1. Key development issues and rationale for Bank involvement

**Key Development Issues.** Ethiopia is the second most populous country in Africa (estimated around 80 million, of which approximately 12 million are pastoralists and 80 percent of the population live in rural areas), and has a decentralized government structure. Having invested heavily in physical infrastructure and human resources over the past decade, the economy has achieved impressive growth (averaging 11.8 percent annually in the period of 2004-07). Despite recent growth and an abundance of natural resources, it is one of the poorest countries in the world with per capita income of less than US$180 in 2007 and 39 percent of the population estimated to live below the poverty line in 2004/05.1 Ethiopia is ranked 169 out of 177 countries on the United Nations Development Program’s Human Development Index. Under the highly centralized Derg regime (1975 to 1991), Ethiopia’s regional and woreda governments were marginalized. After the fall of the Derg, GOE adopted decentralization as the cornerstone for building a multi-ethnic democratic country. Combined with a commitment to fiscal decentralization, this signifies the Government’s intention to give local governments more direct and transparent control over public spending.

**Ethiopia’s Development Strategy.** Ethiopia is currently implementing its second poverty reduction strategy (PRS), known as the Plan for Accelerated and Sustained Development to End Poverty (PASDEP). The PASDEP shows a strong vertical coordination of sectoral strategies with the overall government strategy and is well integrated with the budget through the Macroeconomic and Fiscal Framework (MEFF) and the government/donor Joint Budget and Aid Review (JBAR). The PASDEP’s strategic vision is one of rapid and sustained growth primarily through scaled up development assistance and large domestic investments targeted at eliminating the poverty traps that have hindered the development of the country. Strengthening human resource capacity and achievement of the MDGs, of which education is a key element, is a

---

cornerstone of the Bank’s Country Assistance Strategy (CAS) covering 2008-2010. Several operations financed by IDA and other development partners (e.g., the Protecting Basic Services Project, Public Sector Capacity Development Project) also provide support in priority areas that will have significant benefits for the education sector.

1. **Education Sector** In Ethiopia, primary education lasts 8 years and is split into grades 1-4 (primary first cycle) and grades 5-8 (primary second cycle). Secondary education is also divided into two cycles, each with its own specific goals. Grades 9-10 (secondary first cycle) provide general secondary education and, upon completion, students are streamed either into grades 11-12 (secondary second cycle) as preparation for university, or into technical and vocational education and training (TVET), based on performance in the secondary education completion certificate examination. General education comprises grades 1 to 12. The provision of education is the concurrent responsibility of federal, regional and local (e.g., woreda) governments. The Federal Government plays the dominant role in the provision of post-secondary education, while also setting standards and providing overall policy guidance and monitoring and evaluation for the entire sector. Regional governments are responsible for the oversight of the training of primary school teachers, for providing primary textbooks and for adapting the primary syllabus to local conditions. Woredas are responsible for paying and recruiting primary and secondary teachers, and for supervision and training of primary and secondary teachers.

2. The Government prepared the national Education and Training Policy (ETP) in 1994, and within the framework of the ETP launched the first five year Education Sector Development Program (ESDP) in 1997 as part of a twenty-year education sector plan. As a result of a series of important organizational, financial and programmatic measures, the target set for ESDP I of raising primary enrolment from 3.7 million to 7 million was surpassed with enrolment reaching 8.1 million in 2000/01 and 13.5 million in 2005/06, when ESDP III was launched. Over this period, the gross enrolment rate (GER) increased from 61.6 to 91.3 percent and net enrolment from 52.2 to 77.5 percent. Repetition rates dropped significantly from 15.7 percent and 18.6 percent for boys and girls, respectively, in 1996/97, to 3.8 percent and 4.0 percent for boys and girls, respectively, in 2003/04. First cycle secondary enrolment trends show significant increases (GER from 17.1 percent in 2001/02 to 33.2 percent in 2005/06) and although second cycle secondary enrollment is low (20,795 in 2005/06), it is increasing. This has been a remarkable achievement and has occurred at the same time as a major expansion of both the TVET and higher education sub-sectors.

Despite rapid expansion of the education system, Ethiopia’s education sector faces the following four key challenges.\(^3\) Access to education opportunities continues to be an obstacle, especially for females and other “most vulnerable children”\(^4\), poor students and pastoral areas (e.g., Somali and Afar). Inequities in access to quality education are widespread, as better resourced schools are generally located in urban areas and in the non-emerging regions. There are socio-cultural barriers to participation (especially for girls in rural areas) and there are financial constraints with households paying a large share of non-salary recurrent education expenditures.

