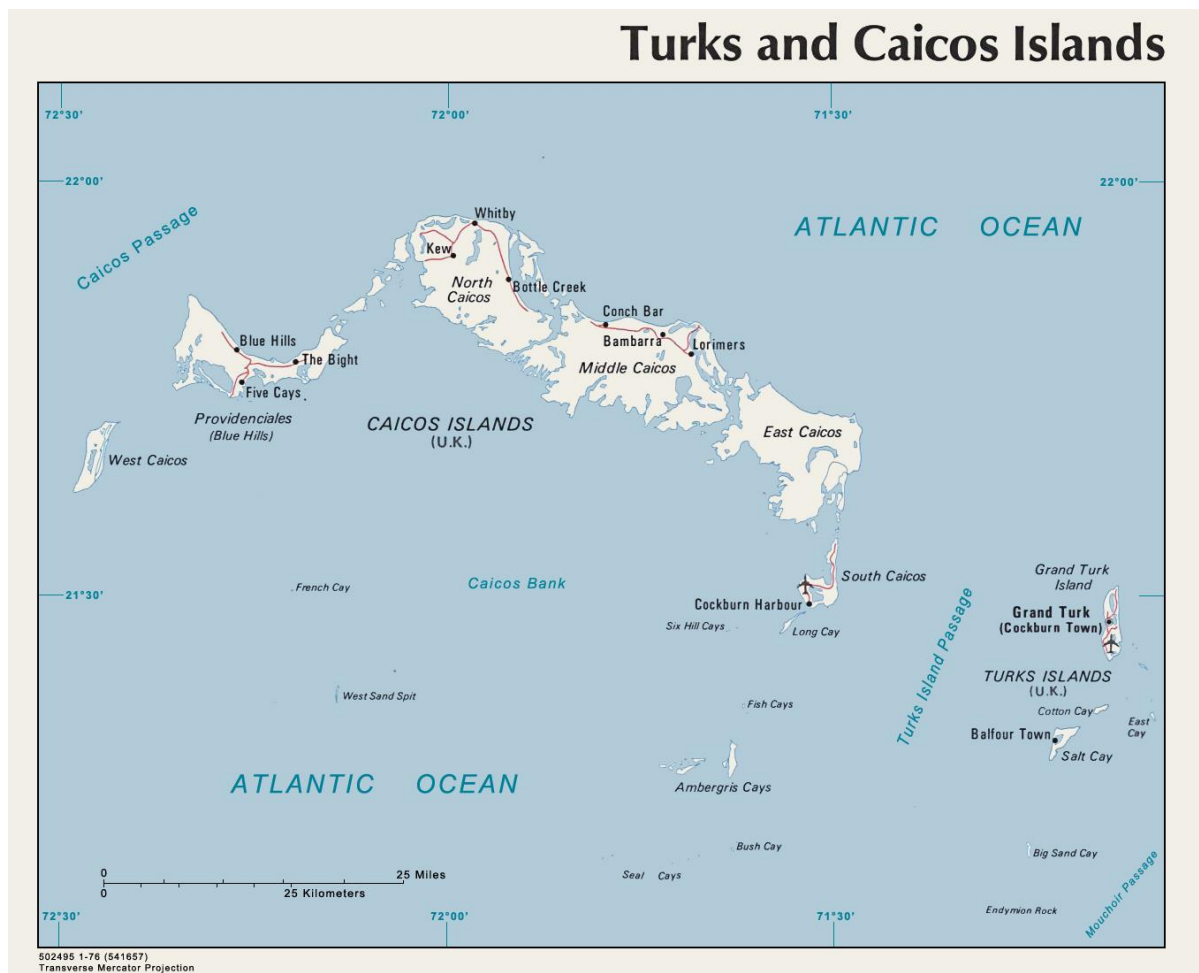


## Programming Document of the Turks and Caicos Islands

### 11<sup>th</sup> European Development Fund



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**The Turks and Caicos Islands Government and the European Commission  
hereby agree as follow:**

The Turks and Caicos Islands Government (represented by XXXXXXXXXX) and the European Commission (represented by XXXXXXXXXXXXX), hereinafter referred to as 'the parties', held discussions with a view to determining the general approach to cooperation between the Turks and Caicos Islands and the European Union.

During these discussions this Programming Document was drawn up in accordance with the provisions of the Association of the Overseas Countries and Territories with the European Union, as provided for in the Treaty on the Functioning of the European Union, in particular Article 198, as well as the Council Decision 2013/755/EU of 25 November 2013 on the association of the overseas countries and territories with the European Union.

**Signatures**

For the the Turks and Caicos Islands  
Government

For the European Commission,

:

Authorising Officer:

Date

Date

Place

Place

## PART A: EUROPEAN UNION RESPONSE STRATEGY

### Summary

The Turks and Caicos Islands are two groups of islands separated by a deep-water channel, lying south east of the Bahamas and north of Hispaniola (Haiti and the Dominican Republic) and some 575 miles from Miami. It has a ministerial system of government, and Queen Elizabeth II is the Head of State, represented locally by a United Kingdom appointed Governor.

Throughout most of its recorded history the population of Turks and Caicos Islands has varied between 5,000 and 6,000 until the mid-1970s. The population is now some 5 times larger with a particularly rapid growth in the 1990s when the population almost doubled. Data from the 2012 census reveal that the population of the Turks and Caicos Islands grew by 58.2 %, from 19,886 in 2001 to 31,458 in 2012. Over the past few years, school population has also increased by 10 % per year on average, thereby overstretching capacity at public schools.

The Sector Reform Contract with Turks and Caicos Islands amounting to EUR 14.6 million will support the Education sector reform. It is aligned with the Turks and Caicos Islands' Education Sector Policy, aiming at providing equal and fair access to all to the basic educational services. The Sector Reform Contract is guided by the overall objectives of *"a literate population with technical skills relevant to the job market"*, through the following expected results:

- Increased financial resources to implement the Education sector policy;
- Increased public classroom space for enhanced equitable access;
- Enhanced quality of Curriculum and classroom Teaching/Learning and leadership practices to improve learners' performances;
- Increased matching of the secondary and tertiary education offer with the labour market's needs.

The support from the European Union to the education sector is coherent with the main strategic objectives of the 11<sup>th</sup> European Development Fund and the Overseas Association Decision, which include Education and Training (art. 33, PART II).

The programme is also supportive of the main principles of the European Union's approach to education, as it aims at providing quality education for all based on strong principles of non-discrimination and equal access.

### **1. Objectives of the European Union's financial cooperation with the Turks and Caicos Islands**

In accordance with Article 198 of the Treaty on the Functioning of the European Union, the purpose of the association between the European Union and the Overseas Countries and Territories shall be *'to promote the economic and social development of the countries and territories and to establish close economic relations between them and the Union as a whole'*. These objectives have been confirmed and further developed in successive Council Decisions on the association of the overseas countries and territories with the European Union ("Overseas Association Decision").

The Decision currently in force is the Council Decision of 25 November 2013<sup>1</sup>, which came into force on the 1<sup>st</sup> of January 2014.

This Decision establishes an association of the Overseas Countries and Territories with the Union, which constitute a reciprocal partnership to support the Overseas Countries and Territories' sustainable development, as well as to promote the values and standards of the Union wider in the world.

Whilst Part II of the Overseas Association Decision defines the areas for cooperation for the Overseas Countries and Territories' sustainable development in the framework of the Association, Part IV includes detailed provisions on the financial cooperation between the Union and the Overseas Countries and Territories in the context of the 11<sup>th</sup> European Development Fund.

Under this framework, the Turks and Caicos Islands requested that the European Union financial cooperation under the 11<sup>th</sup> European Development Fund, for a total allocation of EUR 14.6 million, would support the reform of the education sector.

The objectives of the requested cooperation are fully consistent with Part IV of the Treaty on the Functioning of the European Union and with Part II of the Overseas Association Decision, which lists education and training among the priority areas of cooperation. In this respect, article 33(1) of the Overseas Association Decision specifies that cooperation in the field of education and training may cover: (i) *the provision of high quality, inclusive education at primary, secondary and higher education level and in the area of vocational education and training; and (ii) the support to the Overseas Countries and Territories in defining and implementing education and vocational training policies.*

## **2. Policy agenda of the Turks and Caicos Islands**

The Turks and Caicos Islands Development Strategy 2013-2017 sets the framework for the national sustainable development of the territory and it is an up-date, performed in 2012, of the National Socio-economic Development Framework 2008-2017, drafted to take into account the impact of the 2008-2009 crisis.

It is articulated around three key Strategic Directions, namely:

- A performing public sector that maintains stability and confidence;
- Private-sector led economic growth for opportunity, diversification, balanced development and job creation; and
- Enhancing the country's resources to match the growing demands of society and the economy.

In aiming at these three Strategic Directions, the Turks and Caicos Islands Development Strategy is notably focused on (i) a healthy, educated people, (ii) a stable macro economy, (iii) a sound public financial management, (iv) a performing public service, and (v) support for the poorest and most vulnerable.

Whilst its primary goals remain tight budgetary control and improved public financial management, the Government of the Turks and Caicos Islands is now moving to address education and the empowerment of its people in order to address inequalities

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<sup>1</sup> Council Decision 2013/755/EU, Official Journal of the European Union, L 344 of 19.12.2013

and raise the performance, productivity and the output of both the economy and society.

In particular, "education, including technical and vocational education, and enhancing the country resources to match the growing demands of society and the economy", represents one of the priorities for the Turks and Caicos Development Strategy 2013 – 2017 and its next Medium Term Development Strategy 2018-2022 currently under preparation.

In line with The Turks and Caicos Islands Development Strategy 13-17, the Government has outlined its “Five year Education Sector Plan – 2013-2017” (ESP 13-17) entitled “Success for Every Learner”, which follows the previous Education Development Plan 2006-2010 and covers the period 2013-2017. The Turks and Caicos Islands ESP 2013-2017 aims at reaching three Specific Objectives (SO):

- *SO.1- Provide Access to education of all schooling age groups;*
- *SO.2- Improve Teaching/Learning process, actors and tools;*
- *SO.3- Open & enlarge Technical and Vocational Education and Training opportunities at secondary & tertiary levels.*

Those three objectives are then organised in eight Strategic Imperatives (SI):

- *SI.1: Provide the number of school places to equitably meet Government of Turks & Caicos targets and international commitments.*
- *SI.2: Improve the quality and accountability of Leadership and Management. (related to SO.2)*
- *SI.3: Improve Teachers’ Professional Development. (Related to SO.2)*
- *SI.4: Improve the quality of Teaching and Learning. (Related to SO.2)*
- *SI.5: Improve Curriculum and Strategies for Assessment. (Related to SO.2)*
- *SI.6: Increase access to quality Early Childhood Development Services. (Related to SO.1)*
- *SI.7: Provide opportunities for all learners in Technical and Vocational Education Training. (Related to SO.3)*
- *SI.8: Increase provisions for Tertiary and Continuing Education. (Related to SO.3)*

The objectives of the Education Sector Policy are consistent - and match in planning terms - with the National Socio-Economic Development Strategy 2008-2017, which provides a roadmap for the socio-economic development within Turks and Caicos up to 2017.

