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1. Country and Sector Background

Once the most prosperous country in East Africa, Kenya's economic performance worsened markedly in the 1990s due to inefficient use of public resources, loss of economic competitiveness, soaring costs of doing business, deteriorating security conditions, and loss of donor funding during the 1990s. The failure to generate growth increased poverty and worsened social indicators, including in the education sector. Indeed, the people of Kenya are now worse off than ten years back. Per capita income of US$360 in 2003 was lower than its level in 1990, and poverty incidence went up from 49 percent in 1990 to 55 percent in 2001. The primary school gross enrollment rate dropped significantly from 105 percent in 1989 to 86 percent in 2002, largely due to the declining family incomes that made it difficult for many of the poorest families to meet the direct cost of education. Other social indicators also declined during the same period. The infant mortality rate (per 1000 births) went up from 63 in 1990 to 78 in 2002, and life expectancy declined from 57 to 46 years partly due to the HIV/AIDS epidemic. The elections of December 2002 brought to power a new Government, and the positive steps it has taken since arriving in office have created an improved environment for economic and social reform. The Government has prepared an Economic Recovery Strategy for Wealth and Employment Creation (ERS), reached agreement with the IMF on a Poverty Reduction and Growth Facility (PRGF) program, moved to improve relationships with donors, and developed new strategies for economic and social development. The Government has also taken steps to fight corruption. In recent years, economic growth has increased somewhat, with the economy growing by about 1.2 percent in 2002, 1.8 percent in 2003 and 4.3 percent in 2004. However, growth has been constrained by the high cost of doing business, political uncertainty and its impact on private investment, and in general a slow pace of structural reforms. At the current rates of annual economic growth, it will be a major challenge for Kenya to meet the Millennium Development Goal (MDG) indicators for health, poverty and water.

One of the Government's highest priorities is education, and Kenya is making considerable and commendable progress in reversing the erosion of education gains made in the first two decades of

Independence. Immediately following its election, the new Government announced its commitment to Universal Primary Education (UPE) as its top priority, and introduced its Free Primary Education policy in January 2003, which included abolition of primary school fees and levies charged to parents. As a result, an additional 1.2 million children, who had previously dropped out or never attended school before, increased total enrollment in the 8-year primary school program to 7.5 million (7.2 million in public schools and 0.3 million in other schools) by Year 2004. The primary school Net Enrolment Rate (NER) continues to increase, with data for 2005 showing an additional 250,000 children in the 18,500 primary schools, following the massive increase of enrollments in the previous year. The NER (including private and non-formal schools) was just 80 percent in Year 2003, and it is now about 82 percent on average, although there are still disparities between boys and girls (the NER for girls is 81 percent) and especially between the regions. Progress is also being made towards having all boys and girls complete primary schooling by 2015. Although the present primary school completion rate (PCR) is now only about 57 percent, the school drop-out rate is now coming down, partly due to the improved learning environment in schools where the availability of textbooks has increased substantially. Significant changes are also being made in the curriculum for both primary and secondary education, with the number of primary subjects already reduced and with the introduction of new primary school textbooks. The policy changes in the sector were underpinned by the approval by Parliament in April 2005 of a new Sessional Paper, “A Policy Framework for Education, Training and Research”. This sets out the policy framework for the sector.

However, to remain on track, huge challenges now face the Government. Indeed, the gains of the last two years are at risk without urgent further investment in the short to medium term to restore quality and improve access. For example, even though many schools, especially in urban areas, have experienced a massive influx of children, there are still about one million school-aged children who are out of school. Some of these children are in the urban slums, some in the Arid and Semi-Arid Lands (ASAL) areas, and some in pockets of poverty elsewhere. School buildings throughout the country are generally in a state of poor repair, and there are not enough classrooms or water and sanitary facilities for the increasing numbers of children coming to school now. Some of the specific needs of girls (for example, for school sanitation) and of orphans are not yet adequately addressed, and the general picture remains of a relatively high cost system with significant quality challenges. The results from the Southern and Eastern Africa Consortium for Monitoring of Educational Quality (SACMEQ) study also show that Kenya needs to address issues of quality in education. From a national perspective, the overall number of teachers is not a major constraint, even though the pupil-teacher ratio at the primary level has risen from 31:1 to 40:1. However, there is concern that there are shortages of teachers in some schools, with teachers not deployed on a fully equitable basis.