\(^2\) The Bank’s CAS for Ethiopia was presented to the Board in April 2008. The CAS continues to consolidate support for PASDEP’s governance, growth and service delivery targets, and this project will directly support service delivery efforts.


\(^4\) The most vulnerable children in Ethiopia are “rural & pastoralist children, orphans, children in remote locations, street children and drop outs”, as well as those with disabilities. UNICEF (2008). The Magnitude of Out of Primary School Age Children in Ethiopia and Strategies to Include the Excluded.
Achievements in access have not been accompanied by adequate improvements in quality. In some areas, quality has deteriorated at least partly as a result of rapid expansion. The 2007 National Learning Assessment (NLA) in grades 4 and 8 show that student achievement is below the required levels. Achievement in grade 4 shows a reduction from the 1999/2000 baseline learning assessment (47.9 percent to 40.9 percent) and achievement in grade 8 has also deteriorated (42.6 percent to 39.8 percent). Key factors identified in the 2007 NLA relating to low student learning outcomes include school organization and management; teacher training on new techniques; school supplies; availability of curricular and instructional materials, and language of instruction. However, completion rates at both grades 5 and 8 (used as a proxy indicator for quality) have improved over the past three years (from 57 percent to 65 percent in grade 5 and from 34 percent to 43 percent in grade 8).

The rapid expansion of the education system has left a considerable financing gap between available funds and the anticipated cost of investments needed to improve and maintain quality. The indicative budget in the ESDP III is Birr 53 billion, but only Birr 37 billion is provided for in PASDEP. Under the proposed GEQIP, the estimated funding requirement for quality improvement is over US$1 billion (or Birr 10 billion) over a period of five years. At the same time, a high proportion of the education recurrent budget for primary and secondary education is allocated to teacher salaries (over 90 percent). In fact, the non-salary education budget at the woreda level has actually decreased from 1998 to 1999 EFY. This has the effect of constraining the availability and predictability of resources for other inputs critical to support effective teaching and learning (e.g. training, textbooks and other materials, assessment, monitoring and evaluation systems, etc) to enhance learning outcomes.

The capacity to plan, manage and monitor is weak. In Ethiopia, the management and financing of primary and secondary education is the responsibility of regions and woredas based on the national policy and standards developed and approved by the Ministry of Education (MOE). However, some regional and woreda governments have weak capacity to gather and report on key performance indicators on time in order to manage and monitor effectively the implementation of education reforms. The key issues related to policy making, management and monitoring capacity include: (i) weak institutional capacity for the delivery of general education, hampering implementation of a consistent and effective education policy; (ii) inadequate strategic planning and management capacity to support tasks such as policy development and medium to long term planning; and (iii) limited monitoring and evaluation systems making the reform process difficult to operationalize. Compounding these capacity gaps is the constant turnover of key staff in the sector at different levels of the system, as well as insufficient numbers of qualified staff.

Rationale for Bank Involvement. There are three main rationales for Bank involvement. First, the operation is consistent with the second strategic objective of the CAS covering the period 2008-2010, whose aim is “improving access to and quality of basic service delivery”. The operation will support the Government’s GEQIP to improve the quality of education, together

---

8 If the GEQIP is fully implemented, the anticipated fiscal shortfall is US$800 million. Next to the Catalytic Fund Grant, IDA support would form the largest share of these critical funds over the next four years. If donors, including IDA, are to ensure the sustainability of their and the Government’s past investments in education expansion, it is critical that support be provided for strengthening the quality of education.
with the on-going Protecting Basic Services (PBS) Project, which provides block grants to regional and local governments to support the delivery of basic services, including general education. The GEQIP will concentrate on quality reforms such as the new curriculum implementation, textbook development and provision, school grants to enhance school-based development reforms, as well as institutional development at the federal, regional and woreda levels. On the other hand, the PBS will continue to provide support through block grants, which are used mostly for recurrent expenditures for staff salaries, including salaries of primary and secondary school teachers. The operation is also consistent with the objectives of the Africa Action Plan (AAP), which calls for investment in the achievement of MDGs, including education. Second, the Bank is well-placed to draw upon global experience and innovations in the design and implementation of education reform programs, including substantial experience in low income countries. The learning experience will be beneficial for other low income countries, especially in the Sub-Saharan Africa Region. Third, the Bank’s financial and technical contribution is critical in leveraging other development partners’ financing, particularly the Fast Track Initiative Catalytic Fund (FTI CF). Analysis of financing requirements for general quality improvement and currently confirmed commitments shows that Bank resources continue to be required to fill a substantial funding gap to achieve the objectives of the proposed program, although the Government still needs to mobilize additional resources for the program financing.

