FROM: Acting Vice President and Corporate Secretary

Tanzania - Education Program for Results

Additional Financing

Project Paper

Attached is the Project Paper regarding a proposed additional credit to Tanzania for the Education Program for Results (IDA/R2017-0136), which is being processed on an absence-of-objection basis.

Document of
The World Bank

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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROGRAM PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR 59 MILLION
(US$80 MILLION EQUIVALENT)

TO THE

UNITED REPUBLIC OF TANZANIA

FOR AN

EDUCATION PROGRAM FOR RESULTS

May 2, 2017

Education Global Practice
Africa Region

CURRENCY EQUIVALENTS

Exchange Rate Effective (as of March 31, 2017)
Currency Unit = Tanzania Shilling (TZS)
US$1 = TZS 2234
US$1 = SDR 0.73

GOVERNMENT FISCAL YEAR
July 1 – June 30

ABBREVIATIONS AND ACRONYMS

3R	Reading, Writing, and Arithmetic
AF	Additional Financing
ASC	Annual School Census
ASEPR	Annual Summary Education Performance Report
BCR	Benefits-to-Cost Ratio
BRN	Big Results Now
BRNEd	Big Results Now in Education
CG	Capitation Grant
CPF	Country Partnership Framework
CSEE	Certificate of Secondary Education Examination
DEO	District Education Officer
DFID	U.K. Department for International Development
DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result
DO	Development Objective
DP	Development Partner
EGMA	Early Grade Mathematics Assessment
EGRA	Early Grade Reading Assessment
EMIS	Education Management Information System
EPforR	Education Program for Results
ESA	Education Sector Analysis
ESDP	Education Sector Development Plan
ESSA	Environmental and Social Systems Assessment
FFBEP	Fee Free Basic Education Policy
FYDP	Five Year Development Plan
GoT	Government of Tanzania
GPE	Global Partnership for Education
GRM	Grievance Redress Mechanisms
GRS	Grievance Redress Service
IDA	International Development Association
IFMR	Integrated Financial Management Report
IP	Implementation Progress
IR	Intermediate Result
IRR	Internal Rate of Return
ISR	Implementation Status and Results Report

LANES	Literacy and Numeracy Education Support
LGA	Local Government Authority
M&E	Monitoring and Evaluation
MDU	Ministerial Delivery Unit
MoEST	Ministry of Education, Science and Technology
MoFP	Ministry of Finance and Planning
MTR	Mid-term Review
NECTA	National Examinations Council of Tanzania
NPV	Net Present Value
ORF	Oral Reading Fluency
PAP	Program Action Plan
PDB	President's Delivery Bureau
PDO	Program Development Objective
PforR	Program for Results
PMO-RALG	Prime Minister's Office, Regional Administration and Local Government
PO	President's Office
POM	Program Operational Manual
PO-PSM	President's Office, Public Service Management
PO-RALG	President's Office, Regional Administration and Local Government
PS	Permanent Secretary
PSLE	Primary School Leaving Examination
PTR	Pupil-teacher Ratio
QA	Quality Assurance
RF	Results Framework
SDG	Sustainable Development Goal
SDI	Service Delivery Indicator
SIDA	Swedish International Development Cooperation Agency
SIG	School Incentive Grant
SMT	Senior Management Team
SQAD	School Quality Assurance Division
SSA	Sub-Saharan Africa
STEP	Student Teacher Enrichment Program
TA	Technical Assistance
TAS	Technical Assistance Support
TIE	Tanzania Institute of Education
ToR	Terms of Reference
USAID	U.S. Agency for International Development
WASH	Water, Sanitation and Health
WB	World Bank
WEO	Ward Education Officer

Regional Vice President:	Makhtar Diop

wpm	Words Per Minute

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UNITED REPUBLIC OF TANZANIA
EDUCATION PROGRAM FOR RESULTS

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UNITED REPUBLIC OF TANZANIA
EDUCATION PROGRAM FOR RESULTS

ADDITIONAL FINANCING DATA SHEET

Basic Information - Additional Financing (AF)	
Country Director: Bella Bird Practice Manager: Sajitha Bashir Team Leader: Cornelia Jesse/Salman Asim Program ID: P162470	Sectors: Education (100%) Themes: Education system performance; Primary and Secondary Education; Governance Expected Effectiveness Date: August 30, 2017 Expected Closing Date: January 31, 2020

Basic Information - Original Program	
Program ID: P147486 Program Name: Big Results Now in Education Program Lending Instrument: Program for Results	Effectiveness Date: November 18, 2014 Expected Closing Date: June 30, 2018

AF Project Financing Data			
[ ] Loan	[X] Credit	[ ] Grant	[ ] Other:
Proposed terms: IDA Credit with a maturity of 38 years including a grace period of six years.			

AF Financing Plan (US$ m)	
Source	**Total Amount (US$ m)**
Total Program Cost: 　　Cofinancing (Sida): 　　Borrower: 　　Total Bank Financing: 　　IBRD 　　IDA 　　　　New 　　　　Recommitted	US$160 million US$50 million US$30 million US$80 million US$80 million

Client Information
Recipient: Ministry of Finance and Planning Responsible Agency: Ministry of Education, Science and Technology Contact Person: Dr. Leonard Akwilapo, Permanent Secretary Telephone No.: +255 715 307 462 or +255 22 2113139 Email: akwilapo@gmail.com or leonard.akwilapo@moe.go.tz Responsible Agency: President's Office, Regional Administration and Local Government Contact Person: Eng. Mussa Iyombe, Permanent Secretary Telephone No.: +255 26 232 2848 Email: mussa.iyombe@tamisemi.go.tz

AF Estimated Disbursements (Bank FY/US$ million)						
FY	2018	2019	2020			
Annual	21	40	19			
Cumulative	21	61	80			

Project Development Objective and Description
Original Program Development Objective: To improve education quality in Tanzanian primary and secondary schools Revised Program development objective: No change Program description: The Education Program for Results supports quality improvements in basic education by

incentivizing: full and timely release of financial resources to schools, greater system transparency through the public release of complete and accurate school information, improvement in allocation of teachers, and improvement in student learning outcomes. The AF will support additional incentives for improvement in learning outcomes, and new incentives for improvements to student retention, girls' transition to secondary, and school Quality Assurance.

Exception to Policies	
Is approval of any policy waiver sought from the Board (or MD if RETF operation is RVP approved)?	[ ] Yes [X] No
Has this been endorsed by Bank Management? (*Only applies to Board approved operations*)	[ ] Yes [ ] No
Does the Program require any exception to Bank policy?	[ ] Yes [X] No
Has this been approved by Bank Management?	[ ] Yes [ ] No

Conditions and Legal Covenants:		
Financing Agreement Reference	**Description of Covenant**	**Date Due**
Program Operational Manual

Schedule 2, Section I.C.3 (a) of the Financing Agreement of AF | Without limitation upon generality of Part A of this Section I, the Recipient shall, not later than thirty (30) after the effective date, update and thereafter adopt, in form and substance satisfactory to the Association, the operational manual containing detailed institutional, administrative, financial, environmental and social, technical and operational guidelines and procedures for the implementation of the Program, including a description of the program and thereafter, carry out the program in accordance with such operational manual, as shall have been approved by the Association ("Program Operational manual"). | September 30, 2017 |
| **Financing Agreement Reference** | **Description of Condition** | **Type** |
| Withdrawal conditions

Schedule 2, Section IV.B.1 (a) of the Financing Agreement of AF | Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (a) for purpose of Section 2.03 of the General Conditions (renumbered as such pursuant to paragraph 6 of Section II of the Appendix to this Agreement and relating to *Program Expenditures*), for DLRs achieved prior to the date of this Agreement. | Disbursement |
| **Financing Agreement Reference** | **Description of Condition** | **Type** |
| Withdrawal conditions

Schedule 2, Section IV.B.1 (b) of the Financing Agreement of AF | Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made: (b) for any DLR referred to in the table in paragraph A.2 of this Section, unless and until the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved and verified in accordance with the Verification Protocol. | Disbursement |
| **Financing Agreement** | **Description of Condition** | **Type** |

Reference		
Withdrawal conditions Schedule 2, Section IV.B.2 of the Financing Agreement of AF	Notwithstanding the provisions of Part B.1 of this Section, if any of the DLRs referred to in the table paragraph A.2 of this Section has not been achieved, the Association may, by notice to the Recipient: (a) reallocate all or a portion of the proceed to the Financing then allocated to said DLR to any other DLR; and/or (b) cancel all or a portion of the proceeds of the Financing then allocated to said DLR.	Disbursement

I.   Introduction

1.   **This Program Paper seeks the approval of the Executive Directors to provide an additional credit in the amount of US$80 million equivalent to the United Republic of Tanzania for the Education Program for Results** (EPforR)[1] (P162470, Credit No. TZ-60610). The proposed credit will finance the scale-up of Program results and bridge the immediate financing gap arising from changes in the policy of the Government of Tanzania (GoT) to advance the Sustainable Development Goals (SDGs) in education.

