I. Introduction and Context

Country Context

The Kingdom of Lesotho (Lesotho) is shifting its economic model from a largely public sector-driven one to an export-led model to reduce poverty and promote more equally shared prosperity. The small mountainous country that is landlocked by South Africa has a population of roughly 2 million. Its per capita gross national income is US$1,350 but it has only a few manufacturing sectors acting as drivers of growth, such as textiles. Its main exports are textiles, water, and diamonds. As a member of the Common Monetary Area, its national currency is pegged to the South African Rand. Lesotho is also part of the Southern African Customs Union (SACU), a union between Botswana, Lesotho, Namibia, South Africa, and Swaziland through which members pool the customs duties and excise taxes they collect and redistribute the funds among the five member states. It is expected that SACU revenues will decline over the next three years, contributing to domestic fragility.

Lesotho faces entrenched inequality and deep poverty despite having achieved middle-income status. The average annual gross domestic product (GDP) growth rate was around 4.5 percent over the past five years but is expected to slow to 2.5 percent in 2016. Poverty is widespread, persistent, and deep, especially in the rural areas. The poverty rate has remained unchanged since 2003 at about 57 percent, while inequality increased from a Gini coefficient of 0.51 to 0.54 in the same period and is expected to increase to 0.56 by 2020. Lesotho had a very high poverty gap of about 30 percent in 2010 for a country of its income level and fares worse than most African countries in relation to shared prosperity. There is a strong geographic pattern to poverty incidence as more than half of the population lives in remote and difficult-to-access mountainous areas.

Human development outcomes in Lesotho are far below average for the region and its income level. In 2014, Lesotho ranked 162 out of 187 countries on the Human Development Index. Lesotho has the world’s second highest adult Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome (HIV/AIDS) prevalence rate at about 23.6 percent, highest tuberculosis incidence at 852
cases per 100,000 population, low life expectancy at 49 years, an infant mortality rate of 59 per 1,000 live births, and low primary school completion, at only 64 percent in 2014. The adult literacy rate in Lesotho of 76 percent in 2009 was below the national rate of 86 percent in 2000 but above the Sub-Saharan Africa average of 60 percent in 2010. Lesotho’s climatic vulnerabilities to phenomenon like the El Niño can exacerbate these outcomes. The 2015/16 El Niño and drought are expected to leave a large share of the rural population food insecure through the March 2017 harvest.

Sectoral and Institutional Context
Lesotho has made substantial gains in education service delivery with the introduction of free primary education on a phased basis between 2000 and 2006. Nearly all children start out attending school in Grade 1 and approximately 67 percent of children are still in school by the end of primary school (Grade 7), which is up from 41 percent in 2006. Enrolment in preschool has also more than doubled from 19 percent in 2000 to about 41 percent in 2012. For the children who do not enter any primary school (4.5 percent), gender and, more importantly, geographic location matters. Unlike most African countries that struggle with education access for girls, Lesotho has stronger access rates for girls due to the economic and cultural practice of herding among boys. Looking at profiles of children under 15 years of age, two percent of girls and five percent of boys never enrolled in school. In the mountainous districts of Thaba-Tseka, Quthing, and Mokhotlong, the proportion of children not entering school is much higher at 7.6 percent, 7.7 percent, and 9.9 percent, respectively.

Public spending for education is very high, but overall resource efficiency is low. In a climate of high government expenditure, Lesotho spends 8.4 percent of its GDP on education, which is the highest among 16 southern African countries. However, despite the significant public spending on education, it can offer only 1.33 years of schooling for every 1 percent of GDP spent in comparison to the regional average of 2.31 years and 3.8 years in countries like Madagascar. Therefore, the efficiency of resource utilization in the education sector is low. Taking into account the level of economic development and the share of rural population, Lesotho spends an estimated 40 percent more than countries in similar circumstances in providing comparable educational coverage. The high cost of labor continues to be problematic with the increasing teachers’ wage bill, and the student grants for higher education place additional stress on the education budget.

