

1. Project Data:		Date Posted : 01/24/2011		
PROJ ID : P070989		Appraisal	Actual	
<b>Project Name :</b> Education Sector Development Project	<b>Project Costs (US\$M):</b>	20.99	22.83	
<b>Country:</b> Azerbaijan	<b>Loan/Credit (US\$M):</b>	18.00	20.74	
<b>Sector Board :</b> ED	<b>Cofinancing (US\$M):</b>	0.19	0.22	
<b>Sector(s):</b> Primary education (40%) Central government administration (25%) Secondary education (20%) Tertiary education (10%) Sub-national government administration (5%)				
<b>Theme(s):</b> Education for the knowledge economy (67% - P) Education for all (33% - S)				
<b>L/C Number:</b> C3769				
	<b>Board Approval Date :</b>		05/27/2003	
<b>Partners involved :</b> Open Society Institute (OSI)-Azerbaijan	<b>Closing Date :</b>	03/31/2008	09/30/2009	
<b>Evaluator :</b>	<b>Panel Reviewer :</b>	<b>Group Manager :</b>	<b>Group:</b>	
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## 2. Project Objectives and Components:

### a. Objectives:

According to the Development Credit Agreement (DCA, p. 15) and Project Appraisal Document (PAD, p. 4), the project's objectives were "to strengthen the capacity of the Borrower to plan, manage, and monitor the reform program more effectively and efficiently and initiate the highest priority investments in the Selected Districts ." The PAD (pp. 3, 21) further states that the project would focus on a set of key issues : "(i) improvement of quality and relevance in general education; (ii) improvement of efficiency in resource allocation and utilization in general education; (iii) improvement in equity and access to general education; and (iv) management, planning, and monitoring capacity strengthening."

This project was Phase I of an Adaptable Program Credit (APC) in support of the Borrower's Education Reform Program, whose objectives were "to increase learning achievements for all students to meet the needs of a market economy and improve efficiency of general education" (DCA, p. 15; PAD p. 3).

The PAD (p.3) also states that a set of specific interventions and reforms (efficiency and budgetary reforms, rationalization and school improvement, and school grants ) would be implemented in three pilot districts, with lessons learned to be expanded under Phase 2 of the APC.

**b. Were the project objectives/key associated outcome targets revised during implementation?**

No

**c. Components (or Key Conditions in the case of DPLs, as appropriate):**

The project contained five components.

**1. Quality and Relevance of General Education (appraisal: US\$ 7.05 million; actual; US\$ 4.97 million, or 70% of appraisal):**

A. Curriculum Development: Provision of technical assistance, training, and goods to : (a) strengthen the curriculum development capacity of the Institute for Education Problems (IEP) of the Borrower to design and adopt new national curricula, standards, and syllabi for general education; (b) develop national curricula, standards, and syllabi for general education; and (c) publish and disseminate national curricula to teachers and education stakeholders .

B. Teacher Development: Provision of technical assistance, training, goods and works to : (a) strengthen the training capacity of the selected teacher training institutes; (b) train teacher trainers in new curricula, teaching methods, and student assessment methods; (c) develop and publish teacher training curricula and teacher training methods; and (d) develop and publish teacher education policy .

C. Textbooks and Reading Materials: Provision of technical assistance, training, and goods to : (a) develop and publish books and reading materials for general education school libraries; (b) provide books and reading materials for all general schools to stimulate reading habits and facilitate independent learning opportunities; and (c) develop textbook policy and standards .

**2. Efficiency and Finance Reforms (appraisal: US\$8.86 million; actual US\$ 12.77 million, or 144% of appraisal):**

A. Financing and Budgeting Reforms: Provision of technical assistance and training to develop and implement new funding formula and resource allocation mechanisms so as to gain efficiencies in the use of financial, human, and physical resources in the education sector in the Selected Districts in accordance with the District Rationalization Plans.

B. Rationalization and School Improvement: Provision of goods, works, technical assistance, and training to develop overall protocol for rationalization, rehabilitation, and refurbishment of selected schools in the Selected Districts based on the protocol.

**3. Upgrading Schooling Quality in Less Advantaged Rayons : School Grant Program (appraisal: US\$ 0.87 million; actual US\$ 0.80 million, or 92% of appraisal).**

Provision of grants through a competitive process in order to improve attendance and enrollment of the poor and to improve the quality of teaching and learning in the Selected Districts . Financing from Open Society Institute (OSI)-Azerbaijan was envisaged for technical assistance and training to facilitate implementation of this component .