At the secondary level, there are several major issues. In recent years, the transition rate for children from primary school to the 4-year program in public secondary schools (of which there are about 4,000) has been in the range of 44-49 percent, and it is now 51 percent. The gross enrollment rate at the secondary level is about 30 percent, and the completion rate at the secondary level is about 79 percent. But the increased numbers of pupils at the primary level is putting increased pressure on the limited secondary school places available, even though it is relatively expensive to parents. The development of secondary schools in the past has essentially been a community responsibility, and the increased poverty level in the country particularly in recent years has hampered their establishment. The Government is now aiming for the transition rate to the secondary level (including the existing 500 non-government secondary schools) to increase to 70 percent. This would be done through an expansion of existing secondary schools to an average of three streams, the establishment of new secondary schools especially in deficit areas, the development of day secondary schools to reduce the cost of secondary education, and the refurbishing of existing secondary schools to enhance the quality of the learning environment. There would also be a reform of the existing bursary schemes to benefit the poorest children, and changes made in staffing norms and teacher deployment to increase the low student/teacher ratio. Work is currently underway on the further development of the strategy for secondary education, and especially on the respective roles to be played by the Government, local communities and the private sector.

Technical, Industrial, Vocational and Entrepreneurship Training (TIVET) is also an important sub-sector of the education system, with training institutions run mainly by the MOEST and the Ministry of Labor and Human Resources Development. Private organizations, individuals, NGOs and religious organizations also run TIVET programs in about 1,500 training institutions. In addition, about 600 youth polytechnics provide an avenue for absorbing the increasing numbers of primary and secondary school leavers. However, there are some important, outstanding policy issues. There is a need to: create an autonomous body to co-ordinate all the institutions within TIVET; revise the curricula in the various institutions in conjunction with the private sector and industry; rehabilitate many of the institutions and upgrade some of them; institute quality assurance mechanisms at the institutional and national level; and include TIVET in the loan scheme of the Higher Education Loans Board.

In higher education, Kenya has 6 public universities and 17 private universities, with a student population of approximately 90,000. Enrolments have increased rapidly as a result of an increase in the number of public and private universities, and with the introduction of privately sponsored students in public universities. This trend is likely to continue to put pressure on the ability of universities to deliver quality education, and staff morale has generally been low due to significant resource constraints. However, recent improvements in terms and conditions of service, combined with increased finances from student fees, have had some positive effects. Policies are now required to: define the desired size and shape of the whole university system including public, private and international providers; ensure that universities adhere to their core mandate of teaching and research; and reform higher education financing. There is also need to strengthen and harmonize the legal instruments and roles of the different bodies currently involved in university governance, to augment the ongoing efforts to improve university administration, management and autonomy.

Government spending in the education sector as a share of GDP is substantial, at about 7 percent. The total annual government budget for the education sector is presently (FY04/05) about K.Sh.85 billion, or roughly US$1.1 billion. Education spending as a percentage of total Government spending has ranged between 25-30 percent over the last five years, with recurrent expenditure as a proportion of total Government recurrent expenditure being as high as 36 percent in 2004/05, but with development spending being in the range 1-8 percent of total Government development expenditures in the last few years. Within the education sector, primary education accounts for 54 percent of the total, and secondary education accounts for 26 percent of the total. Of total public spending on education, about 63 percent is on the costs of teachers. Within the primary sub-sector, teachers' salaries account for about 86 percent of the total.

In addition to the existing achievements of the FPE program, the Government has moved forward over the last year to consolidate and deepen planning in the education sector, with the development of a 5-year Sector-Wide Approach (SWAP) for the period 2005-2010. The planning process has included a major process of consultations with a wide range of stakeholders (with an Education Forum at the end of 2003); a Joint Review Mission-JRM (with about 20 external agencies participating) in September 2004 to initiate a more efficient system of work between the Government and partners; the development of an Education Sessional Paper (recently approved by Parliament) and the Kenya Education Sector Support Project (KESSP); the reorganization of the Ministry of Education, Science and Technology-MOEST (with competitive recruitment of top managers and an ongoing process of civil service reform); and improvements to the annual process of the Ministerial Public Expenditure Review for Education (MPER). The Government of Kenya (GOK) has recently drafted a Letter of Sector Policy (LSP) for education to guide the implementation of the KESSP. The planned actions and strategies, especially for basic/primary education, are consistent and well aligned with the KESSP framework and the ERS, with the basic/primary education sub-sector being given the highest priority. In addition, the MOEST has developed its policy for strengthened governance and accountability in the education sector.