2.   **The proposed Additional Financing (AF) will support the Government's Education Sector Development Plan (ESDP) 2016–2021, focusing on the continued implementation of key education quality reforms to improve primary and secondary school performance initiated under the original EPforR.** The ESDP forms the policy and expenditure framework for all Government education investments for the next five years. Specifically, the AF will support part of the ESDP on Quality of Basic and Secondary Education. The objective of this ESDP program is improved and equitable learning outcomes for all in basic education[2] and upper secondary education. This is closely aligned with the original and AF Program Development Objective (PDO) of improving education quality in Tanzanian primary and secondary schools. The ESDP builds upon the support to teachers and school leadership provided under the original EPforR by scaling up successful activities and introducing new activities focusing on improvements to Quality Assurance (QA).

3.   **The ESDP incorporates measures to carefully manage and realize the expansion of the basic education system following the introduction of the Fee Free Basic Education Policy (FFBEP) in December 2015.** The FFBEP universalizes 11 years of basic education, from preprimary up to lower secondary, by eliminating (a) informal fees at the preprimary and primary levels and (b) formal tuition fees at the lower secondary level. This has led to a massive influx of new students into schools in 2015/2016 and 2016/2017. This rapid expansion of the system's enrollment poses a substantial challenge in logistical terms but even more so in sustaining and further improving student achievement gains made in the first two years of implementation of the original EPforR.

4.   **The Government has requested AF to** (a) help bridge part of the immediate financial gap stemming from the FFBEP enrollment surge; (b) build the capacity of critical central-, local-, and school-level actors to maintain and improve quality service delivery while effectively managing the expansion of primary and secondary school enrollment; and (c) deepen and expand incentives for improvements in learning outcomes.

5.   **The proposed AF will provide intensified support to the key results areas of the original EPforR:** (a) Improved mastery of reading, writing and arithmetic (3R) (reading and numeracy) skills among Grade 2 students; (b) Improved teacher performance; as well as an additional key results area (c) Improved performance in Form IV examinations.

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[1] The program was previously called Big Results Now in Education (BRNEd) which was changed at the Mid-term Review (MTR) to Education Program for Results (EPforR) as the Big Results Now (BRN) initiative was discontinued by the Government in November 2015.

[2] For the AF, basic education includes primary and lower secondary.

6.   **The AF key results areas will be supported by:** (a) scaling up/restructuring of selected original Disbursement Linked Results (DLRs) to further strengthen incentives for results informed by technical studies and implementation experience and (b) introducing new foundational and recurring DLRs to support and incentivize improvements in policy and procedures as well as new initiatives, and enhance rewards for improvements in student learning outcomes.

7.   **The AF objectives and scope will remain the same as those of the original EPforR and the current institutional arrangements for implementation and results monitoring will remain in place.** The PDO of the original EPforR and the AF is to improve education quality in Tanzanian primary and secondary schools. The majority of the initiatives under the original EPforR will continue in the AF.

8.   **The DLR revisions agreed to at the Mid-Term Review (MTR) of the original EPforR in September–October 2016 are integrated into this Program Paper, and are applicable for verification of DLR achievement for Year 3[3] of the Program.** Changes made at the MTR will be included as restructuring[4] of the original Program and will be retroactively effective as of July 1, 2016 (start of Year 3), before the start of the verification process.[5] The new DLRs proposed under this AF will intensify support for education quality improvements by (a) expanding results-based financing incentives for student learning outcomes; (b) adding incentives for improvements in student survival and transition rates, especially for girls; and (c) supporting and incentivizing new and scaled-up rewards for teacher performance, initiatives for enhanced school Quality Assurance (QA) and education planning, and distribution of textbooks. The Government expects to achieve the AF DLRs by June 30, 2019. The AF will however close on January 31, 2020, an extension of about 1.5 years over the original closing date of June 30, 2018, to allow seven months for verification of the DLR achievement.

II.   Background and Rationale for Additional Financing

A. Strategic Alignment

9.   **The EPforR and AF are aligned with and support the objectives of the GoT's Five Year Development Plan (FYDP) II - Nurturing Industrialization for Economic Transformation and Human Development.** The original EPforR activities are among the initiatives included in FYDP II on education—for example improved pupil-teacher ratios (PTRs)—as are improvements to school inspections, a key component of the initiatives supported by the AF on school QA.

10.   **The EPforR and AF will support all three key pillars of the Country Partnership Framework (CPF) FY2018–2022, expected to be approved in 2017.** The three CPF pillars include the following: (a) diversify growth and enhance productivity; (b) boost human capital and social inclusion; and (c) make institutions efficient and accountable. The AF will strengthen support to basic education quality, student retention, and transition to lower secondary school,

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[3] The Program Year 3 is from July 1, 2016 to June 30, 2017.
[4] Amendments to the original Program are included as annex of the Financing Agreement of the AF.
[5] The verification process for Year 3 will start in August 2017.

which will boost human capital and inclusion, and serve as basis for further skills development and on-the-job training as critical elements for enhanced productivity. Furthermore, the AF support to the QA system will contribute to greater transparency of roles and responsibilities, thus supporting institutions to become more efficient and accountable.

B. Sector Context

11.   **In order to attain its industrialization and development goals, Tanzania needs to raise its current skills mix.** The need for more mid- and higher-level skills in the labor force is reflected in the high percentage of Tanzanian firms identifying skills as a major constraint to their business: 40 percent, compared to the Sub-Saharan African average of 23 percent. Currently, 84 percent of the population is characterized as low skilled, 13 percent as medium skilled, and only 3 percent as high-skilled workers.[6] Attaining middle-income status will require a transformation of the population's current skill composition to about 55 percent low skilled, 33 percent medium skilled, and 12 percent high skilled.

12.   **Improving basic education quality is a building block for further skills development, skills upgrading, and ultimately, productive employment and self-employment.** For example, a completed primary education appears to be the minimum qualification for even household enterprises to be successful.[7] For individuals, low basic education achievement levels and low overall education quality combined act as a constraint to further skills acquisition, particularly job-specific skills,[8] and can translate into a lifetime of low earnings and high poverty.

13.   **The proportion of Tanzanians who have no or incomplete primary education is still high and indicates that a large share of the population continues to lag behind in basic literacy and numeracy skills.** As much as 30 percent of the population over the age of 15 has not attended or completed primary school. Given the low quality of education, at least 6–7 years of schooling, that is, completion of primary education, are required on average across Sub-Saharan African (SSA) countries, including Tanzania, to ensure an 83 to 90 percent probability of literacy among adults, as people with incomplete primary education are highly likely to be illiterate.

