior secondary school leavers to work as teachers in basic education; and
- (i) completing a university rationalization study and an implementation plan for this rationalization.

We have experienced some difficulty in enforcing the staffing controls listed in (g) and (h), but we are still committed to their implementation and are, thus, considering new and stronger measures.

Proposals to Extend the Reform Programme, 1990-1992

In preparation for the 1990/91 academic year and the entry of the first cohort of JSS graduates into the new senior secondary schools (SSS), the Government is now moving into the second phase of the reform programme. The objectives to be achieved during the next three years include: restructuring of senior secondary education; continuing to improve the quality and efficiency of education at all levels of the system; and ensuring the financial sustainability of the new system being put into place. In support of all three objectives, top priority is being given to controlling staffing within the Ghana Education Service (GES). It is clear that the entire reform programme will be jeopardized unless staffing can be maintained at a reasonable level.

In particular, we intend to implement the following policy measures over the next three years:

- (a) ensure that total GES staffing does not, at any time during the implementation of the Credit, exceed 153,000 persons (including all categories of staff, except students at TTCs);
- (b) complete the restructuring of pre-university education by introducing three-year senior secondary schools on top of the six-year primary and three-year junior secondary system;
- (c) reform the senior secondary school curriculum so that it is responsive to students' differing talents and interests and conducive to rapid socio-economic development, while ensuring that the curriculum is financially sustainable and that the teachers and equipment needed to support specialized programmes are available;
- (d) develop and implement a plan to ensure that all serving basic education teachers receive increased in-service training;

- (e) develop and administer a standardized achievement test to a random sample of grade 6 pupils in all schools in order to evaluate the effectiveness of primary school teaching, and publicize school averages in order to bring community pressure to bear on low-achieving schools;
- (f) maintain book user fees in primary and junior secondary schools at no less than 1987 proportions of full costs;
- (g) at the senior secondary level, establish and maintain a level of book user fees sufficient for Government to recover the full cost over the life of a book, and charge fees for feeding students sufficient to recover the full costs of the food;
- (h) reorient the GES technical institutes to make them more responsive to the training needs of the majority of JSS leavers who will not go on to senior secondary school;
- (i) maintain basic education's share of the education's share of the education budget at least at the 1989 level;
- (j) rationalize the simplify the public investment programme of the Ministry of Education; and
- (k) continue planning for the new four-year university system.

In addition, we will assure that the Project Management Unit within the Ministry of Education hires adequate and appropriate staff to perform its key role in the implementation of the entire reform programme.

I hope that these details will help clarify for you the main direction of our education reform programme. We will, of course, be happy to provide you with any further information that might be required.

Yours faithfully,

DR. KWESI BOTCHWEY
PNDC SECRETARY FOR FINANCE
AND ECONOMIC PLANNING

Table 1. School Participation Trends**A. Total Enrollment**

<i>Number of pupils enrolled</i>							
	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96
Primary	1,703,074	1,803,148	1,807,223	2,047,293	2,138,635	2,154,646	2,196,735
Junior Secondary Schools.	625,018	569,343	592,867	644,976	676,182	690,558	713,878
Senior Secondary Schools	168,000	199,260	225,277	257,355	245,897	209,190	199,028
Senior Secondary Schools	-	-	-	152,155	176,654	185,742	185,479
of which public	-	-		152,155	176,654	185,742	185,479

<i>Annual change (%)</i>						
	1989/90 1990/91	1990/91 1991/92	1991/92 1992/92	1992/93 1993/94	1993/94 1994/95	1994/95 1995/96
Primary	5.9	0.2	13.3	4.46	0.7	2.0
Junior Secondary Schools	-8.9	4.1	8.8	4.8	2.1	3.4
Senior Secondary Schools.	18.6	13.1	14.2	-4.5	-14.9	-4.9

B. Enrollment in the Three Northern Regions

<i>Annual change (%)</i>						
	1989/90 1990/91	1990/91 1991/92	1991/92 1992/93	1992/93 1993/94	1993/94 1994/95	1994/95 1995/96
Primary	27.6	3.1	8.5	6.5	-3.1	3.9
Junior Secondary Schools	2.2	17.6	8.8	15.0	3.7	10.1
SeniorSecondary Schools.	37.8	23.9	22.4	2.9	-4.1	2.6

