

**DRAFT**

Australian Government  
AusAID

## Quality at Entry Report for Sri Lanka: Transforming School Education Project (TESP)

<b>A: AidWorks details</b> <i>completed by Activity Manager</i>			
<b>Initiative Name:</b>	Sri Lanka: Transforming School Education Project (TESP)		
<b>Initiative No:</b>	INK170	<b>Total Amount:</b>	\$37 million
<b>Start Date:</b>	March 2012	<b>End Date:</b>	March 2016

<b>B: Appraisal Peer Review meeting details</b> <i>completed by Activity Manager</i>	
<b>Initial ratings prepared by:</b>	Jason Moynihan/Dunstan Fernando
<b>Meeting date:</b>	19 December 2011
<b>Chair:</b>	Paul Nichols, ADG NSA
<b>Peer reviewers providing formal comment &amp; ratings:</b>	– Graham Rady and David Coleman
<b>Independent Appraiser:</b>	– World Bank-led design/appraisal processes are viewed as compliant with AusAID's requirement for independent appraisal (see compliance minute, approved by AGD, NSA).
<b>Other peer review participants:</b>	– See APR Outcomes Minute

<b>C: Safeguards and Commitments</b> (completed by Activity Manager)		
<i>Answer the following questions relevant to potential impacts of the activity.</i>		
<b>1. Environment</b>	Have the environmental marker questions been answered and adequately addressed by the design document in line with legal requirements under the <i>Environmental Protection and Biodiversity Conservation Act</i> ?  Program activities do not create any negative environmental impact in project areas. However, an Environmental and Social Management Framework (ESMF) has been developed for the program by the World Bank. The ESMF is consistent with relevant World Bank safeguard policies and the Sri Lanka National Environmental Act (NEA). These guidelines are also consistent with relevant AusAID policies.	<b>Yes</b>
<b>2. Child Protection</b>	Does the design meet the requirements of AusAID's Child Protection Policy? The World Bank has established social safeguard protection principles and guidelines, which AusAID will largely rely on.. The program will be implemented by the national government and provincial governments, and all activities will be carried out in accordance with universally agreed/accepted child protection policies. AusAID also expects the World Bank to act in accordance with the principles set out in AusAID's Child Protection Policy, in addition to abiding by other relevant international declarations, conventions and agreements.	<b>Yes</b>

<b>D: Initiative/Activity description</b> <i>completed by Activity Manager</i>
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<b>3. Description of the Initiative/ Activity</b>	Australian support for TESP is a \$37 million program of proposed assistance, administered by the World Bank (WB) on AusAID's behalf, and implemented by the Government of Sri Lanka's (GoSL's) Ministry of Education (MOE) to improve the quality of and equitable access to education in Sri Lanka. This will add to a US\$100 million World Bank loan to the GoSL. The program is consistent with the GoSL's second phase of the Education Sector Development Framework and Policy (ESDFP) 2012-16. ESDFP provides the basis of a Sector Wide Program (SWAp) through enhanced alignment with GoSL policies, priorities, systems and plans, and harmonisation of Development Partners. AusAID proposes to channel its assistance to the program through a multi-donor Trust Fund arrangement. Of the \$37 million, almost \$34 million is for execution by the GoSL under the Trust Fund, just over \$1 million is the administrative fee to the World Bank and the remaining \$2 million is for a technical assistance facility to be managed by the World Bank.
<b>4. Objectives Summary</b>	<p>The main project development objective is to support the Sri Lankan Government (through the World Bank) to improve equitable access to and quality of primary and secondary education. The implied goal is to provide the foundation for a knowledge-based economic and social development of Sri Lanka of. TSEP will focus on three pillars of ESDFP 2012/16 namely:</p> <ul style="list-style-type: none"> <li>○ Promoting equity by enabling all children to access and complete primary and secondary education;</li> <li>○ Improving the quality of primary and secondary education; and</li> <li>○ Strengthening education governance and service delivery.</li> </ul>