The education system is not equipping students with the skills needed for the labor market. Lesotho’s inefficient and low-quality primary and secondary education system is not conducive to the goal of inclusive growth and contributes to the country’s high unemployment rate of 25 percent. High levels of repetition and dropout at primary and junior secondary suggest that children are not acquiring the basic skills that lay the foundations for future learning. The absence of a sound basic education impedes further development of technical and professional skills at the post-secondary levels and hinders the student’s ability to participate in the economy. The low quality of math and science education implies that secondary school graduates are ill-prepared for higher education/training in the science, technology, engineering, and math areas, where skills are greatly needed for economic growth.

Key Challenges
Poor retention rates at primary and junior secondary levels are serious system weaknesses. Despite 95.5 percent access to Grade 1, only 62 percent of students go on to complete primary school. This problem of retention continues into secondary school, where retention rates are 75 percent in junior secondary and 85 percent in senior secondary. Only about 42 percent of the cohort that enters Grade
1 complete junior secondary school and 32 percent complete senior secondary school. The poor retention rates suggest a high number of dropouts over the schooling cycle. However, Lesotho presents an education paradox: contrary to the experience of other developing countries where students tend to drop out in the passage between two cycles of study, Lesotho has high transition rates. There is a high likelihood of students who successfully pass the Grade 7 and Grade 10 exams enrolling in junior secondary and senior secondary respectively, as seen by a transition rate of 91 percent from primary to junior secondary and 90 percent from junior secondary to senior secondary. Hence, the problem of retention occurs within the different cycles of study rather than between them. There is a consistent and unhealthy trend of student dropouts over the schooling career.

Late entry and high repetition rates throughout the primary cycle contribute to overage students and poor retention. Although six is the official age of school entry, only 39 percent of six-year-old children are enrolled in school. However, the enrollment rate jumps to 80 percent for seven-year-olds, 86 percent for eight-year-olds, and 90 percent for nine-year-olds. Anecdotal evidence suggests that children enroll late in Grade 1 because parents may consider their children too small to start Grade 1 and/or walk long distances to primary school. According to the recently completed Education Sector Diagnostic, most primary dropouts typically occur after the age of 12 years (or after Grade 4), after a few grades of repetition. At age 12, five percent of children who were enrolled have dropped out and less than 30 percent are in the appropriate grade. Looking at the older students, 18 percent of 15-year-olds, whose appropriate grade level is Grade 10, have dropped out of school and a large majority (69 percent) are still in primary school. Evidence suggests that early childhood education programs can have a significant impact on reducing grade repetition and improving student's school success.

Certain characteristics such as gender, economic status, and geography, place students at a higher risk of dropping out of primary school, while fee policies and lack of secondary schools in remote rural areas contribute to limited demand and access for secondary school. According to the 2010 Household Survey data, at the primary level, 40 percent of students from rural areas, in comparison to 17 percent from urban areas, drop out of primary school before reaching Grade 7. Gender is also significant, with 27 percent of girls and 43 percent of boys not completing Grade 7, but the impact of gender is smaller than the distinction between urban and rural. Strong disparities are identified across the varying districts in Lesotho. 68 percent of children in Mokhotlong and 46.5 percent of children in Thaba-Tsекa, both mountainous districts, drop out at the primary level. Poor children are also more likely to drop out. At the secondary level, households contribute up to 49 percent of total expenditures for junior secondary education and 44 percent for senior secondary education, compared with 30 percent for primary and 22 percent for tertiary. Comparatively few children receive scholarships. 22 percent at junior secondary and 40 percent at senior secondary. Overall, poor students and students belonging to rural areas are underrepresented in secondary schools.

With regard to primary quality, Lesotho lags behind the regional average in both reading and mathematics. The 2007 Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ) III average scores for Grade 6 students indicate that the level of learning of Basotho students in primary education is the third lowest among 14 countries in the southern African region in spite of slight improvement since 2000. More specifically, Lesotho is the third lowest country in English-reading performance and the fourth lowest in math performance.

