

**PROJECT INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.: PIDA757

<b>Project Name</b>	Pakistan: Second Sindh Education Sector Project (P125952)
<b>Region</b>	SOUTH ASIA
<b>Country</b>	Pakistan
<b>Sector(s)</b>	General education sector (80%), Public administration- Education (20%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P125952
<b>Borrower(s)</b>	ISLAMIC REPUBLIC OF PAKISTAN
<b>Implementing Agency</b>	Education and Literacy Department, Government of Sindh
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/Updated</b>	22-Jan-2013
<b>Date PID Approved/Disclosed</b>	23-Jan-2013
<b>Estimated Date of Appraisal Completion</b>	30-Jan-2013
<b>Estimated Date of Board Approval</b>	14-Mar-2013
<b>Decision</b>	

## I. Project Context

### Country Context

Pakistan: Pakistan is the world's sixth most populous country with an estimated 177 million people in 2011. It is a lower-income country, with a per-capita income of US\$1,050 in 2011. Economic growth and progress in poverty reduction in the recent period have slowed markedly. These developments are likely due to a confluence of factors, including worsening and more volatile macroeconomic, political, and security conditions, combined with catastrophic natural shocks. Adding to this, weak public sector management, governance, and capacity hamper service delivery performance. The outlook for the country is poor, with predictions of weak economic growth, and heightened risks stemming from political, governance, and security fronts, debt and external financing concerns, persisting structural and fiscal weaknesses, and mounting price pressure.

Sindh: Sindh is one of the four provinces in Pakistan. Its climate is hot arid to semi-arid, with agricultural activity concentrated around the Indus river and its extensive canal network, and industrial and commercial service activity centered in Karachi, the province's capital and Pakistan's largest city and main port. Sindh has the second highest income (highest in per-capita terms) among the provinces. Its population accounts for roughly quarter of the total population in the provinces. Slightly less than half of Sindh's population is urban, and over two-thirds of its urban population resides in Karachi and Hyderabad districts.

Over the last decade, Sindh has experienced declining economic growth, and household incomes have stagnated. Several structural problems underlie these trends, including (1) a sharp split in the urban and rural economies which undermines the province's economic potential; (2) other forms of social and economic segmentation which erode social cohesion and economic integration; (3) poor law-and-order conditions, especially in Karachi, which exact a large economic toll; (4) vested interests associated with the provision of key social and economic services which undermine the cost-effectiveness and quality of these services; and (5) binding constraints on skills and other factors that limit productivity and output. In addition, over the last three years, Sindh has been disproportionately affected by successive natural disasters which devastated the rural economy, whereas its urban economy bore the brunt of the worst electrical power crises in the country's history.

## II. Sectoral and Institutional Context

Pakistan's performance in school participation has been poor in absolute terms, relative to other countries in the region, and relative to developing countries at its level of per capita income. The United Nations Development Program (UNDP) reports that, given Pakistan's present trend, the country is likely to fall significantly short of the United Nations' Millennium Development Goal of universal primary education by 2015.

School participation and student achievement: The level of school participation in Sindh is by and large qualitatively similar to the other provinces. In 2010/11, school participation rates for children ages 6–10 and 11–15 years in the province were 63% and 61%, respectively; the corresponding shortfalls are explained mainly by children never going to school rather than dropping out of school. Furthermore, recent progress in school participation has been slow. Results from a conditional analysis suggest that children from poor households and girls in rural areas suffer the largest school participation shortfalls. There are sizeable differences in school participation rates across the province's 23 districts; some districts also exhibit large urban-rural gaps in school participation. In addition, the level of student achievement in the province, as in the rest of the country, is low. Consistent with the evidence in general, the limited analysis for the province suggests that the child's household background characteristics as well as school quality are statistically and substantively associated with student achievement.

The government school system: The Sindh government is the main provider of education services in the province. Roughly 70% and 67% of school-going children ages 6–10 and 11–15 attend government schools, respectively. The government school system is extensive, comprising of roughly 43,000 functional schools, with a reported enrollment of 3.65 million students in grades 1–12 and 148,000 teachers. More than 90% of functional government schools are primary schools (grades 1–5), and 72% of these primary schools have only one or two teachers. Roughly 20% of schools have very low reported enrollment (less than 25 students), and 52% have poor-quality or no facilities and amenities (Annual School Census 2011-12). Most schools have little or no education inputs apart from assigned teachers and textbooks.

An important factor behind the poor education outcomes in the province is likely the under performance of the government school system. Among other things, performance is hampered by (1) poor incentives and capacity for systematic and strategic planning and effective implementation, (2) minimal monitoring and accountability of service delivery agents for implementation integrity and performance, and (3) system capture by insiders and other special interest groups that prefer the status quo.