The Education Sector Policy 2018-2022 will be drafted and adopted by the end of 2017, on the basis of a Medium Term Education Strategy that will be ready by end 2016, within the framework of the Medium Term Development Strategy 2018-2022. It is planned to address the same 8 Strategic Imperatives as in the current Education Sector Plan 13-17. Labour market efficiency is notably expected to be significantly improved during the second Plan, with the implementation of a Labour Market Information System that can improve matching and can help the government to collect the information necessary to be able to formulate labour market policy.

### **3. EU's response strategy: choice of sector of concentration**

#### **3.1 EU's response strategy framework**

Under the framework of the 11<sup>th</sup> European Development Fund, the EU co-operation with the Turks and Caicos Islands (EUR 14.6 million) intends to support the Government's education reform as outlined in its on-going Education Sector Policy – 2013-2017 “Success for Every Learner” and in the ensuing 2018-2022 sector policy document.

In particular, the European Union support to Turks and Caicos' education sector will help the Government address two major social and economic issues to which it is increasingly confronted with:

- A significant growth of population, including foreign immigrants, and challenging amount of new students entering annually in Turks and Caicos Islands 's education system. School population has increased by 10 % per year on average over the past few years, thereby overstretching capacity at public schools.
- The imperative and urgent need for the education and training sector to match the (qualitative and quantitative) requirements of the labour market, as well as the social demand of Turks and Caicos' Islanders and foreign immigrants.

The transversal dimension and magnitude of these two issues, and the key role that the education sector can play in their solution, advocated for selecting Education as the sole focal sector of the 11<sup>th</sup> European Development Fund.

In particular, the European Union support to the education sector will help the Turks and Caicos Islands Government to face the challenges posed by the demographic pressure to: (i) to absorb the high rate of enrolment forecasted over the next years and to maintain access to education to all schooling age groups; (ii) to enhance quality education by improving teaching process, and (iii) to better adapt education curricula with labour market by enlarging Technical Vocational Education and Training opportunities at secondary & tertiary levels.

Budget support under a Sector Reform Contract is the proposed implementation modality, which is supportive of the European Union's commitment to the principles of aid effectiveness, ownership and alignment (use of country system). In this respect, particular attention would be also put on consolidated macroeconomic and Public Financial Management reforms.

#### **3.2 Institutional capacity**

Implementing the Education Sector Policy will imply a significant level of institutional capacity building from both Government and non-public institutions to coordinate and to deliver the following expected results/activities:

- On the Government side, public educational institutions are led by the Ministry of Education, Youth, Sport and Library Services, working in close coordination with the Ministry of Finance, Investment and Trade, which has demonstrated its capacity to assist sectors in keeping a budgetary consistency with the sector policy objectives. As a necessary complement for achieving both transversal cooperation and absorption capacity, a more systematic involvement of the Ministry of Border Control and Labour will be mobilised, in particular on Technical and Vocational Education and Training issues.

- On the private sector side, the institutions representing the labour market, i.e. the Chamber of Commerce and the employers' associations, will be more involved, according to their interest in the educational offer; this result will be achieved also through Public-Private Partnership modalities at secondary schools and Community College levels. To support this involvement, it is envisaged to study the feasibility of a Territorial Qualifications Agency connected to the relevant regional bodies. Given the challenges posed by the immigration flows to reach the 3 strategic objectives of the Education Sector Policy 13-17 and beyond (access, quality and employability), the Ministry of Border Control and Labour will be invited to participate to the Working Group.



## PART B: THE TERRITORIAL PROGRAMME

|   |   |  |                          |                   |
|---|---|--|--------------------------|-------------------|
| 1. Title/basic act/<br>CRIS number                | Education Sector Reform Contract CRIS number: 2015/38883<br>financed under the European Development Fund  |  |                          |                   |
| 2. Zone benefiting<br>from the<br>action/location | Latin America and Caribbean<br><br>The action shall be carried out in The Turks and Caicos Islands  |  |                          |                   |
| 3. Programming<br>document                        | 11th European Development Fund Single Programming Document  |  |                          |                   |
| 4. Sector of<br>concentration                     | Education   | DEV. Aid: YES  |                          |                   |
| 5. Amounts<br>concerned                           | Total estimated cost: EUR 14.600.000<br><br>Total amount of European Development Fund contribution: EUR 14.600.000 of which<br><br>EUR 13.400.000 for budget support and<br><br>EUR 1.120.000 for complementary support.                          |  |                          |                   |
| 6. Aid and<br>implementation<br>modality(ies)     | Budget Support<br><br>Direct management –Budget Support: Sector Reform Contract<br>procurement of services  |  |                          |                   |
| 7 DAC code  | 11110   | Main Delivery Channel: 10000 Public Sector Institution |                          |                   |
| 8. Markers (from<br>CRIS DAC form)                | General policy objective  | Not<br>targeted  | Significant<br>objective | Main<br>objective |
|   | Participation development/good<br>governance  |  | X                        |                   |
|   | Aid to environment  | X  |                          |                   |
|   | Gender equality (including Women<br>In Development)   |  | X                        |                   |
|   | Trade Development   | X  |                          |                   |
|   | Reproductive, Maternal, New born<br>and child health  | X  |                          |                   |
|   | RIO Convention markers  | Not<br>targeted  | Significant<br>objective | Main<br>objective |
|   | Biological diversity  | X  |                          |                   |
|   | Combat desertification  | X  |                          |                   |
|   | Climate change mitigation   | X  |                          |                   |
|   | Climate change adaptation   | X  |                          |                   |
| 9. GPGC   | Not related to a <b>Global Public Goods and Challenges thematic flagships</b>   |  |                          |                   |
| 10. SDGs  | Main SDG Goal: SDG No.4 'ensuring inclusive and equitable quality<br>education and promoting lifelong learning opportunities for all'.<br>Secondary SDG Goal: SDG No.8 'promote sustainable and inclusive growth,<br>employment and decent work". |  |                          |                   |

## SUMMARY

The EUR 14.600.000 Sector Reform Contract is aligned with the education sector policy. It supports its implementation (i) financially, through the provision of budget support associated to specific targets, and (ii) technically, through the provision of technical assistance and capacity building. Together and in line with the objectives of the 11<sup>th</sup> European Development Fund's Programming Document, it is expected that the Sector Reform Contract will contribute to maintaining the Net Enrolment Rate in primary schools Grade 1 above 95 %, in spite of strong school population increase rate; build a much needed primary school (seating around 500 children) in Providenciales; have 25 % of in-service primary teachers registered in the in-service Bachelor of Education degree program by 2018; have 100 % high schools using Information Technology-based didactic material in the class lessons by 2018; and increase matching of the secondary and tertiary education offer with the labour market needs.

The budget support component is EUR 13.400.000. The first year tranche will be released on the fulfilment of the four general eligibility criteria. The tranches for the following years are based partly on the general eligibility criteria for a fixed payment and partly on performance against specific indicators. The specific indicators on which the two performance tranches will be assessed are made up of 2 times 4 indicators commonly agreed between the Turks and Caicos Islands and the European Union and directly linked to the Turks and Caicos Islands' Education Sector Policy.

Based on a needs assessment, a complementary support of EUR 1.120.000 will provide technical assistance and capacity building in determining area that will contribute to meeting the objectives of the policy and its monitoring. EUR 100.000 is allocated to Communication, visibility and evaluation. The indicative operational implementation period of this action is 48 months.

## 1. CONTEXT

### 1.1. Sector/Country/Regional context/Thematic area

The Turks and Caicos Islands Development Strategy 2013-2017 sets the framework for the national sustainable development of the territory.

Given the country vision and the local context, broad priorities for the Turks and Caicos Islands Development Strategies to 2017 are continued stability and good governance, growth with economic diversification providing a broader public revenue base, correcting the country's regional disparities, reducing poverty and protecting the natural environment.

The Strategy and broad priorities are addressed through three clusters of commitments, among which enhancing the country's resources to match the growing demands of society and economy, managing immigration and promote employment.

#### 1.1.1. Public Policy Assessment and EU Policy Framework

##### *Policy relevance:*

Consultation during the formulation of the “Five year Education Sector Plan 2013-2017” entitled “Success for Every Learner” was satisfactory: the Ministry of Education, Youth, Sports and Library Services consulted representatives of the Civil Society, as well as the private sector, which is highly interested in a better matching of Education (with higher

emphasis on Technical Vocational Education and Training) with the future business needs. The formulation process also involved and received support from the Strategic Policy and Planning Department, the Ministry of Finance, the Planning Department, the Ministry of Border Control and Labour, and the Social Development and Gender Affairs.

The Education sector policy and its strategy embodied in the Five year Education Sector Plan 13-17 respond to priority issues in the Sector which can be summarised as follows:

- Issue 1: Insufficient transparency of population data (including immigrant population) to ensure planning and implementing equitable universal access.
- Issue 2: Insufficient institutional capacity to plan, program and monitor in a realistic way the development of the Education Sector.
- Issue 3: Insufficiently trained (initial & continuous) teachers particularly at primary level.
- Issue 4: Insufficiently endogenous teaching-learning processes (curriculum, teaching materials, etc.).
- Issue 5: Insufficient matching between the profile of secondary and tertiary education system graduates and the skilled manpower expected by the labour market (of the private sector in particular).

The sector policy responds in a relevant manner to these priority challenges by a 5-year plan organised in three clusters of Strategic Objectives entailing eight Strategic Imperatives (SI). Table 1 synthesises the relevance of the responses planned in the Education Sector Plan 2013-2017 to the priority issues.