**Proposed objective(s)**

The overall objective of the proposed Program is to improve the quality of general education (Grades 1-12) throughout the country. The proposed APL will be implemented in two phases over a period of eight years. The first phase of the APL will be implemented over a period of four years and the second phase will be implemented over a period of four years with additional funding expected from other donor partners. The IDA contribution to Phase 1 of the APL is estimated at about US$50 million, and the estimated amount for Phase 2, if approved, is about US$80 million. An overlapping APL, where the second phase could start prior to the completion of the first phase, has been agreed with Government. If the Government completes the activities defined under the triggers for Phase 2, then Phase 2 can begin earlier. The APL has been chosen as the most appropriate instrument, because the longer-term perspective of an APL would give the Government support to carry out a system-wide quality improvement reform, while providing the flexibility to adjust and refine interventions on an ongoing basis. At the end of Phase 2, it is expected that the general education sub-sector will be better equipped to increase access to higher quality general education, and will have the capacity to make more efficient and effective use of its physical, financial and human resources to deliver quality education for all.

**C. Project Description**

The proposed project would consist of the following five components:

Phase 1 of GEQIP would consist of the following five components:

**Component 1: Curriculum, Textbooks and Assessment (estimated base cost: US$157.9 million)**

The main objectives of this component are to: (a) implement a new school curriculum; (b) provide textbooks and teacher guides developed for the new curriculum; and (c) align student assessment and examinations with the new curriculum and reform the inspection system. The component will consist of the following subcomponents.
• Curriculum Reform and Implementation. This subcomponent would support the reform of the curriculum for Grades 1-12 to improve the quality of general education. The project will support the following activities: (i) orientation programs about the new curriculum; (ii) development of a new strategy for teaching science and mathematics; (iii) alignment of the curriculum for the Alternative Basic Education (ABE) with the new revised general education curriculum; and (iv) monitoring and evaluation of the implementation of the new curriculum.

• Teaching and Learning Materials. In the context of available resources and capacity, priority will be given to the development and provision of textbooks and teacher guides for Grades 9-12 mathematics, biology, chemistry, and physics which national and international publishers can readily adapt from their market-tested series; provision of Grades 9-12 textbooks and teachers guides in the other subjects; and provision of textbooks and teachers guides for Grades 1-8. Where the required quantities are small, as for books for certain languages of instruction, the project would seek alternative methods of provision, including negotiation with contracted publishers for translation and publication in those languages. The acquisition of books would be made using open and competitive procurement procedures. The books would be delivered to MOE-designated woredas.

• Assessment and Examinations. Under the first phase of the project, this subcomponent will focus on detailed review and analyses to develop strategies for implementation during the second phase. The analytical work would include identifying measures to strengthen the capacity of the MOE General Education Quality Assurance and Examination Agency (GEQAEA), including the Inspectorate Department, to ensure that national examinations and assessments are aligned with the newly developed curriculum. The project may support the expansion of the National Learning Assessment (NLA) to include Grades 10 and 12.

Component 2: Teacher Development Program (TDP) (estimated base cost: US$65.6)

The component will support the Government’s efforts to increase the supply of effective teacher educators, teachers and facilitators in primary and secondary education through the implementation of teacher educator, and in-service and pre-service teacher development programs. MOE has some implementation experience under the Teacher Development Program (TDP1), financed through a pooled funding arrangement by a consortium of bilateral development partners. TDP1 closed in June 2008. Under GEQIP, MOE plans to continue to support teacher development activities, including improved targeting of access to primary teaching, enhanced practical teaching experience during teacher training, expanded in-service professional development opportunities and training for the facilitators (or teachers) in the Alternative Basic Education (ABE).

• Pre-Service Teacher Education Quality Improvement. GEQIP will provide support to enhance the pre-service teacher training program for regular and ABE programs. The teacher training program will focus on six elements: (i) improved selection of entrants to teacher training, (ii) provision of teaching materials in the teacher education institutions (TEIs), (iii) enhanced practicum for teacher candidates, (iv) in-service pedagogical training for teacher educators, (v) enhanced English language supports in the TEIs, and (vi) provision of a training program for Alternative Basic Education facilitators.