Primary school quality is influenced by a student's geography, social status, and classroom resources. A majority of the poorest-performing schools belong to rural areas and are located in mountainous regions. On average, only about 65 percent of students pass the Primary School Leaving Examination (PSLE) in these schools, where the average dropout rate is 17.9 percent and the average percentage of repeaters is about 14 percent compared to national averages of 9 percent.
each. Students in the poorest-performing schools also typically belong to lower-income backgrounds. Analysis of the national learning assessment results in Grades 4 and 6 shows that student absenteeism, poverty, and geography negatively impact student learning in Lesotho. Secondary education also faces serious challenges with regard to student learning outcomes, particularly in math and science, but not much data is available. Students enter junior secondary school with low learning levels in math and science. According to the 2015 PSLE results, of the 40,063 candidates who sat for the PSLE taken in Grade 7, more than 25 percent failed in math, about 16 percent failed in science, less than 22 percent obtained first class pass in math, and about 16 percent obtained first class in science. Although the exam pass rates at the end of the junior and senior secondary cycles have improved over the past few years, they are still relatively low, at respectively 70 percent for the Junior Certificate Examination (JCE) and 50 percent for the General Certificate of Secondary Education in 2014. In the JCE, only 20 percent of students passed math and only 23 percent of students passed science. The poor performance of secondary students in math and science is linked to several interrelated areas, such as (a) the level of preparedness of students when leaving primary school; (b) a lack of clear learning outcomes and sequencing between primary and secondary curriculum; and (c) the quality of secondary math and science teaching, including a very limited supply of learning and teaching materials. Overall, the low levels of learning achievement in primary and secondary schools in Lesotho can be traced to education service delivery factors such as low levels of teacher productivity, limited teacher pedagogical competency and subject mastery, and inadequate resources for teaching. Teacher absenteeism and low teacher time-on-task reduce classroom instruction time, while limited teacher content knowledge and inadequate in-service training, particularly for teachers in remote areas, impact the quality of instruction. Based on school visits, primary schools have received and are using new textbooks for Grades 1–4 from the previous Global Partnership for Education (GPE) project but do not have any supplementary materials that help build the foundations of literacy. A number of secondary schools were also lacking textbooks in some critical subjects. Finally, the poor governance of schools, characterized by the lack of accountability of service providers for performance, has constrained local initiative to improve education outcomes. All schools in Lesotho are mandated by the government to constitute a governing board comprising prominent members of the community, the school principal, and the local councilor or his/her designate as well as nominees of school proprietors, teachers, and parents. Unfortunately, many of these boards have not been effective in overseeing the management and proper functioning of schools for which they have been constituted. The main reasons for this have been identified to be weak capacity of the school boards, including school principals, and the lack of community empowerment to hold the school board accountable for improving education delivery. It has been reported that many school board members do not fully understand their roles and responsibilities, school principals lack leadership and school management skills, and community stakeholders are disconnected from what is happening in schools. Unless these issues are addressed, poor school governance will continue to hamper efforts to improve student retention and learning.

Government Efforts to Address Key Challenges
Several measures have been implemented by the Government over the past few years to address the challenge of pre-primary, primary and secondary education access and quality. In 2013, early learning standards were developed, a review of the basic education curriculum and assessment began, and the O levels were localized. The Government also introduced a Child-friendly Schools (CFS) Initiative and a National School Feeding Policy. In addition to that, the US$20 million GPE-supported FTI-III Project that closed in April 2015 implemented various primary and pre-primary education initiatives The support to the teaching and learning environment in the proposed project
will complement these recent gains and deepen the focus on education quality while expanding the scope to include secondary education.

The Government is currently working with the World Bank and other partners on analytical work to support evidence-based solutions to the education sector in early childhood care and development (ECCD), nonformal education (NFE), and some construction work to build new schools and facilities.