### Challenges vs. Strategic responses

| Priority issues | Strategic Imperatives  | Clusters of Strategic Objectives   |
|-----------------|--|--|
| Issue 1         | SI 1: Increase number of school places<br>SI 6: Increase access to quality Early Childhood Development services                    | Cluster A: Universal Access to Education                                       |
| Issue 2         | SI 2: Improve the quality and accountability of Leadership and Management  | Cluster B: Teaching Learning process enhancement                               |
| Issue 3         | SI 2: Improve the quality and accountability of Leadership and Management<br>SI 3: Improve Teachers' Professional Development      |  |
| Issue 4         | SI 4: Improve the quality of Teaching and Learning<br>SI 5: Improve Curriculum and Strategies for Assessment                       |  |
| Issue 5         | SI 7: Technical Vocational Education and Training opportunities<br>SI 8: Increase provisions for Tertiary and Continuing Education | Cluster C: Technical Vocational Education and Training opportunity enhancement |

The Strategic Imperative 1 "*increase number of school places*" is particularly relevant and urgent in a context where school population has increased by 10 % per year on average over the past few years; this increase has been absorbed largely by increased enrolments in private schools. Capacity at public schools is over-stretched and actions must be taken to maintain net enrolment rate in the first grade above 95 % (currently at 96 %).

The Education Sector Policy is supportive of the main principles of the European Union's approach to education in development cooperation. It is consistent with the Agenda for Change and with European Union's Communication (2014) "*A decent life for All*", as it aims at providing *quality education* and *vocational training*. By reaffirming the principle to provide

education to all children and youths in the age group 4-16 in its sector policy, the Turks and Caicos Islands are supportive of the European Union's approach to equity and inclusion in education, and in line with the European Union's Rights Based Approach to Development (third principle: *non-discrimination and equal access*). The Five year Education Sector Plan 13-17 places a systematic transversal emphasis in its Strategic Imperatives 1 and 4 in particular to children with special learning needs. The eight Strategic Imperatives are coherent with the 2010 strategy on *gender equality*. They also aim at achieving the Millennium Development Goals and the Sustainable Development Goals by achieving universal primary education. The Education Sector Policy 2018-2022, to be drafted in 2016/17 will be aligned with the Education goal of the Agenda for Sustainable Development 2016-2030, to "*ensure inclusive and equitable quality education and promote lifelong learning opportunities for all*". This will be achieved through the support to access and quality-related objectives of the Education Sector Plan 13-17 but also to its closer relationship between its graduate profiles and the labour market.

**Policy credibility:** The Policy contains a monitoring framework built upon the eight Strategic Imperatives together with their expected results, targets and related performance indicators summarized under a logical framework (for each Strategic Imperatives), responding to the requirements of a Performance Assessment Framework. Such monitoring elements constitute the basis for accountability to the executive and legislative powers. A baseline study will be carried out to complete data currently missing in the Performance Assessment Framework. An Open Education Management Information System has been contracted in June 2016 and implementation has started including setting up the application to all schools. Monitoring capacity will also be addressed by the appointment of a Programme Director before the start of the 11<sup>th</sup> European Development Fund Education Sector Reform Contract. The monitoring framework will be continued and updated throughout the next Education Sector Plan 18-22.

The current 2016/2017-2019/20 Fiscal and Strategic Policy Statement identifies the parameters upon which the budgetary targets at national policy level have been prepared for 2016-17 to 2019-20. It is updated yearly and is the basis upon which the 2016/17 (and following years) revenue and expenditure estimates will be prepared. The current approved Fiscal and Strategic Policy Statement validates and includes the budget (recurrent and capital expenditures) of the Education Sector until FY 2019/2020 (and by extension the corresponding school year). The draft budget (appropriation ordinance) contains the core elements for formulating a Medium Term Expenditure Framework for the period 2017/18 to 2019/20 corresponding to the implementation period of the proposed Sector Reform Contract. There is insufficient consistency between capital investments planned in the Strategy Policy 13-17 (Fiscal and Strategic Policy Statement 15/16) – presenting recurrent and development expenses for the next 4 fiscal years – and the planned increases in the school access at early childhood, primary and secondary levels. The 17/18 - 19/20 Medium Term Expenditure Framework will correct and focus primarily on matching capital investments planned in the approved Fiscal and Strategic Policy Statement with planned expenses for increasing school access at early childhood, primary and secondary levels to be planned in the next Sector Plan.

In terms of financial sustainability, the Education Sector Policy 13-17 included a comprehensive effort to construct a three-year Medium Term Expenditure Framework, with cost estimates for fiscal years starting with the 2014-2015 Budget and including recurrent and capital expenditure. This Medium Term Expenditure Framework was reflected in the 2015-2016 Budget, which presents a "Sector Medium Term Budgetary Framework" for the Education Sector, together with a "built-in Monitoring Framework". In its current form, the Medium Term Expenditure Framework only includes approved projects; therefore the future financing needs are not fully reflected over the Medium Term Expenditure Framework

projection period. This reflects in part prudent macro-fiscal management as projects are only included in the Medium Term Expenditure Framework once the financing requirements are secured. The Medium Term Expenditure Framework includes a provision of USD 4 million in Fiscal Year 2017/18 for the construction of a new school; the additional needs in terms of recurrent expenditure linked to increased school intake will need to be factored in for Fiscal Year 2018/19 and the years thereafter. The recent improvement in macro fiscal situation has generated substantial fiscal space (surplus), which will allow the Government to ensure the financing of the increased recurrent expenditure in the education sector (teachers and school maintenance). In addition, the Medium Term Expenditure Framework includes a Performance Assessment Framework with targets on primary school enrolments set at 95 %.

In order to ensure continuity of the Education sector development beyond 2017, the formulation of a Medium Term Education Strategy will be prepared in the course of 2016 within the framework of the next Medium Term Development Strategy. The Medium Term Development Strategy is meant to relay, for the 2018-2022 period, the current National Socio-economic Development Strategy 2008-2017, which provided the framework for the current Education Sector Plan 2013-2017. The Medium Term Development Strategy and, subsequent the Medium Term Education Strategy will be ready in December 2016, as confirmed by the Turks and Caicos Islands Government. It will address the same eight Strategic Imperatives as in the current Education Sector Plan 13-17 since access and quality targets have not yet been totally fulfilled and its Governance targets (educational planning, Education Management Information System, budgetary programming, physical-financial monitoring and evaluation) are still undergoing enhancement and consolidation. The 2018-2022 Education Sector Plan will be drafted on the basis of the agreed Medium Term Education Strategy and should be ready by November 2017.

In conclusion, the Government of the Turks and Caicos Islands has a relevant and credible policy, which can be supported by the proposed budget support programme.

### **1.1.2. Stakeholder analysis**

The stakeholders to the Education Sector Policy can be classified as follows:

1. The target group (Group 1): the compulsory education population, with a special focus on gender issue, non-discrimination and equal access as secured by the Constitution; the tertiary education students studying for Associates degree and Bachelor of Education, Bachelor of Administration and Bachelor of Science degrees (including working adults returning for completing a degree under continuous education modality);
2. The Government partners (Group 2): in particular (i) the Ministry of Education, Youth, Sport and Library Services, (ii) the Strategic Policy & Planning Department and (iii) the Planning Department of the Ministry of Finance, and (iv) the Ministry of Border Control and Labour;
3. The private Sector: enterprises and their representatives, Chambers of Commerce and employers' associations representing the labour market (Group 3);
4. The regional and international stakeholders, i.e. the United Kingdom, the Caribbean Development Bank and the European Union.

*Group 1* is well involved in the implementation of the Sector policy. Primary final grades and secondary education students bring a growing challenge to the teaching/learning process (and to the older teachers in particular) through their growing use of Information Technology tools outside the classroom. In this group potential adult beneficiaries will also be more and more involved in the expression of specific demands for completing degrees at Technical

Vocational Education and Training tertiary levels. Parents/families and local communities (including migrant communities) will be involved in dialogue notably with Government partners.

*Group 2* led by the Ministry of Education includes the Ministry of Finance (particularly the Strategic Policy and Planning Department and the Planning Department) in the formulation of the Education Sector Development Plan 13-17. A more systematic involvement of the Ministry of Border Control and Labour and of the Planning Department will be achieved on Technical Vocational Education and Training issues during the formulation phase.

*Group 3* is not sufficiently involved although private sector interest in the educational offer is quite obvious, and translated into Public-Private Partnership initiatives at secondary schools and Community College levels. Based on a labour market survey with the private sector, the private sector will be involved in building Technical Vocational Education and Training streams and in the implementation of a Labour Market Information System that can improve matching and can help the government to collect the information necessary to be able to formulate labour market policy. A public/private working group gathering the Ministry of Education, the Ministry of Labour, large and medium-sized employers is envisaged to develop a territorial qualifications agency connected to the relevant regional (and later international) bodies such as the Caribbean Examination Council and the Caribbean Association of National Training Agencies which are in charge of facilitating and/or enforcing the use of Caribbean Vocational Qualifications standards. Such involvement, once secured and sustained, will contribute together with both Ministries involved, to meet the objectives of the beneficiary country's development strategy 2013-2017.

### **1.1.3. Priority areas for support/problem analysis**

Based on the problem analysis described in section 1.1.1, the Education Sector Reform Contract will support the Government in addressing the Strategic Imperatives and priority issues as presented below:

**Table 2: Proposed areas of European Union support**

| <b>1 - Areas of EU intervention supporting directly the Education Sector Policy</b> |  |
|---|--|
| <b>Clusters of Strategic Objectives</b>   | <b>Proposed areas of Sector Reform Contract support</b>  |
| A: Universal Access to Education  | Facilitating access of all eligible learners through a new primary school planned to be constructed and secondary school to be opened in Providenciales  |
| B: Teaching Learning process enhancement  | Enhanced quality level of Teaching-Learning through enhanced qualifications of teachers and better performance of students   |
| C: Technical Vocational Education and Training opportunity enhancement              | Increased matching of the secondary and tertiary educational offer with the labour market needs at skilled workers/technicians and managers/professionals levels, by offering training to Caribbean Vocational Qualifications standards. |
| <b>2/ Areas of support indirectly linked to the Education sector Plan</b>           |  |

|  |  |
|--|--|
|  | <p>Improved financial capability of the government to achieve the objectives of the Turks and Caicos Islands' Education Sector Policy.</p> <p>Improved monitoring and coordinating capacities.</p> |
|--|--|

## 1.2. Other areas of assessment

### 1.2.1. Macroeconomic policy

**Key Macroeconomic Indicators and Potential Sources of Instability:** There has been remarkable progress in re-establishing macroeconomic stability since 2011. From a low point of a fall in Gross Domestic Product of nearly 20 % in 2009, with Government revenues only sufficient to cover two-thirds of Government spending in the following year, the Turks and Caicos Islands has now achieved both economic growth and a primary surplus to Gross Domestic Product, with each running in the region of 5 %. External debt as a proportion of Gross Domestic Product rose from 7.4 % in 2005 to 27.4 % by 2011. Whilst this is low compared to other Caribbean jurisdictions, the speed and manner of the increase were the main problems. Debt rose in 2011 to 124 % of government revenues, which is uncomfortably high, particularly as the government could no longer finance it. By 2011 the public accounts were gradually brought under effective control further to having put in place a legislative framework aiming at controlling debt and to bring it down to sustainable levels. The Government has specific debt reduction targets defined in its Fiscal and Strategic Policy Statement: the ratio of net debt to annual operating revenue must not exceed 110 % for 2015/16 and 80 % by 2018/19, while debt service must not exceed 10 % of annual operating revenue. Public debt is being repaid through the Sinking Fund funded with cash from civil recovery and budget surpluses. Finally, the Government is proposing to establish a Sovereign Wealth Fund (to be approved by the House of Assembly) as a vehicle to set aside a portion of government net surpluses for future generations and to dampen the volatility of government revenue.