2. Objectives

The goal of the KESSP is to provide basic education and improve the quality of education to all children by 2010. There are four program objectives of the KESSP including: (i) ensuring equity of access to basic education; (ii) enhancing quality and learning achievement; (iii) providing opportunities for further education and training; and (iv) strengthening education sector management. The project development objective of the Education Sector Support Program is to provide support to the Government to implement the KESSP. The key indicators of the KESSP are shown in the table below. The IDA and DFID financial contributions to the program would be modest compared to the Government's own funding, and these program indicators would be used to monitor the achievements of the entire program.

KESSP: Hierarchy of Objectives	**Indicators of Achievement (2010)**	**Baseline Situation**
Overarching goal: Enhance access, equity, and quality at all levels of education and training (2010)	Progress towards relevant targets in the ERS, Sessional Paper and KESSP.	
Program Development Objectives		
1. Ensure equity of access to basic education.	EFA goals (NER and gross completion 100 percent, gender parity) are close to being achieved by 2010. Female illiteracy reduced by 50 percent.	National NER: 84 percent Girls NER: 81 percent N-E Province NER: 18 percent PCR (net, or survival rate): 57 percent
2. Enhance quality and learning achievement.	Improved scores on national assessment compared with 2005 baseline survey (FPESP).	Baseline survey of learning achievements now underway.
3. Provide opportunities for further education and training.	Expanded opportunities secondary, TIVET and university education. Improved relevance and efficiency of secondary, TIVET and university education.	47 percent of students passing KECPE admitted in secondary education (government schools).
4. Strengthen education sector management.	Policy reforms enhancing efficiency of resource allocation and effectiveness of service implemented with primary education having a share of 55 percent of the recurrent budget, of which 15 percent allocated to non-salary expenditures;	Currently 57.4 percent and 14.7 percent respectively.

3. Rationale for Bank Involvement

The rationale for the proposed support of the KESSP by the World Bank (through IDA) and other partners, including the United Kingdom (UK) Department for International Development (DFID), rests on three judgments. First, as noted above, it is felt that the KESSP provides a suitable basis for coordinated external assistance to a SWAP. Second, it is believed to be important to be supporting the sector comprehensively through a SWAP. At the same time, it is acknowledged that more work needs to be done over time in the further development of some areas of the program. This applies in particular to the TIVET and higher education sub-sectors, but it also applies to the details of some of the programs in other areas too. Third, it is felt that IDA and DFID together are especially well positioned to assist the Government in this way, through contributing to the dialogue on complex policy and institutional challenges in the education sector in Kenya.

4. Description

KESSP's 23 investment programs are listed below, including their estimated cost and a brief description of program activities (see Annex 4 for more detailed descriptions). The programs are grouped by area of improvement.

Ensuring equity of access to basic education. The investment programs to achieve this objective are aimed at reducing disparities in education opportunity due to wealth, geographical location and gender, by creating an opportunity for all children (including those of the poorest families and those living in remote areas) to attend a school of acceptable quality.

- Primary school infrastructure (US$88.3 million) – School improvement grants; new school construction; management and capacity building; and monitoring and evaluation (M&E). The School Improvement Grants (SIGs) program is a designed to assist primary schools in the poorest areas of Kenya to improve their infrastructure. Under the program, selected public primary schools would receive an annual improvement grant each year for five years (the Basic School Improvement Grant). In addition to the Basic School Improvement Grant, selected schools, which have the most acute backlogs in infrastructure provision, will receive an additional one-off grant to undertake more substantial expansion or refurbishment works (the Additional School Improvement Grant). Grants would be paid directly to schools. Schools would be required to prepare a school infrastructure plan, against which improvements in infrastructure could be made and reported.

- Non-formal schools (US$25.9 million) – Development of non-formal education (NFE) curriculum and teaching/learning materials; development of alternative non-science secondary teaching/learning materials; mainstreaming/coordinating non-formal schools (NFSs) and non-formal education centers (NFECs); provision of FPESP support grants to NFSs and NFECs; teacher support in NFSs and NFECs; and non-formal education management information systems.

- Special needs education (US$20 million) – National survey and equipment; teacher training; equipment to resource centers; advocacy and awareness creation; provision of equipment and teaching learning materials; provision of equipment to regular schools; grants to schools; and running costs for resource centers.

- Adult basic education (US$17.2 million) – Expanded access program; quality assurance program; accreditation program; partnership and collaboration support program; and monitoring and evaluation program.

- Expanding education opportunities in arid and semi-arid lands (US$1.5 million) - Mobile schools program [1].