### E: Quality Assessment and Rating

Criteria	Assessment	Rating (1-6) *	Required Action (if needed) ‡
<b>1. Relevance</b>	<p>This program is consistent with GoSL priorities, AusAID priorities and international aid effectiveness principles. While Sri Lanka is well placed to achieve basic education MDG access goals, it is falling short of delivering acceptable quality primary and secondary education throughout the nation.</p> <p>AusAID has been able to influence the design of TSEP, primarily to include more focus on primary education and lagging regions (two areas lacking in the original design). AusAID has identified three specific objectives for the proposed partnership through the World Bank, including: (i) increasing the national emphasis on improving the quality of primary education, reducing regional and other disparities in learning outcomes, and promoting broader social cohesion through education; (ii) leveraging better education outcomes from investments made by the GoSL and the WB through analytical and policy influencing work; and (iii) strengthening the Government's systems by using them, and learning from this.</p> <p>The reforms envisaged in TSEP are essential to achieve the country's long-term economic goals as outlined in the GoSL's development blueprint, 'Mahinda Chintana II'. This has the potential to improve social cohesion through providing more inclusive education and the teaching of English as a link language. TSEP will be implemented by the Ministry of Education (MOE) using existing structures at national and provincial levels. TSEP is also consistent with AusAID's broader policies of supporting the achievement of MDG 3 access goals; (ii) AusAID's Strategic Approach to Aid in Sri Lanka (2011-2015); and (iii) Australia's Effective Aid Policy document.</p>	5	<p>AusAID and the World Bank will both need to closely monitor the spending breakdown by province and within provinces (to ensure equality of access to education).</p> <p>AusAID will advocate the need for improved donor harmonisation in the education sector.</p>

**E: Quality Assessment and Rating**

<b>2. Effectiveness</b>	<p>There is a strong logic to TSEP. It links analysis, objectives and the proposed approach with a detailed results framework. The results framework covers objective, disbursement-linked and outcome level indicators with associated baseline targets and annual targets for each to define success. It also states that all outcomes will be measured by gender, province and medium of instruction (particularly important as Tamil medium schools tend to lag behind Sinhala medium schools), with an emphasis on the most disadvantaged areas.</p> <p>Key effectiveness risks to TSEP and the strategies to mitigate them have been identified (see DSID section 6). The overall risk rating of the TSEP by the Bank is low to moderate. However, there are substantial financial management risks, mainly due to low capacity of financial and procurement staff, especially at the school level.</p> <p>TSEP's effectiveness agenda will be to promote a more harmonised donor approach which will help promote better coordinated influence on the GoSL's policy and broadly improve effectiveness for AusAID.</p>	<p>5</p>	<p>AusAID and the World Bank will need to monitor first language outcomes in both Sinhala and Tamil.</p> <p>Ensure that financial and procurement management risks are closely monitored during implementation with WB reporting back to AusAID on capacity building measures and general improvements.</p>
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## E: Quality Assessment and Rating

<p><b>3. Efficiency</b></p>	<p>AusAID's funds will be provided through a WB Trust fund. Working through a multi-donor trust managed by WB, and implemented and coordinated by the MOE is an efficient mechanism for us to deliver assistance to the education sector in Sri Lanka.</p> <p>The World Bank will provide monitoring on fiduciary risks, financial management and procurement. Strategies will be in place to address identified weaknesses in GoSL procurement systems. The World Bank has already carried out a comprehensive assessment of the GoSL's financial management and procurement systems and strategies to effectively manage risks. The Bank has also consulted AusAID WIPS on the appropriate use of the GoSL's financial management systems. TSEP will support the GoSL to build capacity for procurement performance and compliance monitoring, and address weaknesses within the system with a special focus on provincial authorities. All payments by the World Bank, including AusAID funds, will be based on achievement of 'Disbursement Linked Indicators' (DLIs) - where funding is linked to achievement of annual targets. This mechanism is being introduced for the first time for the education sector in Sri Lanka.</p> <p>Through the DLIs, overall program performance will also be monitored and the findings used to ensure that the rolling plan is updated annually based on progress as well as needs. The TSEP PAD states the program will be adequately and appropriately resourced to help achieve the desired objectives. AusAID post will need to provide sufficient human resources for internal management of the TSEP and involvement in higher-level policy and planning dialogue. Sufficient time from the Program Manager, 2<sup>nd</sup> Secretary, Counsellor and the Regional Education Adviser will be required.</p> <p>Although funding modalities may be different, implementation arrangements will be harmonised with Development Partners (DPs) in the sector, and aligned or integrated with GoSL systems. DPs will work in support of the overall ESDFP 2012-16 and will harmonise their work with each other through regular donor-GoSL meetings and annual joint review missions.</p> <p>The school assessment component of the UNICEF Child Friendly Approach for school management is now included as part of the World Bank Program for School Improvement (PSI)-related disbursement-linked indicator. There are strong similarities with both approaches, particularly the focus on community involvement. However, it is unclear how exactly all aspects of the CFA will be incorporated in to the WB PSI approach.</p> <p>AusAID support to UNICEF through BESP will finish in 2013. Therefore future consideration will need to be given to ensuring that UNICEF and other like-minded DPs are proactively engaged with ESDFP 2012/16.</p>	<p>5</p> <p>The DSID needs to be amended; with a separate section including more detailed discussion on AusAID engagement in general. There also needs to be more specific information on how AusAID is monitoring financial risks. This includes noting WIPS views on the financial risks, their discussions with the World Bank on Public Financial Management (PFM) and what the AusAID regional PFM adviser should do.</p> <p>AusAID needs to determine what the minimal requirements for our financial reporting are. And, in particular, investigate whether details on PFM, including capacity building outputs, can be included as an annex in the Trust Fund Agreement with the World Bank.</p> <p>AusAID will monitor how the school management component of the CFA is merged with the World Bank PSI approach for school management.</p> <p>Clarify the role and potential for funding UNICEF to provide technical assistance support</p>
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## E: Quality Assessment and Rating