**4. Management, Planning, and Monitoring Capacity (appraisal: US\$2.34 million; actual US\$ 2.58 million, or 110% of appraisal).**

A. Student Assessment: Provision of technical assistance, training, goods, and works to : (a) assist MOE in developing a reliable diagnostic and informative system to assess students ' progress in general education; (b) publish and disseminate the results of the assessment; and (c) carry out minor rehabilitation and refurbishment of the National Center for Student Assessment (NCSA).

B. Education Management Information System (EMIS): Provision of goods, technical assistance, and training to : (a) design, establish, install, and implement a management information system in the MOE and in the Selected Districts, Baku City, and Sumgait; (b) develop policies and action plans based on accurate and timely information; and (c) publish and disseminate annual education statistical yearbooks .

C. Management and Planning Capacity: Provision of technical assistance, training, and goods to assist MOE in improving its management, planning, policy analysis, and monitoring capacity .

**5. Project Coordination and Monitoring (appraisal: US\$1.87 million; actual US\$ 1.49 million, or 80% of appraisal):**

provision of technical assistance, training, goods, and auditing services to assist MOE and the Project Coordination Unit (PCU) and their staff for the purposes of effective implementation of project activities .

**d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:**

*Project costs :*

- According to the ICR (pp. 6-7), the additional resources were spent by project completion primarily to finance participation in international assessments of student learning achievement . The ICR does not explain, however, why substantially more resources than planned were spent for the component on Efficiency and Finance Reforms, and substantially less than planned was spent on the Quality and Relevance of General Education component.

**Financing :**

- The project experienced currency gains due to exchange rate gains of the SDR *vis-à-vis* the US dollar, increasing the amount of the Credit from US\$ 18 million equivalent to about US\$21 million equivalent. On project completion US\$0.29 million equivalent was cancelled.

**Borrower Contribution :**

- The Borrower contributed US\$2.92 million (104%) of a planned US\$2.80 million contribution. The Open Society Institute (OSI)-Azerbaijan contributed US\$0.22 million (118%) of a planned US\$0.19 million contribution, for implementation of the School Grant Program .

**Dates:**

- The project closing date was extended twice . The first extension (granted in December 2007) was for one year, to March 31, 2009, to enable more time for carrying out activities related to implementation of the new Grade 1 curriculum. The second extension (granted in March 2009) was for six months, to September 30, 2009, to allow additional time to complete selected activities with the additional funds gained from appreciation of the SDR .

**3. Relevance of Objectives & Design:**

**Relevance of Objectives is rated Substantial** . The objectives substantially support the Government’s Ten-Year Education Reform Strategy (2003-2013), whose purpose is to improve the quality of education and to realign the sector with the needs of an emerging market economy and social conditions, and they are also consistent with the State Program on Poverty Reduction and Sustainable development for 2006-2015. The objectives also align with the Bank’s 2007-2010 Country Partnership Strategy for Azerbaijan, which contains as one of four pillars “increasing the quality of and access to social services,” with a particular focus on “developing a modern education system and globally competitive knowledge economy.” The objectives appropriately focused on general education, recognizing the need for prioritization due to limited resources and implementation capacity at MOE, and also recognizing that reforms in general education were essential prerequisites for reforms at other levels .

**Relevance of Design is rated Substantial** . The use of the APC instrument was appropriate, given its longer-term perspective and flexibility to support the Government over a long-term, system-wide reform. The body of the PAD contains a well-structured and detailed results chain that logically connects objectives with components; the project’s planned activities and components were substantially relevant to its objectives . Logical indicators were established for each of the “key issues.”

**4. Achievement of Objectives (Efficacy):**

***Strengthen the capacity of the Borrower to plan, manage, and monitor the reform program more effectively and efficiently: Substantial***

**Outputs:**

Curriculum development capacity was established in the Curriculum Center of the Institute for Education Problems by the end of 2006, meeting the target. A national curriculum framework for general education (grades 1-11) was developed and adopted in 2006. Subject curricula for primary grades (1-6) were approved in 2007. Draft syllabi for grades 7-11 were finalized. The grade 1 curricula was piloted in 23 schools in Baku in the 2007-2008 academic year and introduced nation-wide in 2008-2009. These activities met relevant targets .