Table 2. Performance Trends in Senior Secondary School Examinations 1994–96

	<i>Total No. of subjects passed at grade E & above</i>			<i>Total No. of candidates passing at grade E and above</i>			<i>Candidates % Passed</i>		
	1994	1995	1996	1994	1995	1996	1994	1995	1996
9	2,604	4,085	7,236	3.34	6.09	8.56			
8	2,695	3,710	5,678	3.46	5.53	6.71			
7	3,105	3,841	5,338	3.99	5.73	6.31			
6	4,455	4,411	5,333	5.72	6.58	6.31			
5	5,978	4,645	5,311	7.68	6.93	6.28			
4	7,611	5,250	5,551	9.77	7.83	6.56			
3	9,404	6,585	6,937	12.08	9.83	8.20			
2	10,453	8,437	10,004	13.42	12.59	11.83			
1	11,344	10,843	14,685	14.57	16.18	17.36			
0	20224	14,381	17,403	25.77	21.47	20.58			
Total Candidates	78,475*	67,554	84,566	99.2	98	99			
Total Passes	77,873	66,188	83,476						

* Includes repeaters from 1993 examination after remedial program.

Table 3. Ministry of Education Recurrent Budgets 1994–1997 (Million Cedis)

	<i>Total MOE</i>	<i>Total personnel</i>	<i>% Personnel</i>
1994	186,989	143,114	76.5
1995	252,694	191,714	75.9
1996	359,200	271,754 ^a	75.7
1997	450,600	337,000 ^a	74.8

Note: Does not include tertiary education personnel.

Source: MOE: PMBE

Table 4. Government Recurrent Expenditures in Education 1994–1997 (Million Cedis)

	<i>Budgeted</i>				<i>Actual Expenditures</i>			
	1994	1995	1996	1997	1994	1995	1996	1997
Primary Education	86,785	114,759	153,076	198,968	76,715	121,347	183,476	n/a
Junior Secondary	35,266	51,627	64,146	92,014	49,180	66,768	109,524	n/a
Senior Secondary	23,116	35,739	50,564	64,927	24,079	31,805	66,708	n/a
Tertiary Education	21,350	23,436	39,908	55,636	19,431	26,454	49,144	n/a
Others (Hqtrs. & other Programmes)	39,494	59,010	97,453	86,546	35,941	55,203	900,833	n/a
Total Education Budget	186,989	252,694	359,200	450,600	188,573	271,925	455,844	n/a

Table 5. Percentage Share of MOE Budget

	<i>Budgeted</i>				<i>Actual Expenditures</i>			
	1994	1995	1996	1997	1994	1995	1996	1997
Primary Education	46.4	45.4	42.6	44.2	40.7	44.6	40.3	n/a
Junior Secondary	18.9	20.4	17.9	20.4	26.1	24.5	24.0	n/a
Basic Education	65.3	65.8	60.5	64.6	66.8	69.2	64.3	n/a
Senior Secondary	12.3	14.1	14.1	14.4	12.7	11.7	14.6	n/a
Tertiary Education	11.4	9.3	11.1	12.4	10.3	9.7	10.8	n/a
Others (Hqtrs. & other Programmes)	21.1	23.4	27.1	19.2	19.1	20.3	19.9	n/a

Table 6. Government Recurrent Expenditures per Student by Level of Education 1994–1996

	<i>Budgeted</i>			<i>Actual</i>		
	1994	1995	1996	1994	1995	1996
Primary Education	45,427	59,745	78,271	40,156	63,175	93,815
Junior Secondary	53,788	78,240	94,661	75,011	101,187	161,626
Senior Secondary	97,728	177,090	260,524	101,800	157,594	343,705
Universities and Polytechnics						1,404,000 (estimate)

Region's Comments on OED Findings¹

The Region disagrees with OED's determination of Bank Performance as unsatisfactory. It is our view that the staff involved in these operations performed their duties with commitment and diligence. In a difficult and highly political environment, they collectively reached judgments that can be questioned with the benefit of hindsight, and with the benefit of the lessons from these very operations, which were highly innovative at the time. However, these judgments were reached carefully and deliberately, and were taken in the interests of the client. This is especially the case for EDSAC2, which was a high-profile operation, that received close and senior scrutiny throughout its preparation and implementation. Performance of Bank staff should not be judged on the basis of whether a collective judgment is now supported or not supported, but rather by the care, consideration and motives with which the judgment was made. In this sense, Bank performance, especially with respect to EDSAC2, cannot be judged as less than satisfactory, and to reach such a judgment sends a very wrong signal at a time when we wish to encourage well-prepared risk-taking and innovation.

1. These comments are also applied to Community Secondary Schools Construction Project (Credit 2278–GH). See the forthcoming audit report.