- Gender and Education Investment Program (US$1 million) – Gender and education strategy, increasing enrollment and retention of girls in school (and boys where applicable), Girls participation and performance in education, water and environmental sanitation in schools.

Enhancing quality and learning achievement. The investment programs to achieve this objective are to ensure that a set of essential inputs is available to every child, that these inputs are effectively utilized, that learning is the central focus what is happening in the classroom, that learning progress is regularly measured, and that the quality of schooling is effectively monitored and supported. Also included in this category are teacher development and communication technology in education. To boost the impact of the school health, nutrition and feeding program, there would be complementary investments through community level institutions and related Government institutions such as Ministry of Health. Gender considerations are key to achieving the nutrition and feeding program.

- Early childhood and development (US$31.5 million) – ECD national policy guidelines and service standards; community mobilization and capacity building; community support grants; ECD curriculum review; ECD health and nutrition promotion; and primary school readiness.

- School health, nutrition and feeding (US$121 million) – School feeding program; health promotion, education and parasite prevention; school health and feeding program capacity building; and monitoring of school health and feeding program.

- Primary school instructional materials (US$474.9 million) – Provision of instructional materials; provision of funds for general purposes funds; reprinting of instructional materials; and provision of stationery and equipment.

- Pre-service teacher education (US$18.3 million) – Primary Teacher Training College (PTTC) grants; provision of Local Resource Centre (LRC) equipment and materials; provision of information and computer technology (ICT) infrastructure and training; provision of bursaries to the needy students; and provision of transport to 21 PTTCs; monitoring of PTE program in the 21 PTTCs.

- In service teacher education (US$36.6 million) – Maintenance and updating of the existing in-service training (INSET) courses (for the school-based teacher development program: SbTD/SEP); and the development of new programs of training.

- Quality assurance and standards (US$26.5 million) – Subject-based content mastery and pedagogical skills up-grading; quality monitoring and teacher support; action research on quality education and retention; national accreditation system; establishing a national assessment system; co-curricular activities; harmonization of training in learning achievement studies; establishment of an educational broadcasting channel; examination item banking system; printing equipment for the Kenya National Examination Council (KNEC); examination review for adult basic education (ABE) and NFE; Kenya Institute of Education (KIE) curriculum review and material for non-science students; ABE for Kenya Certificate of Primary Education (KCPE) and Kenya Certificate of Secondary Education (KCSE)

[1] This program would be in addition to other investments, such as through school improvement grants and the instructional materials program.

equivalent; curriculum support material production and induction of teachers; student achievement monitoring; and alternative teaching/learning approaches.

- In-service training of teachers at secondary in mathematics and science (US$19.6 million) – The INSET investment program to upgrade mathematics and science teaching.

- Information and communication technology in education (US$5.3 million) - ICT policy and strategic plan; educational administrative system; E-Learning delivery system; capacity building; and development of ICT infrastructure.

Providing opportunities for further education and training. The investment programs to achieve this objective are aimed at expanding the number of students that could continue with education or training after completing primary school. Because of the surge in enrollment that was created by FPE, there is an increased demand for access to secondary education, which has social and economic implications, as the poorer members of the population would not be able to afford the secondary schooling at the current fee levels. Investment in TIVET and Higher education are also covered under this category to ensure that qualified candidates are entering the job market.

- Guidance and counseling (US$5.6 million) – Development of strategy for all education institutions; development, implementation and monitoring of training programs for teachers and learners; development and dissemination of information booklet and materials on careers; and development of counseling at the workplace in the Ministry of Education, Science and Technology (MOEST).

- Secondary education (US$168.4 million) – Provision of bursaries/scholarships; construction of classrooms in ASALs and urban slums and provision of basic equipment and facilities; provision of science equipment in targeted schools; teacher orientation and in-service training; ICT; and open and distance learning (ODL).

- TIVET (US$44.9 million) – Development of the national skills training strategy; enhancing transition from primary to TIVET; establishment of centers of excellences in TIVET; skills enhancement for automation and computer integration in industry; bursary awards programs; and creation of industrial incubators.

- University education (US$170.6million) –expansion of access and equity in university education; enhancement of quality and relevance of university education; improvements in governance and efficiency in the management of university education; and enhancement of use of ICT in public universities.