Management and planning capacity of the MOE and local governments was strengthened by the introduction of a planning and reporting system, and the establishment of new key units, including the Strategic Analysis, Planning, and Personnel Unit (SAPPU) and the Education Management Information System Unit (EMISU). A draft organizational and staffing plan for the MOE, including the Institute of Educational Problems, was completed and delivered. Training on education policy and analysis and management and planning techniques was delivered to rayon education department managers, senior and mid-level managers from MOE, and school principals . Training in the concept of Education Management Information Systems (EMIS) was provided to 14 MOE staff and 6 staff in the three pilot districts, and the necessary equipment was provided to the Central EMIA station and 16 EMIS stations in the pilot districts. Four key EMIS modules (school mapping, human resources, electronic document archives, and finance) were developed. Beginning in 2008/2009, all district education departments were able to submit data in electronic format to the EMIS unit, and the first education statistics report was issued in 2008. Development of strategic plans for all 59 schools in the pilot districts was launched in 2007.

A National Center for Student Assessment was established, staffed, and equipped, trainings in school -based and national assessments were carried out in 2006, and further training on school-based assessment was provided for 1,000 teachers to form teacher training institutions and pilot district schools in 2007.

**Outcomes:**

Azerbaijan participated for the first time in international student assessment (Program for International Student Assessment) in 2006. Sample-based assessments in Azeri language and mathematics in grades 4 and 9 were conducted in April-May 2006. School-leaving graduation examinations were also carried out at the end of the 11<sup>th</sup> grade. This activity met the target of completing a pilot sample-based assessment of grade 4 student achievement in mathematics and Azeri language.

Education statistics, including learning outcomes, are generated by the MOE, using the new Education Management Information System (EMIS). Results of examinations and student assessments are available on the MOE's website.

Analysis of the assessment results was made available in 2007 and widely discussed with the MOE and stakeholders, but the ICR does not present the results of this assessment, nor does it provide any of the data from examinations and student assessments that are now available on the MOE's website, despite the fact that one of the project's key indicators was improved achievement of students in grades 4 and 9 in mathematics and the Azeri language between 2005 and 2007. The comments on the ICR provided by the Ministry of Finance also observe that the ICR does not present data on "achieved results in education since the start of the reform, or information about the level of admission of the students in the pilot schools to colleges, or about the aspects of general knowledge levels" (p. 64). The ICR reports that, despite strong achievement by the project in making available reliable school statistics and data on student learning outcomes, including the placement of these data on the MOE website, "the evidence to judge the actual application of education data to inform policy making by the MOE leadership is not available" (pp. 15-16). The project team explained that this first effort at a national assessment program was a substantial achievement, despite technical and methodological flaws.

A per-student financing formula was developed and implemented on an experimental basis in 59 schools in the three pilot districts in 2007, although the ICR reports that district finance departments interfered with these budgets in several instances. The reform included lump-sum budgeting for the pilot schools, but implementation was hampered by lack of legal authority for the schools to reallocate funds from salary to non -salary budget lines and lack of support for the reform from the Ministry of Finance.

A survey of parents, teachers, and school officials conducted in 2007 shows a moderate (unspecified) increase in support for education reform, from a baseline survey conducted in 2005. However, satisfaction of the rural population has dropped from 42% at baseline to 37% in the follow-on survey. The percentage of those surveyed who had an overall understanding of the education reforms supported under the project increased from 49% to 71%.

**Initiate the highest priority investments in the Selected Districts : Substantial**

The PAD (p. 42) defines the highest-priority investments as those aimed at improving the quality of general education, and to introduce efficiency and finance reforms in the three selected districts.

**Outputs:**

All investments focused on general education, rather than on other education subsectors.

New pre-service training of primary school teachers was introduced. In-service teacher training programs, based on new syllabi, were developed. All 14 affiliates of the Azerbaijan Teachers Institute (ATI) were provided with technology, furniture, and other equipment, and two branches were renovated (against a target of four). 18,000 primary school teachers were trained, against a target of familiarizing about 9,000 (25% of primary teachers, at appraisal) with the new curriculum, teaching methods, and assessment targets. 100 teacher trainers were trained in the delivery of a new course on "Foundations of Education." 320 Grade 1 master trainers were trained by the Curriculum Center, against a target of 800 teacher trainers covering all primary grades. Regulations for competence-based selection of teachers and principals were developed and endorsed, and school principals were selected competitively based on these regulations, but competitive recruitment of teachers is still not enforced.