The recently negotiated, IDA-financed Lesotho Basic Education Quality for Equality Project (LEQEP) will address issues of basic education service delivery and student retention in targeted primary and junior secondary schools. The US$25 million project (P156001), which has become effective in August 2016, will focus on improving the teaching and learning environment at the basic education level and raising student retention using a school-based management model. In particular, it aims to strengthen numeracy and literacy education at the primary level, and math and science education at the junior secondary level through in-service teacher training, better teacher support networks and supervision, supply of teaching and learning materials, and the demonstration of a new math and science education model. Furthermore, in order to enhance school governance and address issues of dropouts at the school level, school boards will be trained to develop a School Improvement Plan (SIP) each and will be provided grants to implement them. The project will target the 300 poorest performing primary schools across all districts in Lesotho and 65 junior secondary schools in the catchment areas of the selected primary schools. Contingent on approval, the project will be implemented from 2016 to 2021.

In addition, several other related IDA projects under preparation will contribute to address key challenges in education access and efficiency, notably the transport, social protection, and public sector modernization projects, and a potential International Finance Corporation-financed electricity project with a community component. More specifically, the IDA-financed Bank Transport Infrastructure and Connectivity Project (P155229) is expected to contribute to improving pupils’ access to schools by developing better local access roads and small bridges in remote mountain communities. To support access to secondary education for the poorest families, a Bank Social Assistance Project (P151442) is expected to evaluate the existing orphan and vulnerable children (OVC) bursary and child grants programs (CGPs) and reform the scheme to improve its targeting mechanism to assist with direct and indirect costs and promote accessibility of secondary school, thereby, addressing some demand-side constraints. Moreover, a Bank Public Sector Modernization Project (P152398) will work closely with the MoET to support the development of an electronic human resource management system for teachers at the national and district levels and undertake a teacher headcount to strengthen teacher management, among other activities. Lastly, the International Finance Corporation (working together with the Bank’s education team) is currently exploring the possibility of proposing a private sector-led solar power project with a concessional component on community engagement, which could include support for setup and maintenance of solar power for rural schools and communities.

Ensuring that all students complete quality basic education is required to help Lesotho diversify its economy and address its social challenges. To achieve universal primary education completion, it is essential to address dropout from primary and junior secondary for the most disadvantaged students. It is also important to improve the quality of pre-primary, primary and junior secondary education service delivery. By focusing on the schools and groups most at risk (remote rural schools, lowest economic quintile), the Government is better placed to ensure that all students, regardless of their socioeconomic status, can complete quality basic education (pre-primary, seven years of primary plus three years of junior secondary) and become equipped with foundational skills to enter the world of work or senior secondary education.
Relationship to CAS/CPS/CPF
The proposed project is fully aligned with the 2016-2019 Country Partnership Framework (CPF) under preparation. The project aims to improve the equity and quality of basic education. Thus, it would support the proposed CPF focus area on the efficiency and effectiveness of the public sector, which includes improving basic education service delivery.

II. Project Development Objective(s)
Proposed Development Objective(s)
The proposed project development objective (PDO) is to improve basic education service delivery and student retention in targeted schools.

Key Results
The proposed project development indicators are:
- Improvement in teacher content knowledge in targeted primary schools
- Improvement in teacher content knowledge in targeted junior secondary schools
- Reduction in dropout rate (Grade 1-Grade 6) in targeted primary schools
- Reduction in dropout rate (Grade 8-Grade 9) in targeted junior secondary schools
- Improvement in the management competencies of school principals

Some proposed intermediate indicators are:
- Direct project beneficiaries (percentage female)
- Primary teachers trained
- Math and science teachers at junior secondary trained
- Pre-primary teachers/caregivers trained
- Pre-primary classes with teaching and learning materials
- Principals trained
- Schools with approved SIPs
- Schools submitting report cards
- Schools spending 50 percent of more of the total school grant
- Management course for school principals developed and introduced

III. Preliminary Description
Concept Description
The proposed project would build upon the foundations laid by the previous GPE-funded FTI-III project (2010-2015) and would address the same issues of equity and quality of education as the IDA-funded LEQEP. In order to take advantage of economies of scale, the project will finance activities similar to the LEQEP activities but expand the scope to approximately 25 additional low-performing primary schools, and the pre-primary and junior secondary schools in the catchment area. Linking the proposed project to the LEQEP would allow the majority of the grant amount to be directed towards increasing the number of project schools as key activities such as the calculations of baselines, hiring of project management staff, and consultants to support critical project activities will be taken care of under the LEQEP.