Strengthening education sector management. These investment programs to achieve this objective are aimed at the development of capacity of the implementing structure, and supporting tools including education management information system (EMIS) and M&E. HIV/AIDS investment program is consistent with the national action plans recently developed for HIV/AIDS and orphans and children made vulnerable through HIV/AIDS. The MOEST is a key partner for all Government initiatives to mitigate HIV/AIDS.

- HIV/AIDS (US$56.6 million) – (i) Prevention - in-service in primary schools; in-service in secondary schools and sub sectors; peer supporter initiatives in teacher training colleges (TTCs) and technical institutions; orientation on KIE materials; provision of teaching and learning materials in sub sectors and provision of school health club activity kit; (ii) Care and support - financial support to orphans and vulnerable children; extended families' support; apprenticeship scheme for child heads of families; big brother/sister mentoring; video shows on abuse, stigma, discrimination, harassment, sexual abuse, drug dependency, barriers to inclusion, retention and transition; (iii) Workplace issues - strengthening establishment of Teachers Living With HIV/AIDS (TLWHA) networks, video on implementing the education sector policy on HIV/AIDS in the workplace and revision and distribution of guide on regulations; (iv) Management of response - strengthening Aids Coordinating Units (ACUs and supporting university ACUs in HIV/AIDS and drug dependency initiatives.

- Capacity building (US$11 million) – Capacity building and ICT training for headquarter and semi autonomous government agencies (SAGAs) staff; capacity building for provincial and district education office staff; primary school capacity building; ECD, NFS, HIV/AIDS, gender, school health and feeding program guidance and counseling, Textbook Monitoring Unit (TMU) capacity building; relocation of Kenya Education Staff Institute (KESI); secondary school management and accountability capacity building; and district education boards (DEBs) management and accountability capacity building.

- Education management information system (US$6.9 million) – Harmonization of education data; software application systems; data processing and management; information sharing systems; policy and planning; EMIS infrastructure; and capacity building

- Teacher management (US$0.25 million) – (i) Redefining of TSC agency functions. The relevant Acts related to the performance of core functions of the TSC would be revised with a view to legalizing the roles of the agencies that are expected to perform additional functions, such as, DEBs and BOGs; (ii) Capacity building for teachers, districts and TSC headquarters. Under this sub-component, adequate capacity to perform devolved functions would be developed at the headquarters, districts and schools; (iii) Efficient teacher deployment and utilization system. Under this sub-component, TSC would implement the recommendations of the on-going study on staffing norms; and (iv) Monitoring and evaluation. Since teacher management is a sensitive issue, TSC would regularly and closely monitor and evaluate the implementation of the intended reforms with a view to review.

- Monitoring and evaluation (US$2.4 million) - KESSP baseline; process monitoring system; and impact evaluation program.

During the appraisal mission the development partners collectively emphasized their commitment to the SWAP, and reaffirmed their support for the KESSP in its entirety. However, it was agreed that the KESSP investment programs would have a particular focus on girls, orphans and vulnerable children, in order to enhance the extent to which they are pro-poor. It was also agreed that a phased approach should be adopted to the implementation of the KESSP with support from external partners. In the first year, the focus would be on the basic education sub-sector, including pre-primary, primary and adult basic education; support for the education management information system (EMIS), monitoring and evaluation (M&E), and capacity development, including strategic studies of other sub-sectors; and cross-cutting issues (quality assurance, gender, HIV/AIDS, guidance and counseling). In contrast, it was agreed that secondary education, TIVET and university education would be considered for financing under the KESSP, only after the strategies for these sub-sectors have been further developed and refined.

5. Financing

The KESSP is a five year program with 23 individual investment programs, as well as including the recurrent costs for running and maintaining all levels of the education system. The main scenario in the KESSP is designed to show the resources required for its full implementation. The cost of this scenario over the five year period totals K.Sh 543 billion (US$ 7.2 billion). The bulk of the funding (89 percent) would come from the Government (K.Sh 481 billion), equivalent to US$ 6.4 billion. The cost-sharing of the program is therefore heavily skewed towards the Government itself. Of the external financing requirement of K.Sh 63 billion (US$834 million), the Government's Medium-Term Expenditure Framework (MTEF) includes provision for about K.Sh 22 billion (US$295 million) of donor funds committed or already expected to be committed. The latter includes the proposed support from IDA (US$50 million) and DFID (US$100 million) for the KESSP, which accounts for about half of the expected commitments so far. The remaining external funding already programmed includes support from the governments of Belgium, Canada, Italy, Japan and USA (but excludes any new possible funding from them for the KESSP). It also includes existing, committed multilateral support from the African Development Bank, the OPEC Fund, UNICEF and the World Food Program.