The key reasons for a stable macroeconomic framework going forward are: (i) Economic growth of 5 % per annum, which is projected to continue into the medium term, driven by tourism and investments in tourism infrastructure; (ii) A continuous net operating surplus for the government budget (iii) Debt falling by EUR 93.6 million (USD 119.9 million) between 2013/14 and 2016/17; (iv) The robust public finance management framework now in place. The biggest threat to stability would be a reversal in the recovery of the US economy, on which the Turks and Caicos' tourism-based economy is highly dependent. The current narrowly-based tax system would also be a source of instability in such circumstances.

**Assessment of Macroeconomic Policies:** The Turks and Caicos Islands' macro-economic and fiscal strategy, outlined in the Fiscal and Strategic Policy Statement 2016-17 is relevant as it includes the following strategic objectives: (i) Controlling Government expenditure; (ii) Management of public debt; (iii) Revenue enhancement; (iv) Financial improvement of Statutory Bodies; (v) Public Private Partnerships. The Fiscal and Strategic Policy Statement 2016-17 combines fiscal discipline and public debt reduction by targeting a budget surplus and transferring the operating surplus into the sinking fund to reduce government debt. As far as credibility of the Fiscal and Strategic Policy Statement is concerned, the Government has managed since 2012 to bring public debt under control. The Fiscal and Strategic Policy Statement envisages a steady decline in the overall indebtedness and includes a debt sustainability analysis which demonstrates that the targets will be exceeded. The operating

surplus is projected to reach USD 22.1 million in Fiscal Year 2015-16 and USD 5.1 million in 2016/17, as the Government will increase its level of investment, notably in infrastructure and in the education sector. The Government has also committed to transfer an annual amount of USD 10 million into the Sovereign Wealth Fund. The stated intention is to continue accumulating surpluses in order to gradually reduce the debt to Gross Domestic Product ratio to under 10 % by 2018-19.

***Vulnerability to External Shocks:*** The Turks and Caicos Islands will remain vulnerable to natural disasters and to eventual downturns in the US economy, however the improved fiscal stance will allow for better resilience against such shocks.

***Domestic revenue mobilization:*** The tax system is fragmented with taxes being collected by many different government departments; it is also highly dependent on tourism and the tax base is narrow. There is no Income or Corporation Tax, no Property Tax, and no Value Added Tax or General Sales Tax in The Turks and Caicos Islands. Hence, 61 % of Government revenue derives from customs duties, customs processing fees and from the hotels and restaurants tax. Tax performance however has been satisfactory in the past three years; actual current revenue collection for 2013/14 at USD 200.3 million exceeded budgeted revenue by USD 11 million and in 2014/15 current revenue, at USD 246.5 million, exceeded budgeted revenue by USD 32 million, due to an exceptional tourism season. Current revenue for Fiscal Year 2015/16 are projected to reach USD 243.7 million, again well over the budget estimates.

The financial system has gradually recovered from the 2008 crisis; the level of non-performing loans has been reduced from 18 % in September 2014 to 15 % in September 2015, with provisions covering close to half of these.

On the basis of the above assessment, which is developed in greater detail in Annex 2, the Government of the Turks and Caicos Islands has a credible stability-oriented macroeconomic policy.

### ***1.2.2. Public Financial Management***

The findings of the repeat Public Expenditure and Financial Accountability assessment carried out in January 2015 are that Public Financial Management systems have improved considerably between 2011 and 2014; the improvements have been qualitatively substantial and consistent across the whole budget cycle management. The 2015 Public Expenditure and Financial Accountability review noted progress in 18 of the 27 performance indicators appraised, fiscal discipline was restored, budget credibility has improved and internal and external control and audit mechanisms are now firmly in place.

Overall budget execution has improved, budget expenditure arrears have decreased and control over commitments by spending Ministries has improved. Expenditure arrears have decreased to less than one per cent of annual expenditure. Risks associated with non-government public entities, in particular the Statutory Bodies have been mainstreamed; the 2012 Public Financial Management Ordinance provides the government with a strong supervisory role over the activities of Statutory Bodies, including their pay and staffing levels, and imposes clear reporting requirements. Government revenue performance has been strong with an 11.1 % increase in current revenue in 2013/14. Efforts to broaden the tax base through the introduction of Value Added Tax or of a payroll tax have been unfruitful as these initiatives did not receive majority support in the House of Assembly. The Public Expenditure and Financial Accountability review points to the lack of transparency of the tax concessions, which undermines the comprehensiveness and fairness of the system and stresses the failure of attempts to integrate the separate databases maintained by each of the various entities in



charge of tax collection. A Public Procurement Ordinance was passed in 2012; the Public Expenditure and Financial Accountability review notes that the new ordinance does contain some restrictions on open competitive procurement in that bidder are disqualified if they do not possess a Business Licence. Annual Procurement Plans are prepared, and tender opportunities are published on the government web-site. The budget preparation process has improved markedly; the budget documentation now provides most of the information required. The Fiscal and Strategic Policy Statement provides a clear medium term budgetary framework (top-down) for fiscal policy and sectoral allocation. The bottom up framework, the medium term expenditure framework, is currently being developed with assistance from the International Monetary Fund's Caribbean Regional Technical Assistance Centre. The latest report of the National Accountant Officer covers the 2012-2013 financial statements and was prepared in accordance with international auditing standards. Whereas it did not identify mistakes in the accounts, it found numerous occurrences of non-observance of financial control rules and lack of proper documentation of payments; therefore it concluded with a disclaimer.

The reform track record of the Government has been remarkable; the Government has achieved significant progress in improving public finance management systems, in terms of overall budgetary discipline and at all level of the budget cycle management, including improved credibility and predictability in budget execution, better public procurement practices, improved budget preparation process including the Medium Term Expenditure Framework and improved internal and external control and audit.

Following the recent Public Expenditure and Financial Accountability review carried out in February 2015, the Government has updated its Public Financial Management reform programme and a draft Public Financial Management Reform Action Plan covering the period Fiscal Year 2015/16 to Fiscal Year 2017/18 is in the process of approval. In the first phase leading up to 2015, the Public Financial Management reform action plan has focused on restoring fiscal discipline mainly through the Public Financial Management Ordinance 2012, including notably the introduction of personal responsibility of the Accounting Officers, as well as the introduction of a number of regulatory documents including Public Finance Management Regulations 2012, the National Audit Ordinance 2012 and the Public Procurement Ordinance.

The upcoming Public Financial Management Reform Action Plan 2015-2018 includes second generation reforms, such as the introduction of performance based budgeting, more complex accounting reforms such as full accrual accounting, the establishment of a fixed asset register and the introduction of functional classification which requires a revision of the chart of accounts. These reforms will be targeted by the Sector Reform Contract.

On the basis of the analysis above, and of the detailed assessment provided in Annex 3, there is clearly a credible and relevant programme to improve public financial management.

### ***1.2.3. Transparency and oversight of the budget***

***Strengths and Weaknesses of Budget Transparency:*** The Interim Administration introduced a number of new Public Financial Management rules, including the 2012 Public Financial Management Ordinance, which brought fundamental reforms and requirement for increased transparency and oversight over the budget and government activities and processes. The Public Financial Management Ordinance sets in law the clear expectation that the Government “shall make public such reports, and information as may be necessary to ensure that the public is kept fully informed at all times of the state of the economy of the Islands and

the finances of the Government.” As a result, the recent Public Expenditure and Financial Accountability review found significant improvement in transparency indicators. The budget documentation transmitted to the House of Assembly is fairly comprehensive and includes most of the information required under the Public Expenditure and Financial Accountability framework. Financial statements are now being produced in a timely fashion and subsequently audited. The Public Accounts Committee regularly examines the Auditor General’s reports.

**Medium-term Reform Expectations:** The major reforms made under the Interim Administration are leading to substantive improvements in the quality, integrity and accuracy of information. Audit Reports are now carried out and published regularly. The budget documentation transmitted to the House of Assembly is fairly comprehensive and includes most of the information required under the Public Expenditure and Financial Accountability framework. The Fiscal and Strategic Policy Statement 2016-17 provides a full set of macro-economic and fiscal projections for the budget year. The Budget includes estimates of the fiscal deficit (surplus in fact) and of the anticipated debt servicing (principal and interest). The Fiscal and Strategic Policy Statement includes a debt sustainability assessment with estimates of the debt stock at the beginning of the Fiscal Year 2016-17 and projections for the following 3 years up until 2019-20. Public access to fiscal information has improved against the 2012 Public Expenditure and Financial Accountability assessment, and is now fully in line with the Public Expenditure and Financial Accountability requirements.

**Confirmation of Entry Point:** The entry point is considered to be met since the 2015-2016 Budget Law is published with all its annexes in the Government Gazette, released to the press and, on the Government website. The enacted Budget for 2015-16, the Appropriation Ordinance 2015 and its supporting schedules, was published in March 2015; the budget address, also published, was delivered in the House of Assembly on March 23, 2015. As confirmed by the latest Public Expenditure and Financial Accountability review, there have been substantial improvements in openness and transparency in the Turks and Caicos Islands. More details are presented in Annex 4. The eligibility condition for budget support is therefore met.