A new Information and Communications Technology (ICT) strategy was prepared and approved, and school curricula now include ICT from the first grade.

Draft standards for school construction were prepared.

A new textbook policy was implemented, including transparency in textbook development and procurement, and the inclusion of teachers' guides and student workbooks with all textbooks. All schools were provided with child encyclopedias and maps.

173 schools received grants through the School Grant Program (SGP), with OSI support for school proposal design, implementation, monitoring, and evaluation.

District rationalization plans were developed and approved by the MOE, and these plans were partially implemented in the three pilot districts. 41 schools were rehabilitated in 2006 and 2007 (against a target of 50), and administrative measures were carried out to promote rationalization of human resources. These 41 schools were provided with computers and audio-visual systems.

#### **Outcomes:**

Of the 18,000 primary school teachers who were trained, 40% of first grade teachers (the ICR does not state how many of the trained teachers were first grade teachers) were satisfied with the quality of training received, and 80% requested additional training. The target was to have 25% of primary teachers (about 9,000) begin to reflect results of the training in their teaching practices during the 2007-2008 school year; the ICR does not provide data on the application of training to actual teaching practices. The ICR's Stakeholder Workshop Report (p. 41) quotes one stakeholder reporting that, as a result of the training, the percentage of students enrolled in grade 11 who were able to receive high exam scores and enter good universities increased from 20% to 60-65%, but it is impossible to generalize from this single report. The project team points out that assessment of the results of the teacher training was not included in the M&E framework for the project, yet the Government did carry out such assessments, which were conducted too late in the project to be available, and that the follow-on project contains more sophisticated arrangements for monitoring and evaluation of teacher training.

Targets were set to increase the student-teacher ratio, given historical patterns of underused resources. The student-teacher ratio was increased in the three pilot districts between 2002 and 2006 (from 8.9:1 to 10.9:1, or 22.5%, in Ismaili; from 10.7:1 to 11.8:1, or 10.3%, in Ujar; and from 10.9:1 to 12:1, or 11.0%, in Ali Bayramli), against a target of an increase from 10:1 in 2002 to 12:1 in 2007 in the pilot districts (a target increase of 20%). The ICR reports that there were no significant efficiency gains (pp.14, 27), apart from the "modest increase" in the student-teacher ratio in the pilot districts. The comments on the ICR from the Ministry of Finance (p. 62) include an explanation based on weekly lesson load of teachers in Azerbaijan that precludes significant increases in the student-teacher ratio in general education schools.

No school closures took place, as initially envisaged under the rationalization plan, in part because provision of school buses was not envisaged under the project.

95% or 97% (reported differently in different parts of the ICR) of children in grades 1-5 received textbooks in core subjects free of charge by the end of the project period, exceeding the target of 90%. From a baseline survey in 2005 that indicated wide disparities in access to textbooks, particularly in rural versus urban areas, a May 2009 survey indicated a lack of disparities in access to core textbooks. The 2007 survey indicated unspecified improved provision of free-of-charge textbooks for other grades as well.

In the pilot districts, library use increased from 17% to 27% of teachers, and 23% to 31% of students, from 2005 to 2007. Overall, the percentage of teachers using library resources declined from 21% in 2005 to 15% in 2007, and the percentage of students using library resources declined from 34% in 2005 to 24% in 2007. The ICR (p. 30) reports that this drop could be due to a 5% drop in the number of schools reporting having libraries, and a "plunge" in the number of school reading halls.

#### **5. Efficiency (not applicable to DPLs):**

**Efficiency is rated *Modest*.**

The project efficiently sequenced reforms in the APC by focusing in Phase 1 on general education, which was a necessary prerequisite for reforms at all other levels. The focus on general education, and the deliberate choice not to include other sub-sectors, prevented unmanageable complexity and stayed within the limits of the weak implementation capacity of the MOE at various levels. However, the ICR provides little discussion of the efficiency of allocation of project resources. The failure to use project resources to implement the planned school financing formula and rationalization plans clearly reduced the cost effectiveness of the project, compared to what was planned in the PAD.

The PAD contains a detailed cost-effectiveness analysis. An economic analysis was not carried for the ICR, the ICR explains, because significant efficiency gains would not be expected until the completion of the Program /APC.