IDA and DFID intend to support the KESSP jointly with pooled funding. The proposed support from IDA would be provided within the framework and principles of a SWAP, with (i) a focus on the entirety of the KESSP; (ii) strong donor coordination (pursued actively with Ministry of Finance - MOF and MOEST leadership, and also among the donors themselves), guided by a Government-donor document on Partnership Principles; (iii) annual joint reviews by the Government and development partners and annual budget planning meetings; (iv) common documentation and monitoring systems; (v) the use of government fiduciary procedures to the fullest extent possible and appropriate, as sanctioned in the Joint Financing Agreement (JFA); and (vi) agreement on technical assistance and approval procedures; (vii) the Letter of Education Sector Policy; and (viii) approved annual budgets and work programs. The latter would allow changes to be made in the allocation of external financial support as appropriate on an annual basis. Besides the UK Government (through DFID), it is hoped and expected that other bilateral governments (such as Canada and The Netherlands), as well as UNICEF, would also provide pooled funding to the KESSP, in addition to IDA.

The proposed instrument of support to the KESSP would be a five-year Sector Investment Credit (SIC) of US$50 million from IDA, with a corresponding grant of GBP 55 million (about US$100 million) from DFID over the same time frame. The expected date of effectiveness of the IDA credit is December 1st 2005, the completion date is June 30th 2010, and the closing date is December 31st 2010. The disbursements would be made against actual, incurred spending (based on quarterly financial monitoring reports). Of the IDA credit of US$50 million equivalent, the subprograms are expected to be supported as follows: US$7 million for secondary education, US$1 for in-service of secondary teachers, US$1 million for TIVET, US$1 million for university education, and the balance of US$ 40 million for other sub-programs. Most of the IDA disbursements would take place in FY06 (estimated at US$23 million) and FY07 (estimated at US$23 million), though the IDA credit would be kept open for another three years (estimated annual disbursements at US$1 million, US$ 1 million and US$2 million for FY08, FY09 and FY10 respectively) in order to continue to support the KESSP (and to allow for additional funding to be channeled through it if more resources become available). There would also be allowance for up to 10 percent of the IDA credit to be used to cover retroactive expenditures incurred with effect from July 1, 2005, the start date of the KESSP. Financial management arrangements would be based on agreed MOEST procedures, but with additional monitoring and special audit arrangements (including through expenditure tracking surveys, a strengthened internal auditing function and capacity, and an independent auditor). The agreed eligible expenditure categories would be procured mostly based on reviewed and agreed MOEST procedures, and in line with the approved annual work programs. Disbursements would be for eligible expenditure categories (excluding salaries and wages) and would be agreed in advance and in conformity with the approved annual budgets and work programs.

The rationale for the proposed approach is that: (i) the "fiduciary infrastructure" and assessment of the robustness of the Government's overall expenditure system is already being managed through the ongoing Country Institutional Fiduciary Assessment (including the Public Expenditure Management Action Plan), and through the design work for the ERS Support Credit (ERSSC) and the Financial Sector Credit; (ii) the priorities in the education sector have been reviewed by the World Bank in recent sector work ("Report 28064-KE on "Strengthening the Foundation of Education and Training in Kenya") and the annual MPER; (iii) the World Bank is already currently working very closely and successfully with the Government and particularly the MOEST on both the KESSP and also the supervision of the FPESP (which has been implemented in a satisfactory manner by the Government, with about US$45 million disbursed in the first 18 months of the project); and (iv) there is a general commonality of view between the Government and the donor community about the reform needs of the sector. The use of a SIC would allow the World Bank to support needed policy reforms in the sector, target investments on priority areas with adequate fiduciary safeguards, encourage increased co-financing and harmonization of donor procedures, and move towards a possible PRSC in FY07.

6. Implementation

The KESSP has been designed and is fully owned by the Government. The MOEST has primary responsibility for its implementation, and leads the donor coordination process. Donor coordination focuses not only on exchanging information, but also on debating policy and strategic issues. The education development partners' coordination group is presently co-chaired by DFID and JICA, and there are frequent meetings on both a regular and as-needed basis. The Permanent Secretary, MOEST chairs the meetings with the development partners on a quarterly basis.