**4. Monitoring & Evaluation**

TSEP has a strong emphasis on monitoring and evaluation (M&E), with planned research, studies, regular donor meetings and annual joint reviews. As discussed in 'Efficiency', the results indicators and DLIs are integrated with sector priorities and funding is linked to them. They are aligned with ESDFP 2012-16 and are designed to reinforce GoSL systems. Collection of baseline data will be used to develop the M&E systems. Information and lessons learned from the first ESDFP will guide TSEP.

AusAID needs to see how our grant funds are used to enhance key areas of the program in accordance with AusAID's focus on certain areas, such as primary education. This would not require tracking or separate reporting on the use of our funds but would mean that we could ask how the additional AusAID funds have enabled the program to carry out activities in our priority areas which might not have been undertaken otherwise.

According to the cost breakdown in the DSID, \$4 million of AusAID funding will be directed to monitoring and research. AusAID will be able to use information from the reviews and the M&E systems to complete its quality assurance and reporting processes. The allocation of the Regional Education Advisor's time has been increased to undertake visits at least three times a year to monitor and support the WB, MOE, Post and other partners. AusAID's engagement in review missions will be strengthened through technical support by an education specialist, as well as other advisory inputs on working in partnership systems including PFM and procurement matters as required. This will ensure adequate monitoring, accountability, transparency and the efficient use of funds by the partner under the program. However, there will be the need to ensure ongoing emphasis on adequate resourcing and GoSL M&E capacity building.

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Ensure TSEP supports adequate resourcing of the GoSL's M&E capacity building, funding for M&E activities, and additional specialist technical resources.

AusAID needs to see where our grant money is spent as opposed to loan funds and we need to see reporting on how donor funds and GoSL funds contribute to the overall education sector.

Clarify that the progress of lagging regions will be explicitly monitored.