**a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation :**

	Rate Available?	Point Value	Coverage/Scope*
Appraisal	No		
ICR estimate	No		

\* Refers to percent of total project cost for which ERR/FRR was calculated.

#### **6. Outcome:**

Based on Substantially relevant objectives and design and Substantial achievement of the project 's development objectives, but Modest efficiency, the project 's outcome is rated Moderately Satisfactory . The ICR provides little information on the cost-effectiveness of use of project resources, and failure to use project resources fully to implement the planned school financing formula and rationalization plans clearly reduced the cost effectiveness of the project, compared to what was planned in the PAD .

**a. Outcome Rating :** Moderately Satisfactory

#### **7. Rationale for Risk to Development Outcome Rating:**

Government commitment to further advancing education reforms is strong, and the availability of adequate financial resources to implement reforms is likely . Phase 2 of the APC was approved in April 2008 and became effective in December 2008, paving the way for further implementation of curriculum reform, teachers ' professional development, student assessment, and education reform management capacity at all levels . Government commitment is evidenced by mainstreaming of many of the project 's interventions, including pre-service teacher training, the textbook policy, and the School Grant Program (which is now being implemented by the MOE, with annual competitions for grants to 100 best teachers and 50 best schools). However, there is currently no concrete strategy in place to expand pilot activities supported under the finance and efficiency component of the project, which continues to receive very limited support from the Ministry of Finance and which is still not supported by the country 's legislative framework. Also, the comments provided by the Ministry of Finance on the ICR ( p. 64) report that a sizeable minority of key stakeholders - 42% of principals, 46-47% of teachers - are unsatisfied with the reforms .

**a. Risk to Development Outcome Rating :** Moderate

#### **8. Assessment of Bank Performance:**

##### **Quality-at-Entry:**

The project built on lessons learned during the Bank 's Education Reform Project, a Learning and Innovations Loan (LIL) that began in September 1999, including the need for the MOE to accept responsibility for the reform process and take ownership of it, the need for projects to be highly focused and limited in their early stages, the need to build project management capacity early in the project period, and the desirability of integrating project management into the overall operations of the MOE . Preparation relied appropriately on two highly participatory studies: a social assessment in which local stakeholders were consulted on their needs and priorities in the education sector, and a study of informal payments in education . There were also discussions with all key ministries, as well as two workshops that included key officials and stakeholders in project identification and the preparation of the draft Project Implementation Plan . Key donors were also consulted, and it was agreed that OSI-Azerbaijan would support the School Grant Program, but the nature of the relationship with UNICEF and other donors was not clarified . The plan for the School Grant Program is well-detailed in the PAD, with an appropriately equity- and demand-driven selection procedure . Key risks were identified in the PAD, including the lack of incentive for key staff to implement the project effectively, the potential for resistance to change among the education system 's external stakeholders, possible resistance of teachers and principals, resistance by the MOF to implementation of finance and budgetary reforms and school rationalization reforms, and difficulty using the results of pilot interventions to design and implement national interventions . For most of these risks, mitigation measures were outlined, but for some - the challenges posed by MOF policy, and the failure to scale up the pilots as appropriate - the mitigation measures were not detailed and proved not to be effective . The ICR (p. 8) states that the design of the efficiency and finance reform component was "overly ambitious since the political economy at the time was not propitious for advancing these reforms," but there is little evidence given to support this judgment . Baseline data were not available for most of the key performance indicators; the PAD (p. 5) explains that, given the weak monitoring and evaluation (M&E) capacity in the MOE and the lack of baseline data, the project would support several M&E studies and development of M&E capacity in the MOE, with the implication that baseline data would then be developed . These M&E plans outlined in the plan were realized

during implementation. Also, the set of key outcome/impact indicators for the project (Phase 1 of the APC) given in the Project Design Summary Annex to the PAD are not fully compatible with those presented in the body of the PAD. One of the key elements of the project's design was the piloting of a set of specific interventions and reforms in three pilot districts (Ali Bayramli, Ismayilli, and Ujar), yet the PAD contains little detail on provisions for the pilots' monitoring and evaluation and application of learning to subsequent activities. The PAD stated that a plan would be developed in late 2005 to field test the finance and budgeting reforms in the pilot districts, and this plan was developed during implementation. Implementation was slow during the first two years of the project in part because low procurement and implementation capacity was not sufficiently identified and remedied.