Sindh Education Sector Reform Program: In FY2007/08, the Sindh government initiated a major, multifaceted, medium-term sector reform program for primary and secondary education called the Sindh Education Sector Reform Program (SERP). Reflecting an important shift from previous education development efforts by the Sindh government which aimed to increase expenditures, inputs, and benefits, SERP aimed to maximize the gains from any given level of expenditures, inputs, and benefits principally by strengthening governance and accountability. The Bank provided financial support to SERP between FY2006/07–FY2011/12 through the Sindh Education Sector Development Policy Credit (SEDPC) approved in June 2007, the Sindh Education Sector Project (SEP) approved in June 2009, and the Additional Financing to the Sindh Education Sector Project (SEP AF) approved in March 2011. Both SEP and SEP AF closed in June 2012.

SEP was a results-based project, with 98% of its credit amount of US\$300 million conditioned on the Sindh government satisfactorily complying with the credit covenants and meeting Disbursement Linked Indicators (DLIs), which were program implementation performance and progress targets agreed with the Sindh government. SEP AF was also a results-based project, with 100% of its credit amount of US\$50 million conditioned on DLIs. The Sindh government complied with credit covenants and satisfactorily met the agreed DLIs under SEP and SEP AF.

Second Sindh Education Sector Reform Program: The Sindh government has embarked on the design and early implementation of the Second Sindh Education Sector Reform Program (SERP II). SERP II is not simply the second phase of SERP. The government has drawn lessons from its SERP implementation experience to arrive at a reworked next version. Recognizing that markedly improving the quality of service delivery hinges on intensifying its efforts to strengthen sector governance and accountability, the Sindh government will (1) continue to carry forward (and strengthen) successful governance and accountability initiatives under SERP and (2) integrate in other complementary governance and accountability initiatives. In addition, recognizing that the success of any program design necessarily lies in program implementation integrity and performance, the Sindh government plans to carefully work out specific, pragmatic implementation steps and actions underpinned by strengthened implementation arrangements and coordination.

### III. Project Development Objectives

The Project Development Objective (PDO) is to support the Second Sindh Education Sector Reform Program (SERP II). SERP II aims to raise school participation, by improving the quality of service delivery, and measure student achievement.

Success in the project in meeting the PDO will be measured by the following indicators:

1. Primary school participation: Net Enrollment Rate (NER), primary, 6–10 years;
2. Middle school participation, NER, middle, 11–13, years;
3. High school participation, NER, matriculate, 14–15 years; and
4. Measurement of student achievement: Annual administration of the Student Achievement Test in grades 5 and 8 in government schools.

### IV. Project Description

#### Component Name

Results-based component: This component of the project, amounting to US\$295 million, will finance SERP II. Disbursements will be linked to achievement to DLIs agreed with the Sindh government.

Technical Assistance (TA) component: The TA component, amounting to US\$5 million, will finance essential technical, advisory, capacity-building, and monitoring support for SERP II.

## V. Financing (in USD Million)

For Loans/Credits/Others	Amount
BORROWER/RECIPIENT	2300.00
International Development Association (IDA)	300.00
Total	2600.00

## VI. Implementation

Institutional and implementation arrangements for SERP II will largely mirror the arrangements that were in place for SERP. These arrangements have in general performed satisfactorily.

SERP-II Steering Committee: The SERP-II Steering Committee will provide overall strategic guidance and enabling support to SERP II, and serve as a forum for high-level decision-making and an interface with the political leadership on SERP-II matters.

Implementing agency: The Education and Literacy Department (ED) will be the implementing entity. The Reform Support Unit (RSU), under ED, will be responsible for policy formulation, coordination, and monitoring of the initiatives under SERP II, and will have (joint) responsibility for the implementation of selected initiatives. Other departments, such as the Finance Department, as well as sub-departments and entities of ED, will have important design, implementation, and monitoring responsibilities.

Private sector implementation and monitoring support: Following the demonstrated success of the approach under SERP, the Sindh government plans to further tap the private market to support program management, implementation, and oversight of SERP II.

Arrangements in the districts: Districts have primary or joint responsibility for program implementation and monitoring. To strengthen district-level implementation and institutional arrangements for SERP II, the Sindh government will, among other things, (1) constitute SERP-II Region Oversight Committees in the regions in order to guide and review region/district program implementation progress and performance, (2) extend the RSU into the districts with the introduction of Local Support Units, and (3) intensify its use of contracted specialized private sector firms to provide capacity building services to the districts and field-level implementation and monitoring support for selected subprograms.

## VII. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11	x	
Indigenous Peoples OP/BP 4.10		x

Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

### VIII. Contact point

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