## 2. RISKS AND ASSUMPTIONS

| Risks   | Risk level | Mitigating measures  |
|---|------------|--|
| <p><b><i>Risks linked to Political governance</i></b></p> <p>2016 will be an electoral year with elections expected most probably in November – December). The issue of independence, which was regularly raised during previous campaign by the winning party (Progressive National Party Progressive National Party could) be raised again this year. Previous Premier Missick, currently being under trial for corruption envisages to be candidate for the current party.</p> | M          | According to many UK and Turks and Caicos Islands observers, independence is defended by a small but vocal community and in all likelihood would not be envisaged before 2020. |

|   |                 |  |
|---|-----------------|--|
| <p><b><i>Risks linked to Education sector policy</i></b></p> <p>Insufficient baseline data in Performance Assessment framework.</p> <p>Insufficient consistency between capital investments planned in the Strategy Policy 13-17 (Fiscal and Strategic Policy Statement 15/16) and the planned increases in the school access at early childhood, primary and secondary levels.</p> <p>No evidence-based information and supporting data on the labour market demands/expectations are provided in Turks and Caicos Islands Sector Plan. Insufficient involvement of private sector.</p>  | <p><b>M</b></p> | <p>Technical Assistance to complete baseline and to operate a full Education Management Information System; Programme director will monitor implementation of the policy.</p> <p>To be corrected in the next Medium Term Expenditure Framework based on revised enrolment projections, fine-tuned with Technical Assistance complementary support of 11<sup>th</sup> European Development Fund Sector Reform Contract.</p> <p>Increased collaboration and coordination between Ministry of Education, Ministry of Labour and private sector through Labour Market survey and Labour Market Information System.</p>   |
| <p><b><i>Risks linked to Macroeconomic stability</i></b></p> <p>The position of UK Chief Financial Officer, established in 2012 to monitor, control and approve main revenues and expenditures, has been central in reaching the remarkable fiscal discipline and prudence experienced in Turks and Caicos Islands over the last three years. As foreseen, the position of Chief Financial Officer ended in March 2016, and raises concerns on future fiscal discipline, when United Kingdom control is lowered further to his departure.</p>   | <p><b>M</b></p> | <p>The 2016/17 – 2019/20 Fiscal and Strategic Policy Statement envisages fiscal discipline a steady decline in the overall indebtedness; an independent oversight body could be created. In replacement of the Sinking Fund, Turks and Caicos Islands is in the process of creating the "Sovereign Wealth Fund". This new Fund will act as (i) a protection Fund against economic shocks and (ii) as a saving account for major developments notably in infrastructure.</p>  |
| <p><b><i>Risks linked to Public financial management</i></b></p> <p>- General risk related to Public Procurement in a small island with substantial risks of partiality and conflicting interests. Specific risk lies in implementation and control of Public Procurement rules.</p> <p>- There are several systems/databases throughout Turks and Caicos Government that are used to capture taxpayer registration data. No management systems that are cross linked between various Government's departments. Collection functions of the National Insurance and National Health Insurance Board not merged with one IT system. 2/ Coordination between Ministries and Revenue Control Unit to be reinforced. 3/ Early detection of variances against budget and proper financial</p> | <p><b>M</b></p> | <p>- Public Procurement Ordinance introduced, Procurement Manual developed and made freely available to the public; Contract Management Unit established and headed by a Director of Contract; Procurement Board established; A Register of Contract is maintained by the Director of Contract; Procurement Plans are introduced; Publication of award of contracts in the Government website and Gazettes.</p> <p>- Merger of the collection functions of the National Insurance and National Health Insurance Board has to be approved by Cabinet; New IT Director appointed and expected to look into all IT issues to address information sharing. Ministries and Departments now submit monthly expenditure plan with their annual budgets to assist the Budget Office in making quarterly budgetary allocations 3/ Internal Audit Office established</p> |

|  |  |  |
|--|--|--|
| planning yet in place. 4/ Internal audit to be reinforced.   |  | with Chief Internal Auditor appointed. |
| <b>Assumptions:</b> (i) No major macro-economic downturn will threaten the availability of resources required to finance recurrent and capital expenditures. (ii) No major social crisis will affect the good climate of the education sector. (iii) Good governance and fiscal discipline maintained by next elected Government.  |  |  |
| <b>Risk of non-intervention:</b> (i) An important risk of no intervention is to leave alone the United Kingdom in its effort to maintain macroeconomic policy on track. The 11 <sup>th</sup> Sector Reform Contract provides incentives to monitor and consolidate its macroeconomic framework and maintain fiscal discipline. (ii) Turks and Caicos Islands is facing a significant socio-demographic challenge, notably with the need to absorb a considerable increase in enrolment projections, and the need to match demand with the labour market supply. Not supporting the Education Sector Policy, through budget support and the necessary complementary support, could lead Turks and Caicos Islands to miss its objective of "ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all provide quality education". |  |  |

### 3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS CUTTING

#### 3.1. Lessons learnt

From the previous 9<sup>th</sup> and 10<sup>th</sup> European Development Fund Sector Reform Contract, the following lessons learned on the implementation of a Sector Reform Contract in the Turks and Caicos Islands can be drawn:

(i) Relevant stakeholders within the lead Ministry, the Ministry of Finance and the Territorial Authorising Officer Office should be fully aware and trained, on the European Union Budget Support instrument and its requirements. (ii) Taking into account that the Sector Reform Contract is implemented by different Ministries - as it was the case under the previous 10<sup>th</sup> European Development Fund Sector Reform Contract -, the performance monitoring system should be reinforced with a high-level focal point responsible for the implementation of the project, and an intra-ministerial committee responsible for monitoring the implementation. The Monitoring mechanism of the Sector Reform Contract must be effective with clear distribution of responsibilities and decision making process. (iii) Regular updates on progress made must be shared with the Territorial Authorising Officer and the European Union Delegation. (iv) Policy and technical dialogue based notably on the planning and monitoring frameworks will be reinforced for more targeted planning.

#### 3.2. Complementarity, synergy and donor coordination

The United Kingdom and the European Union are the main official donors to the Turks and Caicos Islands providing substantial amounts. Until March 2016, the United Kingdom has provided some pivotal support to Public Sector Reform and Public Financial Management in particular. The only other donor, the Caribbean Development Bank will provide support for USD 100.8 million over the period 2015-2018. The Caribbean Development Bank strategy intends to improve water and sanitation infrastructures, roads and drainage and strengthening the education system notably with the drafting of the ensuing 2018-2022 Education Sector Policy. UNESCO will provide technical assistance in 2016 for the preparation of an Open source Education Management Information System. The Caribbean Examination Council will provide technical assistance in relation to the application of the Caribbean Vocational Qualifications standards.

Tripartite coordination between the Turks and Caicos Islands Government, the European Commission and the United Kingdom is regularly held through structured meetings, such as the Overseas Countries and Territories –European Union Forum, and through ad hoc meetings as necessary. The Government of the United Kingdom is actively engaged with the Turks and Caicos Islands. The Foreign and Commonwealth Office, in turn, liaises with the European Union as regards matters affecting the United Kingdom’s Overseas Territories.

As agreed in its new policy with Overseas Countries and Territories and in application of the new regulations, the United Kingdom will closely monitor the macroeconomic situation and the debt sustainability.

### **3.3. Cross-cutting issues**

The Turks and Caicos Islands meet international best practice with regards to gender equality, having adopted the United Kingdom’s standards and practices, the core principles of which are embodied in Part I of the 2011 Constitution (brought into effect, October 2012). The Development Strategy for the Islands, together with the Constitution and many of the recently enacted measures to strengthen Public Financial Management, all include provisions designed to ensure good governance. The Turks and Caicos Islands Government is especially vigilant in its protection of the environment.

The proposed intervention will continue to address the cross-cutting issues of gender equality, equity, non-discrimination and equal access. In particular, the Education Sector Policy aims at reducing gender disparities in performance at Caribbean Examination Council examinations by addressing the issue of under-performance of male students<sup>2</sup>. On a broader perspective, it is estimated that around 5 % of the school population has special educational needs and faces specific learning difficulties; these are being addressed through the Special Education policy/program recently finalised. The Education Sector policy also aims at increasing equity through its Second Chance Learning and lifelong education programmes; second chance opportunities are available for students who drop out of school.

Finally, disaster preparedness is taken into account as school students are prepared from an early age as to how to respond to natural disasters.

## **4. DESCRIPTION OF THE ACTION**

### **4.1. Objectives/results**

The **overall objective** of this Sector Reform Contract is “a literate population with technical skills relevant to the job market”.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of Sustainable Development Goal No.4 of 'ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all', but also promotes progress towards Goal No.8, 'promote sustainable and inclusive growth, employment and decent work". This does not imply a commitment by the Turks and Caicos Islands benefiting from this programme.

*The below specific objectives, expected results and activities are linked to relevant Outcomes programmed in the Strategic Imperatives in the Education Sector Plan document 13-17.*

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<sup>2</sup> Education Sector policy, p.61

**The specific objectives of the Education Sector Reform Contract, which respond to the main objectives of the Turks and Caicos Islands Education Sector Policy, are:**

- ✓ O1: To improve the financial capability of the Government to achieve the objectives of the Turks and Caicos Islands' Education Sector Policy.
- ✓ O2: To improve the enrolment of students to equitably meet Government targets and international commitments (Strategic Imperatives 1 of Education policy).
- ✓ O3: To improve the quality of Teaching and Learning (Strategic Imperatives 3, 4 and 5 of Education policy).
- ✓ O4: To provide opportunities for all learners in Technical and Vocational Education and Training (Strategic Imperative 7 of Education policy) with participation of private resources in providing continuing education (Technical Vocational Education and Training) opportunities (Strategic Imperative 8 of Education policy).

**The expected results of this intervention are<sup>3</sup>:**

R1: Increased financial resources to implement the Education Sector Policy.

R2: Increased public classroom space for enhanced equitable access (Strategic Imperative 1)

- Net Enrolment Rate in primary schools Grade 1 for all eligible children maintained above 95 % \*\*; One additional primary school (seating around 500 children) in Providenciales is 30 % completed\*.

R3: Enhanced quality of Curriculum and classroom Teaching/Learning and leadership practices leading to improved learners' performances (Strategic Imperatives 3 and 4)

- 25 % of in-service primary teachers are registered in the in-service Bachelor of Education degree program by 2018\*.
- 100 % high schools will use Information Technology based didactic material in the class lessons by 2018\*.

R4: Increased matching of the secondary and tertiary education offer with the labour market needs (Strategic Imperatives 7 and 8)

- Better coordination and information sharing with the private sector including through a Labour market demand survey and the elaboration of a labour market information system.
- Additional Caribbean Vocational Qualifications-compliant Technical Vocational Education and Training courses (4) in secondary school(s) by end of 2018 (School year 2018-2019)\*.

## **4.2. Main activities**

### **4.2.1. Budget support**

Activities linked to R1: increased financial capacities

- Transfer of EUR 13.400.000 over Fiscal Years 2016/17, 2017/18 and 2018/2019 (conditioned to compliance with general and specific conditions).

Activities linked to R2: Increased public classroom space for enhanced equitable access

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<sup>3</sup> The indicators which were included in the 11<sup>th</sup> Single Programming Document are marked by an asterix (\*). Those which can be matched with those of the EU Result Framework have two asterix (\*\*) against them.