**Quality of Supervision :**

The ICR states (p. 20) that supervision was close and proactive, with supervision missions and a mid-term review identifying problem areas and addressing them promptly. The Borrower's ICR (p. 57) reports that dialog during the implementation process was smooth, that solutions were found to implementation bottlenecks, and that intensive supervision was a major enabling factor in the achievement of project targets (particularly in terms of field visits and meetings with stakeholders and beneficiaries, and support in procurement and finance). Although the initial plan for project M&E was thin, and full results produced from the project-financed EMIS are not presented in the ICR, it is clear from the interview with the project team that these M&E activities were implemented and results reported in other venues (MOE website).

**a. Ensuring Quality -at-Entry:** Moderately Satisfactory

**b. Quality of Supervision :** Satisfactory

**c. Overall Bank Performance :** Moderately Satisfactory

**9. Assessment of Borrower Performance:**

**Government :**

The Government was highly committed to education reform, both through this project and the Education LIL, from the beginning of project preparation. The Project Implementation Plan was prepared under the direct supervision of the Ministry of Education. Azerbaijan's State Program on Poverty Reduction and Economic Development also demonstrated the strong commitment of the Government to education reform, which was cited as one of the main factors contributing to poverty reduction in the country. Continued Government support reform is also demonstrated through the mainstreaming of several of the project's interventions, including the School Grant Program, pre-service teacher training, and the textbook policy. However, there was weak coordination between the Bank/MOE and the MOF, which often resulted in long delays in the approval of contracts, and a lack of coordination between different departments in the MOE responsible for project implementation. Early in the project period (2003-2005), there were problems with Government micro-management and heavy bureaucratic procedures that delayed disbursements and implementation. Following the mid-term review, however, the Government's performance improved substantially. Also, importantly, throughout the project there was insufficient support within the relevant Government entities for adjusting the legal and regulatory framework applied to budgeting and financing of education, which blocked important parts of the efficiency and finance component of the project (specifically, MOF approved the pilot school budgets not as a lump-sum amount but as line-items, limiting the autonomy of schools to prioritize spending at their discretion). Also, there were reports that school budgets under the per-capita financing formula were randomly changed (increased or decreased) by district finance departments.

**Implementing Agency :**

The Project Coordination Unit (PCU) was well integrated into the MOE, with the PCU responsible for procurement, financial management, and M&E, and the heads of relevant departments in MOE responsible for implementation of day-to-day project activities associated with their mandate. These arrangements led to strong ownership of the project within MOE and contributed to building "adequate" reform implementation capacity in MOE (ICR, p. 10). The PCU was insufficiently familiar with the Bank's procurement procedures early in the project period, but sufficient capacity was built by the end of 2005 and procurement processes significantly improved. The PCU team is reported (ICR, pp. 22, 57) to have had a high degree of commitment to achievement of the project's objectives, and to have undertaken effective M&E throughout most of the project's lifetime.

**a. Government Performance :** Moderately Unsatisfactory

**b. Implementing Agency Performance :** Satisfactory

**c. Overall Borrower Performance** :Moderately Satisfactory

**10. M&E Design, Implementation, & Utilization:**

**M&E Design.** The PAD contains a very thin discussion of M&E, with a brief discussion of weak M&E capacity in the MOE (p. 16), and statements that the various elements of M&E would be developed during the early stages of project implementation. In particular, there is little development of a plan for monitoring, evaluation, and application of learning from the experience of the three pilot districts; the PAD contains one paragraph on the eventual development of an M&E plan for the pilots, to take place several years into project implementation (late 2005-2006) (p. 71). Also, baseline data for most indicators were not available in the PAD; the PAD (p. 5) states that input-based indicators would be used to provide the first quantitative evidence concerning program performance, and that the project would support several M&E studies and the development of M&E capacity in the MOE .

**M&E Implementation .** An M&E plan was developed (the ICR does not specify when, but the project team clarified that this was about one year before the first project extension ) with the help of an international consultant . According to the ICR (p. 10), Project Implementation Supervision Reports and detailed quarterly reports demonstrate that project indicators were monitored and updated regularly . Baseline surveys for the project were carried out in May 2005 on the following issues: teaching methods, attitudes of school principals and parents, textbook availability, library resources, management review and performance audits in the pilot districts, and policy analysis and strategy development. The baseline survey was replicated in May 2007, and comparative analysis reports of the baseline and follow-up surveys were produced by the PCU. The School Grant Program and the funding experiment in the three pilot regions were followed up with evaluation studies .