Project Components:
Component 1: Improving the Teaching and Learning Environment in Targeted Primary Schools and Associated Pre-Primary and Junior Secondary Schools (US$1.2 million). The objective of this component is to raise the quality of classroom service delivery at the pre-primary, primary, and
junior secondary school levels to help create a youth population with strong foundations in literacy, numeracy, and reasoning skills.

(a) Strengthening Primary and Pre-Primary School Teaching and Learning: This subcomponent will address the low levels of early grade numeracy and literacy and limited teacher content knowledge and pedagogical skills in targeted schools through the provision of training to pre-primary teachers/care givers, Grades 1–4 teachers, and DRTs/other support staff, and the provision of associated student learning resources.

(b) Demonstrating the Progressive Mathematics Initiative (PMI) and Progressive Science Initiative (PSI) at Junior Secondary School Level: This subcomponent will improve the quality of math and science in targeted junior secondary schools through the provision of training to math and science teachers and subject advisors in a new approach and the provision of related learning resources. The MoET will demonstrate the PMI and PSI approaches developed by the New Jersey Center for Teaching and Learning (NJCTL) in about 5-8 targeted junior secondary schools using handouts from 2017 to 2020.

Component 2: Strengthening School Accountability for Student Learning and Retention in Targeted Schools (US$0.5 million). This component aims to empower key actors at the school level (school boards) to collectively deliberate on and carry out actions that contribute to retaining students and enabling them to learn. To this end, the appropriate tools and capacity building to use them effectively will be provided to the school boards comprising the local chief, local council member, the school principal, and representatives of the school proprietor, teachers, and parents.

(a) School Improvement Planning: Each school, guided by a detailed Operations Manual to be developed at the start of project implementation and with the support of a facilitator, will develop a SIP aimed at increasing school performance with regard to quality, retention, and equity of access.

(b) Provision of School Grants: Upon submission of the SIP and its approval by the Inspectorate, the school receives 50 percent of a grant of about US$3,500–US$4,500 to finance eligible activities. These activities, to be carried out over three years, include among others, short-term training for principals in school management (human resources and financial management in particular), minor repairs to physical assets of the school, and purchase of materials to enrich student learning.

(c) Strengthening the Capacity for Reporting, Monitoring of Results, and Oversight Mechanisms: Support will be provided to schools for the development of a reporting tool (a school report card) that promotes transparency, timely collection of information, and the use of information to facilitate both participatory school management as well as enhanced oversight by district education officers, DRTs, and inspectors. Upon submission and public disclosure of the first school report card following the first year of SIP implementation, the remaining 50 percent of the school grant will be provided to school.

Component 3: Strengthening Institutional Capacity and Project Management (US$0.3 million). This component will focus on strengthening and developing the capacity of the MoET to deliver its agenda, support project implementation activities (the project will use the same implementation arrangements as the LEQEP), and for project management. This component will finance: (a) consulting services for a review of the ECCD curriculum and a review of the curriculum and assessment policy for primary and secondary; (b) equipment and materials to strengthen the regional inspectors; (c) technical assistance to develop a management course/program for school principals; (d) technical assistance to develop an induction and mentorship policy for new teachers; (e) a baseline study on management competencies of principals; (f) operational and supervision costs
related to project activities and management including for monitoring and evaluation activities such as internal and external audits; evaluations; communication; staff capacity building; recruitment of consultants; and provision of materials.

IV. Safeguard Policies that Might Apply

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