14.   **Following continuing improvements in the proportion of students entering basic education since 2001, Tanzania's basic education system has grappled with the challenges of maintaining and improving student retention and quality of teaching and learning outcomes.** In 2012, the pass rate for the Primary School Leaving Examination (PSLE) was only 30 percent, down from 58 percent in 2011, prompting a national outcry. It is in this context that the original EPforR targeted improvements in quality within basic education as its primary development objective.

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[6] International Growth Centre (2012) "Attaining Middle Income Status – Tanzania: Growth and Structural Transformation Required to Reach Middle Income Status by 2025," p.22.

[7] Kweka, J. & Fox, L. (2011) "The Household Enterprise Sector in Tanzania: Why It Matters and Who Cares." World Bank.

[8] Sabarwal, Shwetlena (2013). "Skills for Competitiveness in the Small and Medium Enterprise Sector." World Bank.

15. **In 2013, the Government launched the Big Results Now (BRN) initiative for six critical sectors[9] to advance the implementation of the first FYDP (2011-2016) and the Millennium Development Goals (MDGs).** As part of the BRN initiative, Big Results Now in Education (BRNEd) was introduced in February 2013 to fast-track improvements in learning outcomes in primary, Standard 1-7; and lower secondary, Form I-IV.

16. **The BRN branding and temporary oversight structure were dissolved by the Government in late 2015/2016 and the BRNEd Program for Results (PforR) was subsequently renamed Education Program for Results (EPforR) in October 2016.** Government commitment to the Program remains strong and the core initiatives supported by the EPforR remain and are fully aligned with the Government's basic education program as reflected in the draft ESDP,[10] as well as the wider development agenda, as reflected in FYDP II.

17. **The Government program is currently supported by US$252 million equivalent in financing from the following three Development Partners (DPs):** The U.K. Department for International Development (DFID; £60 million equivalent to US$100 million); Swedish International Development Cooperation Agency (Sida; US$30 million equivalent); and World Bank (US$122 million equivalent, original PforR). The original Program was approved on July 10, 2014, and became effective on November 18, 2014. It closes on June 30, 2018, but is proposed to be extended to January 31, 2020 with the AF.[11]

C. Program Performance

18. **The EPforR has performed well to date.** Implementation Progress (IP) and Development Objectives (DOs) were rated Satisfactory or Moderately Satisfactory in the last two Implementation Status and Results Reports (ISR). Three out of the four PDO indicators have already achieved their end targets by the time of the MTR – two years ahead of time (see Table 1 for PDO Progress Overview). PSLE pass rates have risen to an average of 67.8 percent. The AF supports improvements to the QA system and continuing provision of adequate resources to schools, enabling the maintenance of quality gains despite increasing enrollments and allowing for the continuation of satisfactory progress toward revised targets.

19. **Achievement of DLRs has been substantial and has improved over the course of the EPforR.** The Government completed all seven foundational DLRs within 12 months of implementation and fully achieved six out of the nine recurrent DLRs for Year 2 of the EPforR. Overall achievement of recurrent DLRs was 69 percent in Year 1 and 84 percent in Year 2 in percentage of available funds claimed. During the first two years of the Program, US$59 million,[12] or 48 percent of the total Program allocation, was disbursed against DLRs. The MTR reviewed implementation of the Program Action Plan and found that substantial progress had been made on key items. There are no unresolved fiduciary and safeguards issues.

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[9] These sectors included energy, agriculture, water, education, transport, and business environment.

[10] ESDP is expected to be approved by the Government before AF effectiveness.

[11] During Years 1 and 2 of the Program assessment, verification and disbursement of DLR claims have taken around six to seven months. The AF design incorporates an additional two years of Program activity and allows a seven-month period after the completion of DLR achievement to allow for verification and disbursement.

[12] Including US$15.5 million in process.

Table 1. Progress Towards Current PDO Targets

Outcome Indicator	Baseline	Progress to Date (as of MTR)	End Target (Original)	PDO Achievement Status
PDO 1: National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) submodule of EGRA[a] assessment among Grade 2 students	17.9	23.6	21.9	Achieved[b]
PDO 2: National average on Level I Subtraction submodule of EGMA[c] assessment among Grade 2 students	5.5	6.7	6.0	Achieved
PDO 3: Percentage of teachers found in classroom during unannounced visit (primary and secondary schools)	47%	53.3%	53.0%	Achieved
PDO 4: Percentage of teachers with minimum knowledge in mathematics and languages (primary schools)	42%	21.5%	51.0%	Indicator is not robust across two rounds of data. Indicator and target are being revised as part of the AF (see Results Framework, RF)

Note: a. Early Grade Reading Assessment (EGRA); b. End target achieved in 2015/16. New target is introduced as part of AF; c. Early Grade Mathematics Assessment (EGMA).

20. **Key achievements of the EPforR include (a) improved student reading and math performance at primary level and examination pass rates in primary Standard 7 and secondary Form IV; (b) increased resource flows to schools; and (c) timely and better quality data availability for monitoring and planning.** Several key Program initiatives, in particular the Program's focus on early grade reading and math, likely contributed substantially to these improved student learning outcomes. More than 10,000 schools carried out Student-Teacher Enrichment Program (STEP) training to strengthen remedial instruction and teacher support to low performing students. In addition, over 50,000 Standard 1 and 2 teachers received reading, writing, and arithmetic (3R) training. The Government has cleared a substantial part of the backlog of outstanding non-salary teacher claims older than three months, which had been a significant source of low motivation among teachers. The amount of outstanding teacher claims decreased from approximately US$36 million in July 2014 to US$1.3 million in June 2016. The settling of claims in combination with the above training initiatives appear to have significantly strengthened teacher motivation, further supporting progress in learning outcomes. Over 200 schools have received financial School Incentive Grants (SIGs) for improved national examination performance, encouraging greater school and community attention to student learning outcomes. The official School Ranking system has made information on school examination performance easily accessible to the public, especially parents, through the Open Data website,[13] increasing incentives and supporting improvements in examination performance

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[13] See National Examinations Council of Tanzania (NECTA) website: http://necta.go.tz/brn2016/ and Tanzania Open Data portal: http://education.opendata.go.tz/#/dashboard/primary.

at both primary and secondary levels. Since December 2015, capitation grants (CGs) are being transferred directly from the Treasury to schools, resulting in more timely and predictable cash flows for schools. The Education Management Information System (EMIS) is now up and running and comprehensive data for 2016 has been uploaded to the Tanzania Open Data portal. This provides a wealth of detailed school-level information for Monitoring and Evaluation (M&E) and planning purposes, as well as increasing transparency of the sector's performance.

Box 1. EPforR and Quality of Education

Empirical evidence suggests that school quality is an important determinant of student academic achievement, and teachers are central to improvements in school quality (see Hanushek, E. and Rivkin, S. (2006) "Teacher Quality" in Hanushek, E. & Rivkin, S. *Handbook of the Economics of Education, Volume 2*). The average performance of students in primary and secondary examinations in Tanzania falls well below international averages for emerging economies. The differences in performance can be attributed to differences in quality of teachers and classroom practices. Teachers are central to the EPforR: specific activities are designed to provide support to schools and teachers, and the efficient utilization of those inputs is rewarded through incentives at all levels of the system. In the first two years of the Program, the system has responded positively with teachers and schools adopting practices and behaviors in schools, resulting in improvements in students' learning outcomes at primary and secondary level.