The proposed support for the KESSP by the development partners builds upon the very successful experience of joint work, particularly between DFID, CIDA, SIDA and the World Bank in supporting the FPE Program (through the SPRED and the FPESP). There is already experience of the education partners in Kenya of having common procedures for joint funding, disbursement and accounting mechanisms. Funds have already been merged with Government funds to support the procurement of instructional materials, and the School-based Teacher Development (SbTD) Program has also been jointly supported. The instructional materials program has been a catalyst for a successful, major, decentralization initiative in the MOEST, involving the allocation of funds directly to 18,500 schools across the country.

In addition to IDA and DFID, there are several other donors who are potentially interested in supporting the KESSP through pooled funding. Some of the donors may provide pooled support through "silent partnerships". Other partners would support the KESSP through earmarked support within the KESSP framework. As part of the appraisal process, the partners have agreed in principle on common indicators, procurement and disbursement procedures, and reporting formats (relying on Government monitoring and reporting systems, strengthened wherever required). The key partnership documents are the JFA (relating explicitly to the pooling of funds by those donors willing and able to do so, see Annex 10), and the Memorandum of Understanding (relating to "Partnership Principles") to guide the interaction amongst all partners in support of the KESSP (see Annex 11),

To support the implementation of the KESSP, the MOEST has already been restructured. An Education Secretary has recently been appointed, along with five Directors of Education. In consultation with a wide range of education stakeholders, the MOEST has now developed a comprehensive KESSP Coordination, Implementation and Accountability Structure (see Annex 6). These arrangements are mainstreamed, integrated into the regular work into the MOEST, and utilize existing structures (such as DEBs). However, there are some new systems designed to greatly strengthen implementation, coordination, and internal and external accountability. Internal coordination has been greatly enhanced under the revised institutional structure with the formal establishment of the KESSP Steering Committee and the KESSP Reform Secretariat. The Reform Secretariat, which consists of a core team of education experts, supported by the Management Unit Team Leaders responsible for the 23 KESSP investment programs, would be supported by external technical experts to assist the MOEST with implementation of the program. Important additions to strengthen external coordination are the National Education

Advisory Council and the Education Stakeholders' Forum. Each of the 23 KESSP investment programs would be coordinated and managed by line staff in the MOEST, who would guide the process and provide oversight. The implementation of the KESSP would be based on frontline structures and staff, particularly the DEOs and school management committees.

In the new structure, there are vertical and horizontal accountability mechanisms at all levels, from head-office down to frontline education service providers. In support of the ongoing efforts of the Government to overcome an entrenched culture of corruption in many areas of service provision, the KESSP institutional structure has a number of formal horizontal accountability mechanisms through which external education stakeholders will hold their counterparts directly engaged in service provision to account. This is most critical at the frontline of service provision, where DEBs hold DEOs to account, and PTAs hold their SMCs to account. At the school level, best-practice formal institutional accountability mechanisms would be introduced, such as the Report Card concept developed in India, to enable service users (parents and students) to assess and report on the annual performance of their school in the delivery education services. Use would also be made of the findings of the ongoing client satisfaction survey.

In line with SWAP institutional arrangements, the program will, as much as possible, rely on mainstream Government financial management systems. It will also build on existing systems relied upon during implementation of the ongoing IDA–financed FPESP, subject to modifications to take account of (i) pooling funding and sharing reporting arrangements; and (ii) institutionalization of an effective independent internal audit and risk management function, including a Ministerial Audit Committee; and (iii) arrangements for independent auditors' assessment, where needed, and increased reliance on the work of internal audit. Standard government financial management procedures would be supplemented by expenditure tracking surveys and independent verification of a sample of expenditure transactions.

7. Sustainability

The KESSP goals include a primary completion rate of close to 100 percent in primary education, and a transition rate of 70 percent from primary to post primary education by the end of 2010. The numbers of students enrolled in secondary education are expected to increase rapidly, whereas those in primary education would rise slowly due to a decline in the growth rate of primary education student population (following the rapid expansion with the introduction of FPE). Such an increase in student enrollments would require substantial additional resources for the education sector. If the share of pre-tertiary education in total government spending is kept constant, simulations show that the available public resources would be adequate to cover projected expenditures over the plan period of the KESSP (to 2010). By the end of the KESSP period, the primary education sector could attain a completion rate of 100 percent on a sustainable basis, and also make significant progress in reaching other FTI targets by 2015.

The secondary education goal of 70 percent transition rate, on the other hand, is only sustainable under a stringent set of policies to be implemented within the next two years. The sustainability of the education sector during the reform period is crucially dependent on keeping constant the total number of teachers. The utilization of secondary school teacher time should be improved by employing more teachers who teach several subjects, and by training them to teach three or more subjects. The mandatory number of student instruction hours worked by secondary teachers each week should be increased. It is suggested that the instruction hours might be 23.