• In-Service Teacher Education Quality Improvement. The in-service teacher training subcomponent includes revision of the following program areas: (i) enhancing the provision of continuing professional development at schools, (ii) providing English language training for teachers of English and teachers using English as a medium of instruction, (iii) developing
a teacher career structure and licensing system which recognizes professional development and behavior, and (iv) upgrading primary teachers with a certificate qualification to diploma level. The MOE Department of Education Programs and Teacher Education (EPTED) will take the main responsibility for management and implementation of this subcomponent.

Component 3: School Improvement Program (SIP) (estimated base cost: US$160.2 million)

The objectives of the school improvement program component are to: (i) improve the capacity of schools to prioritize needs and develop a school improvement plan; (ii) enhance school and community participation in resource utilization decisions and resource generation; (iii) improve the government’s capacity to deliver specified amounts of schools grants at the woreda level and (iv) improve the learning environment by providing sufficient resources to schools.

- **School Improvement Program.** The project would build on a pilot program that included developing a School Self-Assessment Form (SAF) for schools, through which schools identified problem areas, developed priorities based on identified problems and ultimately developed a School Improvement Plan (SIP) to address the prioritized needs. A broad revision of the SAF and SIP templates is proposed, to ensure that the instruments are appropriate, user-friendly for schools, and result in prioritized operational plans. Capacity building at the woreda and school levels will also be delivered through the Management and Administration Program (MAP) described below to ensure that the SAF and SIP processes are properly implemented. An ongoing monitoring process through the School Grants Utilization Survey, to be conducted every two years, will ensure that the instruments and training materials are updated regularly to ensure appropriateness and effectiveness.

- **School Grants.** The key issue facing the provision of school grants in Ethiopia is not related to difficulties in disbursement, financial management or accountability, rather it is the acute constraints on woreda budgets which results in a much lower overall level of disbursement across the country than is prescribed in the Bluebook. The project would support the implementation efforts at the federal, regional and woreda levels, particularly with respect to establishing an effective system to monitor the flow of funds. The school grants component under GEQIP has been designed to address this constraint through the provision of a minimum amount of funds based on enrollment rates to all schools and ABE Centers. The grant will be used to finance elements of the school improvement plan. To assist with implementation of the school grants sub-component, School Grants Guidelines have been developed. These Guidelines provide guidance on all aspects of implementation at federal, regional, woreda and school/community levels and are cross referenced with the the SIP guidelines. The School Grant Guidelines are consistent with government’s Bluebook guidelines, but will be implemented as a stand-alone document to ensure that key responsibilities and outputs are conveyed and understood at different levels.

Component 4: Management and Administration Program (MAP) (estimated base cost: US$22.6 million)

This component supports the Government’s initiatives to strengthen the planning, management, and monitoring capacity of regions and woredas to implement system-wide primary and secondary education programs effectively and efficiently. The following objectives will be addressed: (i) improve the effectiveness and efficiency of education planning, management, resource allocation and utilization through human capacity development; and strengthen the linkages between the woreda, regional and federal levels; (ii) design and implement a transparent,
Component 5: Program Coordination and Monitoring and Evaluation (estimated base cost: US$11.0 million)

Effective implementation of the GEQIP will depend on efficient coordination mechanisms; proper financial management and procurement practices and the timely implementation and effective monitoring of project outcomes. This component will provide the necessary resources for effective coordination and monitoring and evaluation, and the implementation of an information and communications strategy at the national and regional levels. This component has two main subcomponents.

- **Capacity Development for Education Sector Planning and Management.** A key priority for this subcomponent is to build capacity for regional and woreda level strategic planning and budget analysis, and to strengthen systems for resource allocation and transfer. This will include analysis of capital and recurrent expenditure needs, including salary and non-salary expenditures. Gender budgeting in education has been identified as a particular planning priority (and MOFED has developed training materials in collaboration with the MOE). The MAP Capacity Development Design Study will be located under this priority program. No other activity will be implemented in Year 1 (though non-pooled DPs will continue such support); other programs will be developed and implemented starting in Year 2, based on the results of the analytical and review work.