- The tendering for the construction of an additional 12 classroom primary school with specifications included for disabled students will be launched, contracted and under construction in Providenciales in order to provide the additional space for enrolment of new pre-primary and primary school age children; this increased enrolment demand will come from the normal Turks and Caicos Islanders and immigrants' children population. In order to monitor better this influx and keep the Net enrolment rate at the present level (around 95 %), a coordinated activity will be conducted to organize and update continuously the count and data of school age immigrants' children.

Activities linked to R3: Enhanced quality of Curriculum and classroom Teaching/Learning and leadership practices leading to improved learners' performances

- The quality of teaching will be upgraded by enhancing Community College capacity to provide space and teaching for trainees (students or working teachers) wishing to achieve the Bachelor of Education degree. The Community College will recruit additional professors and mobilize space (in Grand Turk but mostly in Providenciales) to offer full time (through day classes) and part-time (through night classes and e-learning).
- A second focus will be on the introduction of IT-based course components in secondary school courses. This will be done through On the Job Training of teachers in selected subjects, the increase and upgrade of computer labs and the provision of computers to the teachers who will introduce IT-based courses in their classrooms.

Activities linked to R4: Increased matching of the secondary and tertiary education offer with the labour market needs

- A survey on the actual needs and trends of the labour market will be organized in cooperation with the key economic sectors (entrepreneurs and chamber of commerce) in order to gather and analyse the main features and trends of key Economic sectors and Civil Service in particular their workforce demand (actual and potential).
- Curricula of existing Technical Vocational Education and Training courses will be analysed and adjustment will be made in order to better match profile and skills expectations of the Labour Market. Moreover, a feasibility study will be conducted in cooperation with Caribbean Examination Council in order to identify and formulate four additional Technical Vocational Education and Training courses at secondary level; the subjects and curricula of these new courses will be based on the most demanded skills and capacities such as resulting from the Labour Market survey.

#### **4.2.2. Complementary support**

Complementary support will consist in supporting the Turks and Caicos Islands in areas where capacity building and advisory services are needed to reach targets fixed by the Education Sector Policy.

Activities linked to R2: Increased public classroom space for enhanced equitable access

- Provide technical assistance and training with focus on the planning, programming and monitoring of school infrastructure projects. Assist in programming and organizing the construction of new school premises and/or in the remodelling and equipment of existing schools; assist in the technical and management monitoring of educational infrastructure projects implementation.

Activities linked to R4: Increased matching of the secondary and tertiary education offer with the labour market needs

- Capacity building and technical assistance to the Ministry of Education and to private sector in developing instruments for matching Technical Vocational Education and Training (and general education) offer with the Labour market demand. Based on the pilot labour market survey to be performed in 2016 by the Chief Statistician of the Ministry of Planning, a Labour Market Information System will be established to provide continuous information on the labour market and help the Ministry of Education to better match the skills profiles of High school graduates with labour market expectations.
- Provide expert advisory services to the Ministry of Education and Community College in selecting four new Technical Vocational Education and Training streams, undertake technical dialogue with private sector and selecting appropriate equipment for training labs in high schools.
- Assist Community College in designing/updating the “Training referential” for Technical Vocational Education and Training capacity building (in accordance to Caribbean Vocational Qualifications and Caribbean Association of National Training Agencies standards).
- Train and/or upgrade a selected group of Community College teachers (in-service or to be recruited) according to the “Training referential”.

#### Activities linked to coordination, monitoring and visibility

- Assist the Ministry of Education in coordinating, monitoring, assessing the Education Sector Reform Contract, through the completion of a baseline study and support for the completion of a full Education Management Information System.
- Formulation of the disbursement dossiers.
- Technical assistance to carry out a Public Expenditure and Financial Accountability.
- Communicating, and providing European Union visibility.

### **4.3. Intervention logic**

The EUR 14.600.000 Sector Reform is aligned with the education sector policy. It supports its implementation through (i) a financial support to the budget associated to specific targets, and (ii) technically, through the provision of technical assistance and capacity building. Together, in line with the objectives of the 11<sup>th</sup> European Development Fund Programming Document, it is expected that the Sector Reform Contract will contribute to maintaining the Net Enrolment Rate in primary schools Grade 1 above 95 %; build a much needed primary school (seating around 500 children) in Providenciales; have 25 % of in-service primary teachers registered in the in-service Bachelor of Education degree program by 2018; have 100 % high schools using Information Technology-based didactic material in the class lessons by 2018; and will improve the matching of the secondary and tertiary education offer with the labour market needs. Complementary support in particular will contribute to improving the quality of the education system through teacher qualifications, curriculum development and improved adequacy of skills with labour market requirement. Assistance will also be provided to address monitoring issues through baseline studies and the implementation of a full Education Management Information System. The Sector Reform Contract is therefore geared to support the Turks and Caicos Islands' Education Sector Policy by contributing financially and technically to equitable access to and improved quality of Education.



## **5. IMPLEMENTATION**

### **5.1. Financing agreement**

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 85(2) of Council Decision 2013/755/EU.

### **5.2. Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) No 322/2015.

### **5.3. Implementation of the budget support component**

#### **5.3.1. Rationale for the amounts allocated to budget support**

The amount allocated for the budget support component is EUR 13.4 million and for complementary support EUR 1.12 million. This amount represents around 2 % of Government revenue and 13 % of education expenditure and is based on the financing needs for the required investment in infrastructure (new primary school) to maintain equitable access to education taking into account the projected increase in enrolments, the training of primary teachers and the upgrading of secondary school teacher's skills and the introduction of additional Technical Vocational Education and Training courses at high-school level. The commitment of the Government to allocate national budget resources to the education sector, in line with its Education Sector Plan, is strong and is reflected in the Medium Term Expenditure Framework. Resources allocated to the education sector Fiscal Year 2017/18 will increase by 9 %, and capital expenditure in education will increase by 61 %. The expected results should provide value for money and effectiveness to the educational system performance, both in quantitative terms (increased school capacity) and in qualitative terms. The Monitoring and Evaluation system will be further developed into a full Education Management Information System to support the next Education Sector Plan 18-22.

#### **5.3.2. Criteria for disbursement of budget support**

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Education Sector Plan 13-17 and its extension Education Sector Plan 18-22 and continued credibility and relevance thereof;
- Implementation of a credible stability-oriented macroeconomic policy;
- Satisfactory progress in the implementation of the Public Financial Management Reform Action Plan;
- Satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

b) The specific conditions for disbursement that may be used for variable tranches are the following:

1. Net Enrolment Rate in primary schools Grade 1 for all eligible children, with priority attention given to children with special learning needs not lower than 95 %;
2. New primary school tendered and being built in Providenciales, with specifications included for disabled students;

3. 25 % of in-service primary teachers registered in the in-service part time Education Bachelor degree program;
4. Use of Information Technology-based didactic material within the teaching/learning process in high schools;
5. Actual and future labour market demand survey completed;
6. Four additional Caribbean Vocational Qualifications Technical Vocational Education and Training courses set-up in Forms 4 & 5 of public high schools.

The chosen performance targets and indicators to be used for disbursements will apply for the duration of the programme. However, in duly justified circumstances, the Territorial Authorising Officer may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

In case of a significant deterioration of fundamental values, budget support disbursements may be formally suspended, temporarily suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

### **5.3.3. Budget support details**

The budget support will consist of 3 annual tranches, a single fixed tranche in Fiscal Year 2017/18 and a combination of a fixed tranche and variable tranche in 2018/19 and 2019/20.

Budget support is provided as direct untargeted budget support to the national Treasury. The crediting of the euro transfers disbursed into US dollars will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

## **5.4. Implementation modalities for complementary support of budget support**

### **5.4.1. Procurement (direct management)**

| Subject  | Type    | Contracts | When    |
|--|---------|-----------|---------|
| Public Expenditure and Financial Accountability assessment | Service | 1         | Q1 2018 |

### **5.4.2. Indirect management with the partner country**

A part of this action with the objective of providing advisory services and capacity building to implement its Education Sector Policy may be implemented in indirect management with the Government of the Turks and Caicos Islands in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 according to the following modalities:

The Turks and Caicos Islands will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures.

Payments are executed by the Commission.

The financial contribution covers, for an amount of EUR 1.020.000.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable by virtue of Article 36 of the Regulation (EU) 323/2015 and Article 19c(1) of Annex IV to the ACP-EU Partnership

Agreement, the Turks and Caicos Islands shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Regulation (EU) No 323/2015, will be laid down in the financing agreement concluded with the Turks and Caicos Islands.

#### Overview of implementation

|   |
|---|
| One service contract with the following objectives  |
| Objective 1: Provide expert advisory and training services with focus on the planning, programming and monitoring of school infrastructure projects.  |
| <ul style="list-style-type: none"> <li>• Provide capacity building in programming and supervising the construction of new school premises and/or in the remodelling and equipment of existing schools.</li> </ul>   |
| Objective 2: Provide expert advisory services for Technical Vocational Education and Training curricula and practical training equipment.   |
| <ul style="list-style-type: none"> <li>• Design and perform a labour Market Information System survey, the results will provide data on the labour market demands and help the Ministry of Education to better match the profiles of High school graduates with labour market expectations and improve their employability.</li> <li>• Assist the Ministry of Education in the selection methodology and process of 4 new Technical Vocational Education and Training streams to open in Turks and Caicos Islands Government High schools on the basis of the Labour market survey; in selecting curriculum referential and technical specifications of training labs and equipment in the above selected new Technical Vocational Education and Training (TVET) streams.</li> <li>• Assist the Ministry of Education in the design, implementation and monitoring of TVET teachers training and upgrading programme, in accordance to Caribbean Vocational Qualifications and Caribbean Association of National Training Agencies standards.</li> <li>• Train and/or upgrade a selected group of Turks and Caicos Community College teachers (in-service or to be recruited) according to the “Training referential”.</li> </ul> |
| Objective 3: Coordination, monitoring and visibility of the Sector Reform Contract  |
| <ul style="list-style-type: none"> <li>• Assist the Ministry of Education in coordinating and monitoring the implementation of the Education Sector Plan. Fine tune the Performance Assessment Framework with a baseline study and provide technical assistance for a full Education Management Information System.</li> <li>• Technical assistance to carry out a Public Expenditure and Financial Accountability.</li> <li>• Formulate the disbursement dossiers.</li> <li>• Communicate and provide European Union visibility in line with European Union visibility guidelines.</li> </ul>  |

### **5.5. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission’s authorising officer responsible may extend the geographical eligibility in accordance with Article 89(2)(f)(ii) and 89(3) of Council Decision 2013/755/EU on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

## 5.6. Indicative budget

| Item   | EU contribution<br>(amount in EUR) |
|--|------------------------------------|
| 5.3. Sector Reform Contract  | 13.400.000                         |
| Tranche 1  | 4.000.000                          |
| Tranche 2  | 4.800.000                          |
| Tranche 3  | 4.600.000                          |
| 2. Complementary support composed of   | 1.120.000                          |
| 5.4.1 Procurement (direct management) for PEFA assessment  | 100.000                            |
| 2.2. Indirect management with the Turks and Caicos Islands in support to the implementation of the Education Sector Policy | 1.020.000                          |
| Procurement – total envelop under section 2  | 1.120.000                          |
| 3. Evaluation  | 50.000                             |
| 4. Communication and visibility  | 30.000                             |
| Totals   | 14.600.000                         |

## 5.7. Organisational set-up and responsibilities

A Steering Committee will monitor and support the implementation of the Sector Reform Contract. The Steering Committee is composed of the Territorial Authorising Officer, the head of the Strategic Policy and Planning Department, the Minister and/or Permanent Secretary of the Ministry of Education, Youth, Sports and Library Services, a senior member of the Ministry of Finance, a nominated member of the Legislative Assembly and a representative of the European Union Delegation.