Moving forward, maintaining these gains in a rapidly expanding basic education sector remains a critical challenge. The introduction of FFBEP has resulted in a surge in enrolments at primary and secondary level, attracting overage and disadvantaged children to primary schools, as well as resulting in a jump in transition rate at the secondary level. The AF responds to this challenge through interventions to provide support to schools and teachers to improve the school environment for children to stay and learn. It is expected that the Program activities will contribute to improved school quality through the following:

Strengthened Classroom Management

Improved teacher effort, measured through increased presence of teacher in the classroom (outcome):

(a) Motivate teachers by settling any outstanding non-salary claims (RF)

(b) Introduce School Quality Report Cards to encourage adoption of minimum quality standards in schools (new DLR under AF)

(c) Improve teacher presence through targeted deployments to Local Government Authorities (LGAs) and schools where they are needed the most (DLI)

Strengthening Student Engagement

Improving practices and behavior in classrooms through continuous feedback provided by quality assurance system (DLI - new under AF):

(a) Improvements in quality of teacher-student exchange

(b) Formative and summative assessments administered properly

(c) Instructional support to improve lesson plans and content understanding

Improving Physical Environment through targeted resources at the school level

Timely delivery of adequate resources and textbooks to schools (DLR):

(a) Classroom is clean

(b) Teaching and learning materials are available

(c) Sanitation facilities are functioning

(d) Drinking water supply is available

(e) School fosters a safe and welcoming environment

Strengthening M&E systems

(a) Targeting of resources (teachers, textbooks etc.) to schools with the greatest need, through collection and publication of relevant data (DLR)

(b) Increasing public awareness of school quality and utilizing community pressure for improvement (new DLR under AF)

D. Rationale for Additional Financing

21.   **The ESDP 2016–2021 builds on these achievements and lessons learned during the first two years of the EPforR implementation and sets out a bold reform agenda for basic education.** As noted above, the EPforR and AF are aligned with the draft ESDP pillar on quality

of basic and secondary education. Building on the achievements under the original BRN program, the ESDP includes initiatives in several priority areas: System-level reforms; Learning Environment and Curricula; In-service Training; Teacher Motivation; School Leadership; and School Quality Assurance.

22. **The Program builds on the improvements to teacher knowledge and motivation supported by the original EPforR by strengthening systems of school leadership and QA.** In particular, this consists of giving head teachers, communities, and LGAs more concise information on school performance in an easy to understand School Report Card format, along with recommendations for the school level to improve performance, and the necessary continuous school-level support and motivation for implementation of these recommendations.

23. **The ESDP's emphasis on improving school quality is especially relevant in the context of the FFBEP, which is likely to accelerate the existing trend of rapid increases in enrollment, making it increasingly challenging to maintain and further increase the recent gains in quality.** The FFBEP so far has incorporated the following major reforms: (a) the abolishment of direct fees at lower secondary level and indirect fees (parental contributions) at primary level and (b) the reduction in primary school entry age from seven to six years. Two further reforms are currently under review by the Government, notably (a) automatic promotion from primary to the lower secondary cycle through the removal of end-of-cycle exams, which currently serve as selection mechanisms; and (b) reduction of the primary cycle from seven to six grades. These policies, expected to be implemented by 2021, are intended to advance the Government's strong commitment to achieving the Sustainable Development Goal (SDG) 4 for quality basic education by universalizing access to quality education for all learners from age six until completion of lower secondary (Form IV).

24. **With the change in school entry age from seven to six, and absorption by Government of indirect parental contributions to education, pre-primary and primary Standard 1 enrollments have increased by 46 percent and 42 percent respectively in 2016.** The abolition of fees at the secondary level has resulted in an increase in the transition rate from 57 percent to 71 percent from primary to lower secondary. The Government expects this rate to rise to 98 percent by 2025, requiring a threefold expansion in secondary school capacity to meet the surge in enrollments.

25. **In the context of these fundamental changes, education quality is at risk, as the system has to absorb these significant enrollment increases at the primary and secondary levels without the concomitant increase in availability of inputs at the school level.** Government projections suggest a financing gap for the full ESDP of US$120 million in 2017/2018, rising to US$194 million in 2019/20. With basic education accounting for an average 76 percent of the overall ESDP budget, the risk of significant shortfalls in financing for basic education is substantial even before the introduction of automatic student promotion accelerates enrollment expansion from 2021 onwards. The implementation of the FFBEP and the immediate surge in enrollment in 2016 underscore the need for the Government to mobilize resources to address critical shortages in school-level inputs. The improvements in quality achieved by the EPforR will become more difficult to maintain in the face of these resource challenges. For example, the progress made on teacher motivation may be challenged by increased class sizes and shortages of teaching and learning materials.

26.   **Given these critical policy changes, the AF for the EPforR will assist the Government in maintaining and continuing to improve quality in the face of the challenges emerging from this unprecedented expansion of the sector.** The AF will continue to support the existing key Program initiatives of school incentives, teacher motivation, and capitation grants; extend support for teaching and learning materials; and ensure adequate financing for day-to-day school quality continues despite increasing enrollment. At the same time, the Program will support the ESDP's improvements to the QA system to provide timely feedback and ongoing support to head teachers, teachers, and Ward Education Officers (WEOs, subdistrict level) to help schools manage resources more efficiently at the school level.

27.   **The original EPforR remains highly relevant given the alignment of objectives, design, and scope with the Quality of Basic and Secondary Education Program of the ESDP**. The EPforR supports activities aligned with the themes of the ESDP, including support to an improved learning environment through capitation grants and supply of teaching and learning materials and improvements to teacher motivation through clearance of a backlog of non-salary claims and provision of SIGs. Table 2 shows the alignment of the original Program with the ESDP and the changes proposed under the AF.

28.   **The PforR results-based modality has proven effective in Tanzania and can be leveraged to strengthen systems and capacity while the Government invests the results-based disbursements to meet the financing gap arising from the FFBEP.**

29.   **Beyond its direct impact, the EPforR has contributed to increased Development Partner alignment.** It has served as a driver for coordination between the partners and the Government on key issues and as a platform for technical dialogue. It has also promoted closer intergovernmental collaboration between the Ministry of Education, Science and Technology (MoEST) and the President's Office, Regional Administration and Local Government (PO-RALG), as well as enhanced dialogue with the Ministry of Finance and Planning (MoFP). This close coordination and joint support to the Program is expected to continue with the AF.

30.   **The revised AF design incorporates lessons learned from the successful implementation of the original EPforR.** The original Program provided incentives at all levels of the system by combining centrally disbursed DLRs with DLRs allocated to LGAs and incentive grants provided directly to schools; this has proven effective at increasing on-the-ground awareness of and enthusiasm for the Program, and has been extended to new DLRs in the revised Program. The original Program included a significant amount of financing allocated to foundational activities; this proved effective in incentivizing rapid completion of these activities and bolstering Government resources to support implementation of other Program activities. This approach is extended in the revised Program. The original Program was carefully balanced between rewarding system-level reforms, completion of Program activities, and achievement of desired outcomes. The revised Program moves the balance more in the direction of directly rewarding outcomes.

31.   **The other EPforR cofinancing partners, Sida and DFID, are planning to provide additional financing as well, with DLRs and Results Framework (RF) synchronized with the World Bank AF.** Sida and DFID's support is expected to extend to cover DLRs in 2019/20, beyond the lifespan of the World Bank AF. There is potential for this additional period to be

supported by the World Bank through a future International Development Association (IDA) program.

Table 2. Government Program and Revised EPforR and AF Scope

			Original Government Program	Original EPforR	Restructured EPforR and AF
				2014-2017	2017-2020
			Objective: Improve education quality in Tanzanian primary and secondary schools		
	ESDP Area	**Activity Supported by the Program**			
ESDP Priority Program 2: Quality of Basic and Secondary Education (Government Program) Objective: Improved and equitable learning outcomes for all in basic and secondary education	System Level	Foundational activities (original)	✓	✓	
		Foundational activities (new)			✓
		Timely release of funds	✓	✓	✓
		Official school ranking[a]	✓	✓	
		Policy, planning, and innovation capacity			✓
	Learning Environment and Curricula	Capitation grants	✓	✓	✓
		Teaching and learning materials			✓
	In-service Training	3R training[b]	✓	✓	
		STEP[b]	✓	✓	
	Teacher Motivation	Teacher motivation (clear backlog of claims)	✓	✓	✓
		School Incentive Grants (SIG) for performance	✓	✓	✓
	School Leadership and Quality Assurance	School Improvement Toolkits[b]	✓	✓	
		Quality Assurance Inspections			✓
		School Report Cards			✓
Other basic education expenditure	Construction		✓		
	Wages				

Note: a. Official school ranking activities continue but require no financial support from the Program. b. These activities are completed and mainstreamed into regular in-service teacher and head teacher training.