- **Capacity Development for School Planning and Management.** The objective of this subcomponent is to contribute towards strengthening participatory school planning, management and monitoring for the purpose of greater effectiveness, efficiency and accountability in school performance, and improved teaching and learning. An essential aspect of improving quality will be to improve performance through strengthening planning and management capacity at the point of service delivery, i.e. the school. This sub-component has two major elements (i) School Improvement Program (SIP) training and (ii) the Leadership and Management Program (LAMP), which was started under TDP1. This sub-component will be closely coordinated with the School Improvement Program (SIP), including application of the specific planning and assessment tools to be developed under SIP. Additional programs will be developed and implemented from the second year, dependent on findings from the MAP Capacity Development Design Study.

- **Education Management Information Systems (EMIS).** This subcomponent will support MOE and REBs to (i) strengthen the existing education management information systems; and (ii) build the capacity for policy analysis and planning of the MOE in order to improve education provision. Under the program, the MOE plans to strengthen the existing system through a combination of: (i) capacity development for policy analysis and planning, and (ii) renewal, renovation, repair and ongoing maintenance of IT infrastructure at the federal, regional and woreda levels and (iii) several enhancement initiatives that will make education information more accessible and relevant.
• Program Coordination. The GEQIP will be implemented at the federal, regional and woreda levels, and coordinated by the MOE in close coordination with the regional and woreda governments. At the federal, the Planning and Policy Analysis Department will coordinate the implementation of the GEQIP, reporting directly to the State Minister for General Education, with inputs from relevant departments and institutions. The technical support for the implementation of the program includes a team of short and long-term consultants, specializing in project implementation (including project management, financial management and procurement), resident in MOE, and providing regular support to regions. MOE and MOFED will play a key role with procurement and financial management processes, respectively. At the regional level, it was agreed that each region will have a similar institutional arrangement as the federal level, and the Planning Department will coordinate the implementation of the GEQIP, reporting directly to the Head of the Regional Bureau of Education. Funds would flow from MOFED to BOFED to WOFED as directed and then directly to the implementing institutions (i.e., teachers colleges, schools) while keeping the REBs informed about the transactions.

• Monitoring and Evaluation. This subcomponent would support the establishment of a robust M&E system at the federal, regional and woreda levels to monitor and evaluate project outcomes and broader educational trends to provide feedback to improve performance. The MOE will continue to update data to facilitate accurate reporting on the key progress indicators identified in the Results Framework. Most of the data for monitoring project outcomes will come from existing mechanisms such as EMIS, or regular project reports, supplemented by project preparatory studies and a baseline survey undertaken prior to effectiveness. Three surveys are planned as part of the M&E strategy: (i) baseline survey at the beginning of Year 1, (ii) School Grants Utilization Survey at the end of Years 1 and 3; and (iii) exit survey in the middle of Year 3 to assess impact of Phase 1 and to plan for Phase 2. In addition, various policy and evaluation studies will be financed to address key issues (e.g., quality, financing, teacher effectiveness and utilization); annual reviews and impact assessments, in coordination with the program coordination team and under the supervision of the MOE Planning and Policy Analysis Department. The M&E sub-component would oversee the development and implementation of a gender and equity needs assessment that covers all of the GEQIP components during Year 1. Efforts will be made to connect education review processes with PBS review processes, including the JBARs. Safeguard policies that might apply

There are no safeguard issues that will be raised by the project. There will be no land acquisition, construction or any activities that could have a potential environmental or social impact.

2. Financing

<table>
<thead>
<tr>
<th>BORROWER/RECIPIENT</th>
<th>84.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDA</td>
<td>50.0</td>
</tr>
<tr>
<td>FTI 1</td>
<td>70.0</td>
</tr>
<tr>
<td>FTI 2(^{10})</td>
<td>98.0</td>
</tr>
<tr>
<td>Finland</td>
<td>9.6</td>
</tr>
<tr>
<td>Italy</td>
<td>20.4</td>
</tr>
</tbody>
</table>

\(^{10}\) The Government of Ethiopia intends to apply for the FTI CF Grant 2 in 2009; the indicated amount of US$98 million is notional. If the grant is not approved, the textbook sub-component of the annual work plans and procurement plans will be amended accordingly.
Netherlands & 26.4 
Sweden & 12.3 
UK (DFID) & 31.1 
Other & 15.0 
**Total:** & **417.3**

3. Contact Point
Contact: Halil Dundar
Title: Sr. Education Economist
Tel: (202) 458-0668
Fax: (202) 473-8107
Email: hdundar@worldbank.org