The main counterpart and implementing partner is the Ministry of Education, Youth, Sports and Library Services. The Ministry of Education, Youth, Sports and Library Services is the lead responsible for the planning, programming, implementation and coordination of the activities and will monitor the implementation of the Sector Reform Contract. To this end, it will be assisted by a Programme Director, to be appointed and financed by the Turks and Caicos Islands, responsible for the monitoring and coordination of the Sector Reform and for the reporting of progress made. The program Director will take part in the Steering Committee meetings and will ensure its Secretariat.

The Strategic Policy and Planning Department, under the guidance of the Territorial Authorising Officer, will provide annual disbursement requests for the release of the budgetary support tranches, including a review of the general and the specific conditions. These will include the submission of appropriate analytical data, statistics, budgetary data, reports and other documents necessary to assess whether general and specific conditions have been met for the base and performance tranches. The disbursement requests will provide to the European Union Delegation sufficient documented information to assess eligibility and compliance with agreed disbursement conditions.

In addition to regular communication between the Turks and Caicos Islands and the European Union Delegation, European Union missions to the Turks and Caicos Islands will take stock of progress and discuss the way forward both in terms of reporting and in terms of addressing the alerts.

### **5.8. Performance monitoring and reporting**

During the inception phase of the programme, a baseline study will be carried out to complete data currently missing in the Performance Assessment Framework. This baseline study will be carried by technical assistance funded through complementary support to the Sector Reform Contract. Intermediate and final values will be assessed through further complementary support in monitoring and assessing progress.

**The general conditions** for disbursement of all tranches are as follows: satisfactory progress in the implementation of the Education Sector Policy and continued credibility and relevance thereof; implementation of a credible stability-oriented macroeconomic policy; satisfactory progress in the implementation of Public Financial Management Reform Action Plan; satisfactory progress with regard to the public availability of timely, comprehensive and sound budgetary information.

**The specific conditions** for disbursement of all tranches are as follows: each specific condition is composed of a fixed and a variable tranche. The variable tranches will be assessed through policy based performance indicators. The system for monitoring the progress and for assessing the performance of the Sector reform will rely on the Open source Education Management Information System and will be based on the Education Sector Plan indicators complemented by the proposed Sector Reform Contract performance indicators.

**Timing for reviews and disbursement:** The agreed timing is n-1/n/n. Late 2016 the disbursement file must be completed for the payment of the first fixe tranche in May 2017. Early 2018 when outturn figures and reports for the previous financial year are fully available there will be a review to for the first variable tranche. Early 2019 there will be a review for the second variable tranche.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

### **5.9. Evaluation**

Having regard to the nature of the action, an evaluation will not be carried out for this action or its components. The Commission may however, during implementation, decide to

undertake such an evaluation for duly justified reasons either on its own decision or on the initiative of the partner. The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

#### **5.10. Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one contract for audit services shall be concluded under a framework contract in June 2020.

#### **5.11. Communication and visibility**

Communication and visibility of the European Union is a legal obligation for all external actions funded by the European Union.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

The visibility plan will be implemented and financed through the global service contract procured under indirect management (see section on complementary support).

## APPENDIX - Indicative list of result indicators

The inputs, the expected direct and induced outputs and all the indicators, targets and baselines included in the list of result indicators are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The table with the indicative list of result indicators will evolve during the lifetime of the action: new columns will be added for intermediary targets (milestones), when it is relevant and for reporting purpose on the achievement of results as measured by indicators. Note also that indicators should be disaggregated by sex whenever relevant.

|                           | Results chain  | Indicators   | Baselines<br>(incl. reference year)    | Targets<br>(incl. reference year) | Sources and means of<br>verification |
|---------------------------|--|--|--|-----------------------------------|--------------------------------------|
| Overall objective: Impact | A literate population with technical skills relevant to the job market | 1.1. Literacy rate of 15-24 year olds, both sexes, percentage (Sustainable Development Goal 4) | School Year (SY) 16/17 : To be defined | SY 18/19 : To be defined          | Ministry of Education reports        |
|                           |  | 1.2. Net primary enrolment rate (%) (Sustainable Development Goal 4)                           | School Year 16/17 : To be defined      | SY 18/19 : To be defined          | Ministry of Education reports        |
|                           |  | 1.3. Unemployment (% of total labour force) (Sustainable Development Goal 8)                   | School Year 16/17 : To be defined      | SY 18/19 : To be defined          | Ministry of Labour                   |

|                                   |   |   |   |  |  |
|-----------------------------------|---|---|---|--|--|
| Specific objective(s): Outcome(s) | SO1: To improve the financial capability of the Government to achieve the objectives of the Turks and Caicos Islands' Education Sector Policy.  | 1.1 Total budget allocated to the Ministry of Education               | USD 26.2 million in Fiscal Year 2014/2015           | USD 34.4 million in Fiscal Year 2017/2018                            | Turks and Caicos revolving Medium Term Expenditure Framework over the 2016-2022 period   |
|                                   | SO2: To improve the enrolment of students to equitably meet Government targets and international commitments in terms of education outcomes (Strategic Imperatives 1 of Education policy).  | 1.2 Net primary enrolment rate (%) for all school-age population      | School Year 16/17 : To be defined by baseline study | School Year 18/19: to be revised further to revised projection study | Education Sector Performance Assessment Framework (PAF)  |
|                                   | SO3: To improve the quality of Teaching and Learning (Strategic Imperatives 3, Strategic Imperatives 4 and Strategic Imperatives 5 of Turks and Caicos Education policy).   | 1.3 In service primary teachers with an Education Bachelor degree (%) | School Year 2015/2016: 25 %                         | School Year 19/20: 50 %  | Copy of Education Bachelor degree or equivalence certification   |
|                                   | SO4: To achieve improved employability through the provision of opportunities for all learners in Technical and Vocational Education and Training (Strategic Imperative 7 of Turks and Caicos Education policy) with participation of private resources in providing continuing education (TVET) opportunities (Strategic Imperative 8 of Turks and Caicos Education policy). | 1.4 Employment rate of Turks and Caicos educational system graduates  | School Year 2015/2016 To be defined                 | School Year 18/19 To be defined                                      | Independent audits of Turks and Caicos Islands educational performances (e.g. UNESCO annual statistics and performance reviews) , Ministry of Labour employment annual reports |



|                 |   |   |  |  |  |
|-----------------|---|---|--|--|--|
| Induced outputs | <p>SO1<br/>R1: Increased financial resources to implement the Education Sector Policy and achieve the objectives of the Turks and Caicos Islands' Education sector policy.</p>  | <p>1.1 Capital expenditure</p>  | <p>1.1. USD 4.0 million in Fiscal Year 2014/15</p>   | <p>1.1. USD 6.8 million in Fiscal Year 2017/18</p>                                   | <p>Budget and financial reports</p>  |
|                 | <p>SO2<br/>R2: Increased public classroom space for enhanced equitable access (Strategic Imperative 1)</p>  | <p>2.1. Net Enrolment Rate in primary schools Grade 1 for all eligible children [Variable Tranche 1.1&amp; Variable Tranche 2.1]<br/>2.2. Completion rate of new Primary school (seating around 500 children) being built in Providenciales [Variable tranche 1.2 &amp; 2.2]</p>  | <p>2.1. 96 % in 2014/15<br/><br/>2.2. 0 % in School Year 2014/15</p>   | <p>2.1. 95 % until 2019/20<br/><br/>2.2. 30 % by 31/12/2018</p>                      | <p>2.1. Educational Digest, Educational Planning Unit, Ministry of Education; Annual Statistical Report, Statistics Unit, SPPD, Ministry of Labour<br/>2.2. Supervisor/contracting authority report</p>            |
|                 | <p>SO3<br/>R3: Enhanced quality of Curriculum and classroom Teaching/Learning and leadership practices leading to improved learners' performances and education outcomes(Strategic Imperative 3 and Strategic Imperative 4)</p> | <p>3.1. Percentage of in-service primary teachers registered in the In-service part time Education Bachelor degree program since two years [Variable tranche 2.3]<br/>3.2 Number of networked PC stations with server and relevant teaching/learning software in TCI public High School [Variable tranche 2.4]</p>  | <p>3.1. 4.2 % in December 2015</p>   | <p>3.1. 25 % in December 2018</p>  | <p>3.1. Report from Turks and Caicos Island Community College</p>  |
|                 | <p>SO4<br/>R4: Increased matching of the secondary and tertiary education offer with the labour market needs (Strategic Imperative 7 and Strategic Imperative 8)</p>  | <p>4.1. Labour market demand survey approved by Ministry of Education [Variable tranche 1.3]<br/>4.2 Education Management Information System operational and harmonised with Education Management Information System of the Ministry of Labour (complementary support)<br/>4.3. Caribbean Vocational Qualifications -compliant TVET courses in secondary school(s) * [VT.1.4]</p> | <p>4.2. Not operational and harmonised in School Year16/17<br/><br/>4.3. 6 TVET courses in School Year 14/15</p> | <p>4.2. Operational by 31/12/2018<br/><br/>4.3. 10 TVET in School Year 2017-2018</p> | <p>4.2 Education Management Information System implementation report<br/><br/>4.3. School Year 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services.; CXC certification document.</p> |