III.   Proposed Changes

32.   **The AF design consists of the following changes:[14]**

Disbursement Linked Indicator (DLI)	Status under AF
DLI 1 Foundational Activities	Original Achieved and New DLRs added
DLI 2 Timely and Adequate Resource Flows	Restructured and DLR 2.3 added
DLI 3 Data Management	No change
DLI 4 More Efficient Teacher Allocation	No change
DLI 5 School Incentives	Restructured
DLI 6 Student Learning Outcomes	Restructured and DLR 6.3 added
DLI 7 Student Survival and Transition Outcomes	New
DLI 8 School Quality Assurance System	New
DLI 9 Policy, Planning and Innovation Capacity	New

33.   This section will provide details of the most significant changes to the Program, which include:

(a)   **New foundational DLRs** in support of system-level reforms to policies and procedures;

(b)   **New recurring DLRs**:

- New DLRs to improve school QA;
- New DLRs to improve girls' transition to secondary school and overall student survival rates;
- New DLR for improved distribution of textbooks;
- New DLR for enhanced policy, planning, and innovation capacity;
- New DLR to incentivize improvements in numeracy for grade 2 students; and

(c)   **Scaling up/restructuring of selected original DLRs** to further strengthen incentives for results.

New Foundational DLRs in Support of System-level Reforms to Policies and Procedures

34.   **Four new foundational DLRs will be introduced in 2017/18 (Year 4) to produce system-level policies and frameworks for school QA, teacher deployment, construction, and students with special needs.**[15] The results of these activities serve as inputs to new and revised recurring DLRs in 2018/19 (Year 5).

DLR 1.1: The Recipient has approved a School Quality Assurance (QA) operations manual

35.   **The QA system's tools and procedures need updating to provide timely feedback to head teachers, teachers and relevant stakeholders at the community level for taking remedial actions at the school level on performance, monitoring, and accountability.** While

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[14] For further details of all new activities and revised DLRs, see Annex 3, Detailed Program Description.
[15] All original Foundational Activities are complete and the relevant DLRs fully achieved.

some progress has been made on teacher presence at school and increased teaching time in the classroom, much room for improvement remains. The Service Delivery Indicators (SDI) Survey shows that on average, primary pupils received only 2 hours and 46 minutes of teaching per day in 2014, an improvement of 43 minutes from 2012, but still too little time for high-level learning outcomes. Pressure on teaching time and quality is likely to increase in response to increases in enrollment under the FFBEP.

36.   **In order to address these issues, the DLR supports the updating of key tools and manuals for the QA system,** including handbook and inspection tools for school inspectors; introduction of guidelines for subdistrict education officials[16] for in-service support to schools to promote student learning; development of templates for School Report Cards for public display in schools, including assignment of an Overall School Quality Score;[17] and the review of QA staffing to ensure adequate and equitable staffing in all districts. The DLR supports the development of training modules and reporting templates for subdistrict officials to follow up with schools on implementing recommendations of the inspectors, and provide support to teachers where needed. The School Report Cards will serve to inform School Management Committees/Boards on a school's quality and help guide the drafting of Annual School Improvement Plans, and thus promote greater transparency, accountability, and community engagement. This Foundational DLR is expected to be achieved by December 2017, enabling rollout of Report Cards during 2017/18.

DLR 1.2: The Recipient has approved an updated National Teacher Deployment Strategy that includes agreed formula for deployment of new teachers across LGAs

37.   **The surge in enrollment has led to high pupil-teacher ratios in many schools and exacerbated inequities in the distribution of teachers.** The DLR supports the development of an updated Teacher Deployment Strategy which will (i) provide a framework for sustainable financing of teacher transfer costs; (ii) include transparent and objective criteria and a formula for the distribution of newly recruited teachers; and (iii) review any school-level practices inconsistent with the policy of teachers teaching not more than one subject in primary schools. The Foundational DLR is expected to be achieved by December 2017 and any alterations to the allocation of teachers will be reflected in the measurement of relevant recurring DLRs in 2017/2018.

DLR 1.3: The Recipient has approved a strategy for primary and secondary students with special needs

38.   **Tanzania has made progress on inclusive education.** There is a National Strategy on Inclusive Education (2009–2017) which aims to enhance educational services for children with special needs, and funding is set aside within the capitation grants that provides double the allocation for students with disabilities.

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[16] District officers and WEOs.

[17] Overall school quality score will include measures of teacher-on-task; improvements in management of resources available at school (textbooks, teachers, learning materials); and compliance to minimum quality standards established in earlier training program (3R, STEP, School Improvement Toolkit), among other relevant indicators.

39.   **However, implementation of the strategy has been challenging and children with special needs continue to be underrepresented in the formal school system.** Data from the Education Sector Analysis (ESA) show that currently there are around 31,500 pupils with disabilities in primary and secondary schools, but research from Tanzania suggests that having a disability doubles the probability of never having attended school.[18] The number of teacher trainees obtaining the certificate of special education is inadequate and has only increased from 138 in 2009 to 419 in 2013.

40.   **The DLR supports the development of a comprehensive strategy for ensuring equitable participation by and outcomes for students with special needs, including provision of accessible facilities and adequate training and deployment of teachers with special education certification.** The strategy will include details of financing, support, and monitoring of improved education for students with special needs.

DLR 1.4: The Recipient has approved a School Construction Strategy

41.   **Tanzania's schools accommodate a large number of students, with an average primary school enrollment of 518 and 77 students per classroom, and the average distance primary pupils travel to schools is 4.4 km.**[19] A large number of classrooms and toilets will need to be constructed to meet enrollment increases in the next 10 years. The Government is currently revising its school construction guidelines, which are expected to be completed by December 2017.[20] In addition to achieving ambitious targets for construction of new school infrastructure, the Government is likely to need to introduce policies for more efficient utilization of existing and new infrastructure (see Annex 5, Technical Assessment – Addendum, for more information of the financing gap for school construction).

42.   **The foundational DLR supports the operationalization of these guidelines through a detailed strategy, approved by the Government and informed by consultation with subject specialists.** The completion of this activity will lay the groundwork for potential pipeline program support from the World Bank and other Development Partners to enable the Government to meet the rapidly increasing need for new infrastructure. This will also ensure adequate provision for girls in future investments, including toilets and other facilities.

New DLRs to Improve School Quality Assurance

43.   **The objective of the Government's QA initiatives, supported by two new DLRs, is to move away from one-off training with often little practical applicability towards a**

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[18] United Republic of Tanzania (2009). *2008 Tanzania Disability Survey*. Dar es Salaam: United Republic of Tanzania National Bureau of Statistics.

[19] Any distance larger than 2 km increases the probability of non-attendance and drop out. Also, due to security concerns, parents tend to delay school enrolment until their children are older than the required age, leading to larger number of overage children (see Lockheed, M. and Verspoor, A. (1991) *Improving Primary Education in Developing Countries*. Oxford University Press.)

[20] The Government is already updating school construction guidelines with support from DFID and the World Bank. DFID is also supporting construction of two schools in Kagera, which were destroyed earlier in an earthquake, to meet earthquake resilience and other safety standards.

continuous, comprehensive school quality support structure and in-service training system, based on the level closest to the school.

Box 2. Support to School Quality Assurance

The AF will support the ESDP priority of improvements to the school QA and inspection system at central, regional, district and sub-district levels. The aim is to provide timely feedback and ongoing in-service support to head teachers, teachers and sub-district education officers to more effectively manage teaching and learning at the school level. This includes appropriate allocation of teachers across grades and streams, as well as making instruction time in the classroom more effective. The AF will support reform, capacity enhancement, and scale-up of the QA system through a range of activities and DLRs.