8. Lessons Learned from Past Operations in the Country/Sector

The design of KESSP reflects important lessons that have been learned from experience with SWAPs in the social sectors in the Africa Region, from international experience with the implementation of education reforms, and from earlier World Bank and DFID-supported education projects in Kenya.

The considerable experience with SWAPs in the Africa region – for example, in the Uganda Education and Ghana Health sectors– suggests that they can contribute to the increased effectiveness of aid and help governments implement sector reforms. But these benefits may not fully materialize unless key donors agree to harmonize requirements. To support the KESSP, key donors have already begun to work together and are ready to use these instruments. There is also considerable international experience in both developed and developing countries with the design and implementation of education reform and quality improvement programs. The balance of this evidence suggests four important lessons. First, ultimately the success is determined at the school and classroom by teachers, local administrators and community members working together and acquiring new skills. Strengthening the capacity to manage change at this level is, therefore, a key ingredient of the implementation design. Second, improvement usually requires a comprehensive approach that involves improvement in the availability of key inputs – competent teachers, an adequate supply of instructional materials, well organized curricula and enough time for learning - as well as improvement in the way inputs are used for learning. Third, reforms often assume that teachers will do things for which they have not been trained and for which they do not have the skills. A system of effective teacher support and continuous in-service learning is thus a key ingredient of a successful reform process. Finally, education reform and quality improvement is a process that has results that build up gradually over a period of years, and that requires the commitment and involvement of many stakeholders. Consultations, open and transparent discussions with stakeholders, and a willingness to consider lessons of experience and alternative approaches are all an important part of the process.

9. Safeguard Policies (including public consultation)

Two social safeguard policies were considered in the strategic social assessment. First, it was concluded that the involuntary resettlement safeguard policy (OP 4.12) could be triggered if land-take is necessary for primary school construction. This is more likely to be an issue in the densely populated urban areas where there are greater land constraints. In the event that resettlement takes place, a Resettlement Process Framework has been developed to ensure that affected groups and individuals are adequately consulted and receive fair and just compensation pursuant to OP 4.12. Second, it was concluded that the safeguard policy on indigenous peoples (OD 4.20) would not be triggered.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	[X]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[X]
Pest Management (OP 4.09)	[ ]	[X]
Cultural Property (OPN 11.03, being revised as OP 4.11)	[ ]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[ ]
Indigenous Peoples (OD 4.20, being revised as OP 4.10)	[ ]	[X]
Forests (OP/BP 4.36)	[ ]	[X]
Safety of Dams (OP/BP 4.37)	[ ]	[X]
Projects in Disputed Areas (OP/BP/GP 7.60)	[ ]	[X]
Projects on International Waterways (OP/BP/GP 7.50)	[ ]	[X]

A Strategic Environmental and Social Impact Assessment was undertaken, the Environmental and Social Guidelines, and the Resettlement Policy Framework prepared for the Kenya Education Sector Support Program were publicly disclosed to the InfoShop prior to appraisal.

10. List of Factual Technical Documents

- Kenya Country Assistance Strategy 2004 -2007, (2004)
- Strengthening the Foundation of Education and Training in Kenya, (March 2004)
- Draft Report on Issues in Teacher Education (March 2005)
- Draft Report on Monitoring and Evaluation (March 2005)
- Basic Education in Areas Targeted for EFA in Kenya: ASAL Districts and Urban Informal Settlements, (October 2004)
- Implementation Completion Report for Early Childhood Development Project (December 2004)
- National System of Instructional Materials Provision (NSIMP) Monitoring Report (May 2004)
- Development of the National Primary Textbook Policy (August 2004)
- Report on School Based Teacher Development (SbTD) Programme (March 2005)

GOK Policy Documents

- Investment Programme for Economic Recovery Strategy for Wealth and Employment Creation 2003-2007
- Annual Progress Report for the Investment Programme for Economic Recovery Strategy for Wealth and Employment Creation 2003-2007 (February 2005)
- Education Sessional Paper: A policy framework for Education, Training and Research (November 2004)
- Kenya Education Sector Support Programme (KESSP) 2005 – 2010, (March 2005)
- Ministerial Public Expenditure Review (February 2005)
- Education Sector Report (February 2005)
- Report of the Sector Review and Development Direction (September 2003)
- Education Sector Strategic Plan (July 2003)

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