## E: Quality Assessment and Rating

<b>5. Sustainability</b>	<p>TSEP's design is aligned with the GoSL's national education sector policies and strategies (i.e. ESDFP 2012-16). Program activities will be implemented by the MOE with the support of Provincial Councils using existing Government structures and systems. Therefore, country ownership and commitment for the activities of the program are strong. The estimated GoSL contribution to the ESDFP 2012-16 is projected at about LKR 500 billion (US \$4.5 billion). Approximately 1.6 million primary students and 2.4 million secondary students will be direct beneficiaries.</p> <p>AusAID/WB funds represent around 3% of the total education sector budget, but around 25% of the education capital budget. This indicates TSEP can have a significant impact on capital expenditure and crucial development activities without being a burden for the GoSL to maintain when the program finishes.</p> <p>There are concerns to do with long term sustainability due to low spending by GoSL on education. The Government's current budgetary allocation to education is relatively low (around 1.9% of GDP), in comparison to other lower middle income and low income countries, including Bangladesh, Nepal and Pakistan. While GoSL spending on education is forecast to increase to around 2.9% of GDP in 2012/13, this is still below that of a number of middle income nations.</p> <p>There is strong technical viability and national consensus on policy measures to improve primary and secondary education outcomes. Capacity building activities in the sector will be supported at all levels. School-based management and training of trainers will improve the quality of education at the school level. Most activities will be able to be sustained with minimal additional expenditure.</p> <p>An environmental and social management framework (ESMF) has been developed for TSEP. The ESMF is consistent with relevant WB safeguard policies and relevant AusAID policies.</p>	<p>5</p>	<p>Monitor closely the GoSL's ongoing education budget expenditure and commitment to enhanced equity of education, improved institutional capacity and use of education reform to impact on broader social cohesion.</p> <p>AusAID and the World Bank should be prepared to enter into policy dialogue with GoSL on the need for an increase in public expenditure on education and other issues as required.</p>
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<b>6. Gender Equality</b>	<p>Sri Lanka is the only country in South Asia to have already achieved the MDG target in gender equality at all levels of education. Girls' performance is higher than those of boys in both primary and secondary level education. However, the female adult literacy rate is lower than that for men and the female unemployment rate is almost double that of males.</p> <p>Gender disaggregated data will be monitored by the WB and used to address gender-related disparities. The program documentation also proposes undertaking studies and analyses of emerging gender issues to further identify the greatest needs for interventions and strategies to promote gender equality throughout the education system.</p>	5	<p>Clarify what steps are planned to promote retention of boys in school.</p> <p>Ensure progress on gender equality issues are adequately monitored during implementation of the program, including advocating for an analytical study focussing on gender issues.</p> <p>Ensure M&amp;E and research findings are used to inform improvements in gender equality.</p>
<b>7. Analysis and Learning</b>	<p>The documentation, including the ESDFP 2012-16, the TSEP Project Appraisal Document (PAD) and AusAID's concept note and DSID, reflects considerable analysis of the education sector needs and key aspects of human resource development in Sri Lanka. The analysis in the GoSL's ESDFP 2012-16 and the World Bank's TSEP PAD are built on lessons learned from the previous ESDFP 2006-11 and previous Bank operations in Sri Lanka.</p> <p>AusAID has actively implemented a thorough engagement strategy (including Post, the Regional Education Advisor, and independent consultant) with the WB and GoSL, improving on the TSEP design in the process. Without our involvement, it appears we would have been left with a program that provided inadequate focus on primary education and lagging regions.</p> <p>According to the cost breakdown in the DSID, \$4 million of AusAID funding will be directed to monitoring and research. An additional \$2 million (administered by the WB) will be directed to research and policy studies, workshops etc. Given our strong investment in this area, AusAID should be engaged in higher level guidance of relevant work. In particular, analysis is needed in post-conflict areas.</p>	5	<p>AusAID should be proactively engaged in higher level guidance of M&amp;E, research and policy study investments to ensure we derive useful lessons of relevance to the Sri Lanka program and AusAID in general.</p> <p>Careful consideration needs to be given to AusAID human resources to engage with research, analysis and planning dialogue.</p>

## \* Definitions of the Rating Scale:


<b>Satisfactory (4, 5 and 6)</b>		<b>Less than satisfactory (1, 2 and 3)</b>	
6	Very high quality; needs ongoing management & monitoring only	3	Less than adequate quality; needs to be improved in core areas
5	Good quality; needs minor work to improve in some areas	2	Poor quality; needs major work to improve
4	Adequate quality; needs some work to improve	1	Very poor quality; needs major overhaul



† **Required actions (if needed):** These boxes should be used wherever the rating is less than 5, to identify actions needed to raise the rating to the next level, and to fully satisfactory (5). The text can note recommended or ongoing actions.

F: Next Steps <i>completed by Activity Manager after agreement at the Appraisal Peer Review meeting</i>		
Provide information on all steps required to finalise the design based on <i>Required Actions</i> in "C" above, and additional actions identified in the peer review meeting	Who is responsible	Date to be done
1. Final summary of record outcomes of the APR and Consolidated QAE approved by Chair. Examine whether a Ministerial Submission is required.	Desk / Post	February 2012
2. Obtain FMA Reg9/10 authorisation and sign the Agreement (note: if agreement not signed by end February, then we will need to have another discussion re: the funding for this program).	Desk/Post	February 2012
3. Negotiation with the World Bank and GoSL on program opening.	ERD and Finance Ministry	March 2012
4. Program starts	WB, GoSL	April 2012

G: Other comments or issues <i>completed by Activity Manager after agreement at the APR meeting</i>
<ul style="list-style-type: none"> <li>•</li> <li>•</li> </ul>

H: Approval <i>completed by ADG or Minister-Counsellor who chaired the peer review meeting</i>		
On the basis of the final agreed Quality Rating assessment (C) and Next Steps (D) above:		
<input checked="" type="checkbox"/> <b>QAE REPORT IS APPROVED</b> , and authorization given to proceed to: <ul style="list-style-type: none"> <li><input checked="" type="radio"/> <b>FINALISE</b> the design incorporating actions above, and proceed to implementation</li> <li>or: <input type="radio"/> <b>REDESIGN</b> and resubmit for appraisal peer review</li> </ul>		
<input type="checkbox"/> <b>NOT APPROVED</b> for the following reason(s): _____ _____ _____		
Paul Nichols ADG NSA	signed: 	7/21/12