The comprehensive package of key reforms and initiatives in this area consists of the following:

- **More concise and implementable guidelines and tools for schools and LGAs.** The AF will support reform of school inspection tools, manuals, and procedures to provide schools and LGAs with simpler, lower cost recommendations to enable schools to achieve improvements in teaching and learning despite systemwide resource constraints (DLR 1.1).

- **School Report Cards.** The AF will support the development and rollout of School Report Cards, which will be displayed in a publicly accessible place in the school. The report cards will include numerical scores for key areas of performance at schools receiving QA inspections, to provide feedback and report back information on performance to school and community level stakeholders such as parents and teachers for enhanced accountability and remedial actions. The School Report Cards can inform the discussion of School Management Committees and Boards in the preparation of the annual School Improvement Plans and utilization of Capitation Grants (DLR 1.1, DLR 8.1).

- **Improvement in Overall School Quality Score.** The AF will support development and implementation of Overall School Quality Scores, to be assigned during QA inspections, and incentivize improvement in these scores at a nationally representative sample of schools (DLR 8.2).

For more details on the AF support to QA and relevant DLRs (see Annex 3, Detailed Program Description).

DLR 8.1: Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection

44. **This new recurring DLR provides support to the school QA system to meet inspection targets, improve follow up support to schools, and introduce and employ School Report Cards at the school level for community engagement in school improvement, planning, and monitoring.** Tanzania's QA system aims to inspect 50 percent of schools each year (approximately 11,000 schools). In recent years, the system has been unable to meet this target owing to underfinancing, with remote areas in particular rarely receiving visits. Inspection reports are comprehensive but unnecessarily complex, the majority of recommendations in these assessments are hard to resolve at the school level, and follow-up support to schools and the LGAs to help implement recommendations is limited. Following the development of School Report Cards under DLR 1.1, this new recurring DLR supports the introduction and widespread use of these Report Cards at schools following inspection. The DLR will be achieved according to the proportion of schools receiving full inspections and displaying School Report Cards on school premises three to six months afterward. An individual school will only count towards disbursement once during the AF Program, except for schools which are part of the sample of 800 schools selected for DLR 8.2, for which one visit can be counted in each of 2017/18 and 2018/19.

DLR 8.2: Increase in School Quality Score for selected schools to be inspected twice in consecutive years

45. **District and subdistrict officers play an important role in supporting schools to implement the recommendations of QA inspections.** District Education Officers (DEOs) in each of Tanzania's 185 districts support quality improvements at an average of around 120 schools. In addition, each of the 4,420 subdistricts (Wards) has a Ward Education Officer (WEO) responsible for providing in-service support to quality improvement to around five schools.

46. **This DLR in 2018/2019 rewards the achievement of demonstrated improvements in Overall School Quality Scores between QA inspections in two consecutive years at an LGA-representative national sample of schools, to incentivize the implementation of QA recommendations and measurable improvement in school quality.** As part of the development of School Report Cards under DLR 1.1, an Overall School Quality Score will be developed as a single quantified indicator of school quality. An LGA-representative national sample of schools will receive inspections in both Years 4 and 5 of the Program, and the DLR will reward LGAs which demonstrate the largest improvements in School Quality Score among the sampled schools.

New DLRs to Improve Girls' Transition to Secondary School and Overall Student Survival Rates

DLR 7.1: Percentage of LGAs/regions achieving year-on-year increase in aggregate primary and lower secondary survival rates

47. **Student survival within basic education, while improving, remains low.** Modelling of current grade-specific enrollment data suggests a survival rate in primary of 51 percent, in lower secondary of 65 percent, and a survival rate for the whole 11 years of basic education of only 22.4 percent. The large influx of students in preprimary and Standard 1 has brought more students from disadvantaged backgrounds into the schooling system, which is encouraging. However, these children are even more vulnerable to school dropout than the current cohorts.

48. **To address incentives at the LGA level to provide adequate resources at the school level for student retention, the AF will reward LGAs that show the greatest improvements in year-on-year average primary and lower secondary survival rates.** Funds will be received by the LGAs who demonstrate the largest improvement in primary survival rate (from Standard 1 to Standard 7) and the LGAs within the region which demonstrates the largest improvement in lower secondary survival rate (from Form I to Form IV).

DLR 7.2: Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I

49. **Girls seem to be particularly disadvantaged in the transition from primary to lower secondary.** The transition rate from primary to lower secondary Form I is only 65 percent for girls compared to 71 percent for boys.

Box 3. Support for Girls and Students with Disabilities

While the emphasis of the AF is on issues of quality, equity of quality outcomes is a cross-cutting priority. In particular, the AF covers initiatives to improve outcomes for girls and students with disabilities.

Girls. While there has been improvement in recent years, girls' outcomes within basic education typically lag behind boys' in terms of examination pass rates, retention, and transition to lower secondary. Under the AF, a range of initiatives target improvement in policies or outcomes for female students: (i) the reforms to the QA system include bolstering assessment of gender disparities in service provision and outcomes during inspections and specific guidance to head teachers and ward-level officers on improving girls' outcomes; (ii) the School Construction Strategy supported by a DLR will provide clearer guidance on gender-specific infrastructure such as latrines; and (iii) a new DLR directly incentivizes improvement in girls' transition to lower secondary at the regional level.

Students with disabilities. Although Tanzania has in place a National Strategy on Inclusive Education (2009–2017), data from the Education Sector Analysis (ESA) suggest that children with special needs are underrepresented in the formal school system, while a very small proportion of teachers obtain a certificate in special education. Under the AF, a range of activities target improvements in policies for students with disabilities: (i) a foundational DLR supports development of a strategy for students with special needs; (ii) the reforms to the QA system include bolstering assessment of special needs service provision within inspections and specific guidance to head teachers and ward-level officers on improving disabled students' participation and outcomes; and (iii) the planned School Construction Strategy will provide clearer guidance on provision of school infrastructure accessible to students with disabilities.

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50. **DLR 7.2 thus creates incentives at the LGA level to encourage transition from primary to secondary level.** By focusing on transition to secondary, the DLR rewards improvement for female students in three related areas where fewer girls participate than boys: participation in the PSLE Standard 7 exam, passing of the PSLE, and transition to secondary school by passing students. In this way, the DLR provides incentives for LGAs to support schools to both improve the learning outcomes of girls at primary level and secondary-levels and address barriers to girls' participation such as long distance from home to school. Specifically, the DLR rewards LGAs in regions with the highest improvement in girls' transition from Standard 7 (primary) to Form I (secondary).

New DLR for Improved Distribution of Textbooks

DLR 2.3: Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level

51. **Up until 2014, responsibility for the purchase of textbooks rested with schools directly, financed through the capitation grants.** However, textbooks' availability in schools was a challenge: only about 25 percent of Standard 4 students had textbooks for math or English

in 2014.[21] In 2014/2015, the Government therefore introduced a single textbook policy, centralizing textbook development at the Tanzania Institute of Education (TIE). Financing for central textbook procurement and distribution was made available from part of the capitation grants budget.

52.   **However, owing to rising enrollment and delays in procurement and delivery, shortages of textbooks persist.** A 2016 survey in a sample of 21 schools in seven districts found only one book for all subjects for every three students in Standard 1. In view of these challenges of textbook development, procurement, and distribution across levels of education, across a vast number of schools and rising pupil enrollment, the Government is planning to prepare a comprehensive Textbook Strategy to address these issues, establish clear responsibilities, and thus effectively facilitate textbook availability and monitoring in schools.

53.   **The DLR will support the operationalization of this strategy by incentivizing improvements in the provision of textbooks to public primary schools.** Specifically, the DLR will support the setting up of a monitoring system for textbook distribution and incentivize improvements in both distribution and monitoring of textbooks by rewarding the presentation of detailed evidence of textbook receipt by schools.