|                       |  |  |                                 |   |   |
|-----------------------|--|--|---------------------------------|---|---|
| <b>Direct outputs</b> | DO 1.1 Transfer of funding (conditioned to compliance with general and specific conditions)  | 1.1 Cumulated amount of the Transfer   | 1.1 Fiscal Year 14/15: EUR zero | 1.1 Fiscal Year 18/19: EUR 13.4 million | 1.1 Government of TCI Account   |
|                       | DO 2.1 The tendering for the construction of an additional 12 classroom primary school with specifications included for disabled students launched, contracted and under construction in Providenciales in order to provide the additional space for enrolment of new pre-primary and primary school age children      | 2.1 Average number of students per class in primary education  | 2.1 School Year 2015/16: 17     | 2.1 School Year 2018/19: 17             | 2.1 Educational Digest of the Educational Planning Unit, Ministry of Education, Annual Statistical Report of the Statistics Unit, Strategic Policy and Planning Department, Ministry of Finance, Investment and Trade |
|                       | DO 2.2 Enhanced capacities in planning, programming and monitoring of school infrastructure projects. Assistance in programming and organizing construction of new school premises and/or in the remodelling and equipment of existing schools. (Complementary support).   | 2.2 Technical assistance and training in man/month   | 2.2. School Year 2015/16: 0     | 2.2 School Year 2017/18: 12             | 2.2 Contract  |
|                       | DO 3.1 The quality of teaching is upgraded by enhancing Turks and Caicos Island Community College capacity to provide space and teaching for trainees.   | 3.1 Percentage of in-service primary teachers registered in the In-service part time Education Bachelor degree program since two years | 3.1 4.2 % School Year 2014/15   | 3.1 25 % in December 2018               | 3.1 Report from Turks and Caicos Island Community College   |
|                       | DO 3.2 Introduction of IT-based course components in secondary school courses. This will be done through On the Job Training (OJT) of teachers in selected subjects, the increase and upgrade of computer labs and the provision of computers to the teachers who will introduce IT-based courses in their classrooms. | 3.2 Number of networked PC stations with server and relevant teaching/learning software in TCI public High School                      | 3.2. 20 in School Year 2014/15  | 3.2 140 in December 2018                | 3.2 High school principal monthly reports and/or inspectors reports   |

|  |  |   |   |  |  |
|--|--|---|---|--|--|
|  | DO 4.1 A survey on the actual needs and trends of the labour market will be organized in cooperation with the key economic sectors (entrepreneurs and chamber of commerce) in order to gather and analyse the main features and trends of Turks and Caicos Islands key Economic sectors and Civil Service in particular their workforce demand (actual and potential). | 4.1 Labour market demand survey approved by Ministry of Education | 4.1 0 in 2015                           | 4.1 Labour Market Survey approved by December 2017 | 4.1 Approval by Ministry of Education and Ministry of Labour                                       |
|  | DO 4.2 A Labour Market Information System will be established to provide continuous information on the labour market and help the Ministry of Education to better match the skills profiles of High school graduates with labour market expectations. (Complementary support)  | 4.2 Operational Labour Market Information System                  | 4.2 2015: 0                             | 4.2 2017: 1  | 4.2 Ministry of Education; and Ministry of Labour  |
|  | DO 4.3 Implement at least 4 new TVET streams in Forms 5 and 6  | 4.3 Number of TVET courses  | 4.3 6 TVET courses in School Year 14/15 | 4.3 10 TVET courses in School Year 17/18           | 4.3 School Year 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services. |
|  | DO 4.4 Capacity building and Technical assistance in developing instruments for matching TVET (and general education) offer with the Labour market demand. (Complementary support)   | 4.4 Technical assistance and training in man/month                | 4.4. 0 man/month in 2016                | 4.4 8 man/month in 2018                            | 4.4 SY 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services.          |
|  | DO 4.5 Capacity building and Technical assistance to the Ministry of Education and TCI Community College in undertaking technical dialogue with private sector and selecting appropriate equipment for training labs in TCI high schools. (Complementary support)  | 4.5 Technical assistance and training in man/month                | 4.5. 0 man/month in 2016                | 4.5. 8 man/month in 2018                           | 4.5 School Year 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services. |
|  | DO 4.6 Assist TCI Community College  |   |   |  |  |

|  |   |   |                             |                                    |  |
|--|---|---|-----------------------------|------------------------------------|--|
|  | in designing/updating the “Training referential” for TVET training capacity building (in accordance to Caribbean Vocational Qualifications and Caribbean Association of National Training Agencies standards) (Complementary support) | 4.6 Technical assistance and training in man/month                          | 4.6. 0 man/month in 2016    | 4.6. 7 man/month in 2018           | 4.6 School Year 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services. |
|  | DO 4.7 Train and/or upgrade a selected group of TCI Community College teachers (in-service or to be recruited) according to the “Training referential”. (Complementary support) Training is an activity. Capacity built is the output | 4.7 Technical assistance and training in man/month                          | 4.7. 0 man/month in 2016    | 4.7. 8 man/month In 2018           | 4.7 SY 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services.          |
|  | DO 5.1 Technical assistance to carry out a PEFA   | 5.1 3rd PEFA report   | 5.1 0 man/month in 2016     | 5.1. 1 in Fiscal Year 17/18        | 5.5 Final report approved by all stakeholders  |
|  | DO 5.2 Assist the Ministry of Education in coordinating, monitoring, assessing the Education Sector Reform Contract   | 5.2 Number of man months of Technical assistance and training               | 5.2. 0 in Fiscal Year 14/15 | 5.2 8 man/month in 2018            | 5.2 School Year 2017-2018 report by the Ministry of Education, Youth, Sports and Library Services. |
|  | DO 5.3 Formulation of the disbursement dossiers   | 5.3 Positive assessment on General and specific conditions for disbursement | 5.3. No assessment in 2016  | 5.3 3 during period 15/16 to 19/20 | 5.3 TCI disbursement requests  |

## **ANNEX I: Indicative Schedule of budget support disbursements**

|                               | FY 16/17 | FY 2017/18 |    |    |    | FY 2018/19 |    |    |    | FY 2019/20 |    |    |    |
|-------------------------------|----------|------------|----|----|----|------------|----|----|----|------------|----|----|----|
|                               |          | Q1         | Q2 | Q3 | Q4 | Q1         | Q2 | Q3 | Q4 | Q1         | Q2 | Q3 | Q4 |
| Annual review of eligibility  | X        |            |    |    | X  |            |    |    | X  |            |    |    |    |
| Fixed tranche disbursement    |          | 4          |    |    |    | 1          |    |    |    | 1          |    |    |    |
| Variable tranche disbursement |          |            |    |    |    | 3.8        |    |    |    | 3.6        |    |    |    |
| Total                         |          | 4.0        |    |    |    | 4.8        |    |    |    | 4.6        |    |    |    |

## **ANNEX II - Summary country data – Turks and Caicos Islands**

The Turks and Caicos Islands' economy after being severely affected by the 2008 downturn is showing positive signs of recovery. It is estimate that the island's economic growth in real terms has increased by 4.1 % in 2015, having expanded by almost 5.0 % in 2014. Both rates besting the 5-year 2010-2014 average of 1.7 %. This performance primarily reflects upon the growth in tourism and the expansion in associated key industries such as construction, transport, storage and communication, electricity and water, real estate and business services. The Medium Term Fiscal Strategy for 2016-17 to 2019-20 is primarily focused on job creation, economic growth, and providing opportunities for the vulnerable population. Reforms should result in a more competitive economy, and a more equitable society. Going forward, the focus will be on generating annual operating surpluses. In 2016/17, operating surplus will be USD 5.1 million as the government makes concerted efforts to invest in major economic development projects. For 2017/18 and beyond it is projected to steadily increase to USD 14.3 million, 2018/19 – USD 20.6 million and 2019/20 – USD 22.8 million. The operating surplus will allow the government to make transfer from the Consolidated Fund to a Sovereign Wealth Fund, to ensure that they can effectively respond to future economic shocks. Maintaining debt service obligations is also a key priority for the government; Net Government Debt is forecast to reduce from USD 157.6 million in 2015/16 to USD 142.2 in 2016/17 and to further reduce to USD 59.9 million by 2019/20.

|  |  |
|--|--|
| Surface  | 193 Sq. km   |
| Geographic region  | Northern Caribbean   |
| Population, total 2015 (projections based on 2012 Census)  | 36,692)  |
| Membership of regional/international organisations   | UKOTA, OADA, Commonwealth Parliamentary Association, CARICOM, CDB. |
| Population growth 2014   | 10,1 %   |
| Population growth (average % past 10 years)  | 10,9 %   |
| Life expectancy at birth (years) 2012  | 76,8   |
| Fertility rate (births per woman) 2012   | 1.75   |
| Mortality of under one years (per 1000 live births) 2014   | 6,9  |
| Illiteracy total   | n.a.   |
| Illiteracy female (% age 15 and above)   | n.a.   |
| Primary gross enrolment rate (% of relevant age group) 2014  | 107,2 %  |
| Secondary enrolment (% of relevant age group) 2014   | 93,2 %   |
| Secondary enrolment, female (% of age group)2014   | 92,3 %   |
| Unemployment rate (% of labour force) 2012, Poverty Report   | 17 %   |
| Incidence of Poverty rate : percentage of population below poverty line (USD 18.2 per day), 2012, Poverty Report | 21,6 %   |
| HIV incidence (per 1000 population)  | n.a.   |
| Inflation rate 2014  | 2.3 % (2014)   |
| GDP per capita (Current Market Prices) 2014  | USD 22,654   |
| GDP real growth rate   | 4.6 % (2014)   |

|  |  |
|--|--|
| Contribution of main sectors to GDP in % of GDP          |  |
| Hotels and restaurants 2014                              | 36,7 %   |
| Construction 2014  | 3,9 %  |
| Agriculture and fishing 2014                             | 0.5 %  |
| Exports of goods and services, 2014                      | USD 6,5 million  |
| Imports of goods and services, 2014                      | USD 414,1 million  |
| Number of tourists (2011)                                | 655,497(Cruise) + 354,223 (Stay-over)                                      |
| Number of tourists (2014)                                | 971,838 (Cruise) and 360,653 (Stay-over)                                   |
| Government debt in % of GDP (current prices), FY 2014-15 | 40.0 % (UK definition, incl. contingent liabilities for hospital contract) |
| Government recurrent budget balance (% of GDP) 2014      | 2,4 %  |
| Fixed lines and mobile phones (penetration)              | Over 93 % (Estimate)   |
| Personal computers (per 1000 people)                     | Over 500 (estimate)  |
| Internet users (per 1000 people)                         | Over 700 (estimate)  |

**Source:** Strategic Policy and Planning Department and own calculations based on 2012 Census and MoEYLS data for enrolment rates