**M&E Utilization .** The ICR reports that, despite strong achievement by the project in making available reliable school statistics and data on student learning outcomes, including the placement of these data on the MOE website, “the evidence to judge the actual application of education data to inform policy making by the MOE leadership is not available” (pp. 15-16). The project team explained that an evaluation of the per capita financing pilots in three districts was highly controversial, and that it was eventually conducted under the follow -on project to inform decision-making about whether to proceed with that specific reform .

**a. M&E Quality Rating :** Modest

**11. Other Issues (Safeguards, Fiduciary, Unintended Positive and Negative Impacts):**

**Safeguards:** The environmental category for the project was B (Partial Assessment), as it included financing the rehabilitation and refurbishment of schools in the three pilot districts . As part of preparation, an Environmental Management Plan was developed by the Government and published in local newspapers . While both the PAD and DCA included a provision for rehabilitation and refurbishment of school buildings, neither included a provision for new construction. However, as part of a region-wide Portfolio Review carried out in December 2008, it was discovered that one construction had been carried out with project funds in 2004. That construction took place on government land and did not involve any resettlement . The Bank team consulted with Operations Policy and Country Services (OPCS) to determine the correct way to proceed, and was advised to carry out a third -order restructuring with a corresponding amendment to the DCA and subsequent disclosure to the Board via Monthly Operational Summaries . The amendment to the DCA was introduced on May 8, 2009, to record retroactively the change to the project description, to ensure full compliance with Bank policies and procedures .

**Fiduciary:** As noted in Section 4, the ICR reports that district finance departments interfered with the lump sum student financing budgets in several instances . This was the result of the lack of legal authority for the schools to reallocate funds from salary to non-salary budget lines and lack of support for the reform from the Ministry of Finance. Despite this, the project’s annual financial and external audit reports were presented with no significant delays, and no serious internal control observations were reported . The project’s audit reports were unqualified throughout implementation.

<b>12. Ratings :</b>	<b>ICR</b>	<b>IEG Review</b>	<b>Reason for Disagreement /Comments</b>
<b>Outcome:</b>	Moderately Satisfactory	Moderately Satisfactory	
<b>Risk to Development</b>	Moderate	Moderate	

<b>Outcome:</b>			
<b>Bank Performance :</b>	Moderately Satisfactory	Moderately Satisfactory	
<b>Borrower Performance :</b>	Moderately Satisfactory	Moderately Satisfactory	
<b>Quality of ICR :</b>		Satisfactory	

**NOTES:**

- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate .

**13. Lessons:**

Project preparation should pay careful attention to the existing legal and regulatory frameworks governing proposed activities and reforms, and to the political economy of changes to those frameworks if necessary . In this case, a clear gap in the existing legal framework (line-item budgeting for schools) presented a significant obstacle to the successful implementation of the efficiency and finance component, and there was insufficient support within the relevant Government entities - particularly the Ministry of Finance - for adjusting the framework and removing obstacles.

Integrating project management into the overall operation of the relevant line ministry can trigger and /or enhance ownership and support of the reform process . The design of this project made the PCU responsible for procurement, financial management, and project M&E, but heads of relevant departments /units of the MOE were directly responsible for implementation of project activities under their purview . These implementation arrangements gradually triggered ownership of the project and simultaneously contributed to building implementation capacity at the MOE.

**14. Assessment Recommended?**     Yes     No

**15. Comments on Quality of ICR:**

The ICR presents information about the implementation experience and challenges faced by the project . Its lessons are well-based on evidence and analysis, and it is a concise review of project implementation and achievements . However, there were shortcomings. Important information and analysis are sparse or missing . For example, the ICR does not provide information on the content of the Government 's Ten-Year Education Reform Strategy on which the project and longer-term APC were based, and on the most recent Country Partnership Strategy, against which the project's relevance should be assessed . The ICR also does not present data, which it says are readily available on the MOE's website and through other reporting channels, on outcomes related to student achievement . The comments provided by the Ministry of Finance (ICR, p. 64) stress that it would have been appropriate to include in the ICR data about achieved results in education since the start of the reform, including changes in general knowledge levels or levels of college admissions among students from pilot schools .

**a. Quality of ICR Rating :** Satisfactory