New DLR to Incentivize Improvements in Numeracy for Grade 2 Students

DLR 6.3: National average on Level 2 Addition and Subtraction submodule of 3R assessment among Grade 2 students

54.   **This new DLR is added to support improvements in numeracy.** Low and declining pass rates in Certificate of Secondary Education Examination (CSEE) Math, only 16.8 percent in 2015, illustrate the need to incentivize improvements in teaching quality and learning outcomes in numeracy. Disbursement will be made according to the improvement in average scores since the baseline as a proportion of the target improvement. Assessment will be made every two years along with DLR 6.2, using a nationally representative sample of primary schools.

New DLR for Enhanced Policy, Planning and Innovation Capacity

DLR 9.1: Number of new commissions granted to support policy, planning and innovation

55.   **Implementation of the FFBEP, with the expected rapid increase in enrollment, infrastructure and staff requirements, and resource constraints, requires a significant upgrade of Government capacity to project and plan resource requirements, evaluate trade-offs, and implement evidence-based policy.** The Policy and Planning Division of the MoEST is mainly focused on operational issues, with limited time and capacity to undertake long term strategic planning, prioritization, financial and other projections, and evaluation. Increased capacity is required to enable the system to manage the increased financial, staffing, and resource burdens of the FFBEP in a systematic manner. Furthermore, the Government requires the capacity to competitively identify opportunities for innovation in service delivery, such as the use of digital technology to reach out-of-school students.

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[21] 24.6 percent for math, and 26.3 percent for English.

56.   **This DLR thus supports the commissioning of in-country capacity building of sectoral Policy and Planning units in MoEST, PO-RALG and associated institutions and competitive awards for innovation in education service delivery.** The Government will develop procedures and frameworks for quick, competitive commissioning of capacity building activities from a prequalified list of local universities, research institutions, and private firms, as well as competitive calls for proposals for innovations and trials in education service delivery to receive investment or grant funding. It is expected that around US$1 million will support 'internal' capacity building within MoEST, PO-RALG, in associated institutions such as National Examinations Council of Tanzania (NECTA) and TIE, and at local level, while around US$1 million will support innovation activities.

57.   **This DLR complements the Technical Assistance Support (TAS) package of EPforR financed by DFID, which is central in facilitating progress on implementation of activities under the Program.** This assistance is expected to continue as part of the revised Program until at least 2018, and will continue to support AF activities. The DLR, in addition to Program-specific technical assistance (TA), is focused on system-level capacity of MoEST, PO-RALG, and associated institutions to continue to pilot and scale up promising innovative interventions.

Scale up and Restructuring of Original EPforR DLRs

58.   **In addition to introducing new DLRs, the AF scales up several key existing DLRs as well as incorporating adjustments to targets and measurement of certain DLRs as agreed at the MTR.**

DLR 5.2: Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance

59.   **Under the original EPforR, the School Incentive Scheme provided monetary rewards to 120 primary and lower secondary schools which achieved improvements in students' national examination performance.** This has proven to be an effective driver of school motivation to improve learning. The existing recurrent DLR on the School Incentive Grant will continue to reward incentive grants to a target number of schools each year, but the number of schools to be rewarded will increase from 120 to 400 schools (300 primary and 100 secondary).

Other Restructured DLRs

60.   **DLRs 2.1, 2.2, 3.1, 3.2, 4.1, 4.2, and 6.2 are maintained for the duration of the extended Program, with alterations to targets and some additions to achievement requirements.** Amendments to DLR 2.1 set maximum levels of expenditure on teacher motivation to quality for disbursement. The requirements for DLI 3 are updated to require information on student survival rates and unique school identifiers.

61.   DLR 6.2 is restructured with biennial disbursement to reflect the frequency of measurement and reworded for clarity. DLR 5.3 has been discontinued owing to the completion of the STEP activity.

62.   For further details of these revisions, see Annex 3.

Table 3. Overview of DLRs of Original EPforR and Additional Financing

Original EPforR DLRs	New and Restructured AF DLRs	Level of Incentives[a]
DLI 1 Foundational Activities (ACHIEVED and NEW ADDED)[b]		
DLR 1.1: Budget Framework **DLR 1.2:** Streamlining EMIS system **DLR 1.3:** Collection of data for CGs **DLR 1.4:**Scope of Primary and Secondary Schools (identifiers) **DLR 1.5:** Format for primary PTR data	**DLR 1.1:** The Recipient has approved a School Quality Assurance (QA) operations manual **DLR 1.2:** The Recipient has approved an updated National Teacher Deployment Strategy that includes agreed formula for deployment of new teachers across LGAs **DLR 1.3:** The Recipient has approved a Strategy for primary and secondary students with special needs **DLR 1.4:** The Recipient has approved a School Construction Strategy	Central[c]
DLI 2 Timely and Adequate Resource Flows (RESTRUCTURED and DLR ADDED)		
DLR 2.1: The Recipient has released, quarterly, total levels of funds as per BRNEd Budget Framework	**DLR 2.1:** Released biannually total level of funds per agreed EPforR Budget Framework	Central
DLR 2.2: The Recipient has quarterly released full amount of capitation grants (CG) to schools within each LGA	**DLR 2.2:** Released monthly full amount of capitation grants agreed for each year to all schools within each LGA	Central
–	**DLR 2.3:** Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level	Central/LGA[d]
DLI 3 Data Management (CONTINUED/NO CHANGE)		
DLR 3.1: The Recipient has released an Annual Summary Education Performance Report (ASEPR) in acceptable format	**DLR 3.1:** Released an Annual Summary Education Performance Report (ASEPR) in acceptable format[e]	Central
DLR 3.2: The Recipient has made available online an annual school-level EMIS data	**DLR 3.2:** Made available online annual school-level EMIS data with unique school identifiers	LGA
DLI 4 More Efficient Teacher Allocation (CONTINUED/NO CHANGE)		
DLR 4.1: The recipient has met the annual target for number of LGAs achieving the acceptable range for primary PTRs	**DLR 4.1:** Percentage of LGAs achieving the acceptable range for primary PTRs[f]	Central
DLR 4.2: The Recipient has met the annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA	**DLR 4.2:** Number of primary schools achieving the acceptable range of primary PTRs in each LGA[f]	LGA
DLI 5 School Incentives (RESTRUCTURED)		
DLR 5.1: Prepare SIG and STEP Guidelines (Achieved)	–	Central
DLR 5.2: The Recipient has met the annual target for number of schools that have received SIG grant	**DLR 5.2:** Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance[g]	Schools[h]
DLR 5.3: The Recipient has met the annual target for schools that have conducted STEP activities (Discontinued)	–	Central

Original EPforR DLRs	New and Restructured AF DLRs	Level of Incentives[a]
DLI 6 Student Learning Outcomes (RESTRUCTURED and DLR ADDED)		
DLR 6.1: Develop 3R Assessment Tool (Achieved)		
DLR 6.2: The Recipient has met the annual target of improvement in words per minute (wpm) in national 3R average	**DLR 6.2:** National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) submodule of 3R assessment among Grade 2 students	Central
–	**DLR 6.3:** National average on Level 2 Addition and Subtraction submodule of 3R assessment among Grade 2 students	Central
DLI 7 Student Survival and Transition Outcomes (NEW)		
–	**DLR 7.1:** Percentage of LGAs/regions[i] achieving year-on-year increase in aggregate primary and lower secondary survival rates	LGA
–	**DLR 7.2:** Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I.	LGA
DLI 8 School Quality Assurance System (NEW)		
–	**DLR 8.1:** Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection	Central
–	**DLR 8.2:** Increase in School Quality Score for selected schools to be inspected twice in consecutive years[j]	LGA
DLI 9 Policy, Planning and Innovation Capacity (NEW)		
–	**DLR 9.1:** Number of new commissions granted to support policy, planning and innovation	Central

Note: a. As in the original Program, funds for certain DLRs are passed by the MoFP, via the MoEST/PO-RALG, on to LGAs as part of the disbursement formula; b. Fully achieved in Years 1 and 2; c. Central funds are passed by the MoFP on to either the MoEST or PO-RALG; d. 50 percent disbursed to LGAs; e. As defined in the Program Operational Manual (POM), acceptable format includes disaggregated pupil survival rates; f. Acceptable range will be updated based on foundational DLR 1.2; g. PSLE and CSEE performance; h. Funds are provided to schools as part of SIG. PforR funds are received by the MoEST to finance future grants; i. LGAs for primary survival, regions for lower secondary survival; j. An LGA-representative national sample of around 800 schools to be selected for inspections in consecutive rounds.

Table 4. Overview DLRs, Baselines and Targets for DLR Achievement

DLR	Year 2 Achievement July 2015–June 2016	Target for DLR Achievement		
		Year 3 July 2016–June 2017	Year 4 July 2017–June 2018	Year 5 July 2018–June 2019
DLI 1 Foundational Activities				
DLR 1.1: The Recipient has approved a School Quality Assurance (QA) operations manual[b] **DLR 1.2:** The Recipient has approved an updated National Teacher Deployment Strategy that includes agreed formula for deployment of new teachers across LGAs[c] **DLR 1.3:** The Recipient has approved a Strategy for primary and secondary students with special needs **DLR 1.4:** The Recipient has approved a School Construction Strategy	Not complete	n.a.	Complete	n.a.
DLI 2 Timely and Adequate Resource Flows				
DLR 2.1: Released biannually total level of funds per agreed EPforR Budget Framework	74.6%	100%	100%	100%
DLR 2.2: Released monthly full amount of capitation grants agreed for each year to all schools within each LGA[d]	74.3%	100%	100%	100%
DLR 2.3: Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level	n.a.	100%	100%	100%
DLI 3 Data Management				
DLR 3.1: Released an Annual Summary Education Performance Report (ASEPR) in acceptable format	86% of LGAs presenting complete information	100% of LGAs presenting complete information	100% of LGAs presenting complete information	100% of LGAs presenting complete information
DLR 3.2: Made available online annual school-level EMIS data with unique school identifiers	99.9% of schools presenting complete information	100% of schools presenting complete information	100% of schools presenting complete information	100% of schools presenting complete information
DLI 4 More Efficient Teacher Allocation				
DLR 4.1: Percentage of LGAs achieving the acceptable range for primary PTRs	65% of LGAs achieving acceptable range for primary PTRs	66% of LGAs achieving acceptable range for primary PTRs[e]	To be decided under DLR 1.2	To be decided under DLR 1.2
DLR 4.2: Number of primary schools achieving the acceptable range of primary PTRs in each LGA	Total of US$3,708,000 earned (34% achievement)	Disbursement for each school moving into acceptable range[f]	To be decided under DLR 1.2	To be decided under DLR 1.2

DLR	Year 2 Achievement July 2015–June 2016	Target for DLR Achievement		
		Year 3 July 2016–June 2017	Year 4 July 2017–June 2018	Year 5 July 2018–June 2019
DLI 5 School Incentives				
DLR 5.2: Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance	114 schools	400 schools	400 schools	400 schools
DLI 6 Student Learning Outcomes				
DLR 6.2: National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) submodule of 3R assessment among Grade 2 students	21 wpm	n.a.	25 wpm	n.a.
DLR 6.3: National average on Level 2 Addition and Subtraction submodule of 3R assessment among Grade 2 students	24%	n.a.	30%	n.a.
DLI 7 Student Survival and Transition Outcomes				
DLR 7.1: Percentage of LGAs/regions achieving year-on-year increase in aggregate primary and lower secondary survival rates	n.a.	41% of LGAs[g] 38% of regions[h]	41% of LGAs 38% of regions	41% of LGAs 38% of regions
DLR 7.2: Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I	n.a.	38%	38%	38%
DLI 8 School Quality Assurance System				
DLR 8.1: Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection	n.a.	n.a.	25%	50% (cumulative)[i]
DLR 8.2: Increase in School Quality Score for selected schools to be inspected twice in consecutive years	n.a.	n.a.	n.a.	800 schools show minimum increase
DLI 9 Policy, Planning and Innovation Capacity				
DLR 9.1: Number of new commissions granted to support policy, planning and innovation	n.a.	n.a.	Two or more competitive commissions granted, total value of US$1 million or more	Two or more competitive commissions granted, total value of US$1 million or more

Note: a. Not cumulative; b. To be completed by January 31, 2018; c. To be completed by January 31, 2018; d. Under original Program, DLR 2.2 included cash and textbook components of CGs. Under revised Program, it includes only cash component. Achievement of cash component in Year 2 was 100 percent; e. Under the current number of LGAs (185), this amounts to 122 LGAs; f. As agreed at the MTR, for 2016/17, allocation will be US$7,000 for each school with PTR moving downward into acceptable range, and US$2,000 for each school moving upward into acceptable range; g. Under the current number of LGAs (185), this amounts to 75 LGAs; [h] Under the current number of Regions (26), this amounts to 10 Regions; i. An individual school can only count towards disbursement once during the AF Program, except for schools which are part of the sample of 800 schools selected for DLR 8.2, for which one visit can be counted in each of 2017/18 and 2018/19.

Table 5. Summary of DLR Pricing (US$ million)

	2016/2017 (EPforR Year 3)a	2017/2018 (EPforR Year 4)/AF Year 1	2018/2019 AF Year 2	Total (AF)	Total 2017/2018-2018/2019 (AF and Original)
DLI 1 Foundational Activities	-	12	-	12	12
DLI 2 Timely and adequate resource flows: US$18 million					
DLR 2.1 Release of funds against agreed budget	[8]	[8]	6	6	14
DLR 2.2 Capitation Grants	[3]b	3	3	6	6
DLR 2.3 Textbooks	-	3	3	6	6
DLI 3 Data Management: US$4 million					
DLR 3.1 Release ASEPR	[3]b	1	1	2	2
DLR 3.2 Annual School-level EMIS	[3]b	1	1	2	2
DLI 4 More Efficient Teacher Allocation: US$5 million					
DLR 4.1 Across-LGA incentives	[3]b	[2]	2	2	4
DLR 4.2 Within-LGA incentives	[4]b	[3]	3	3	6
DLI 5 School Incentives: US$4 million					
DLR 5.2 School Incentive Grants	[3]b	2	2	4	4
DLI 6 Student Learning Outcomes: US$8 million					
DLR 6.2 EGRA scores	-	[4]/2	-	2	6
DLR 6.3 EGMA scores	-	6	-	6	6
DLI 7 Student Survival and Transition Outcomes: US$12 million					
DLR 7.1 Survival rates	[6]c	3	3	6	6
DLR 7.2 Girls' transition rates	n.a.	3	3	6	6
DLI 8 School Quality Assurance System: US$15 million					
DLR 8.1 School Report Cards	-	5	5	10	10
DLR 8.2 Improvement in Overall School Quality Score	-	-	5	5	5
DLI 9 Policy, Planning and Innovation Capacity: US$2 million					
DLR 9.1 Commissions granted to support policy, planning and innovation	-	1	1	2	2
TOTAL	[33]	[17]/42	38	Total AF: 80	Total AF plus Original: 97

Note: [ ] indicates financing from original EPforR; a. US$6 million lost to appreciation of US Dollar against SDR in Years 1 and 2. US$6 million is reallocated across four DLRs for Year 3, drawn from funds unclaimed owing to partial DLR achievement in Years 1 and 2; b. Indicates addition of US$1 million reallocated from the original Program; c. This includes reallocation of US$2 million from STEP, which was discontinued at MTR, and other funds reallocated from original Program.

Results Framework

63. **At the MTR, it was agreed to maintain the four original PDO indicators with upward revisions to targets in cases in which end targets were already achieved.** It was agreed to add a new indicator, national average pass rates of Form IV students in English, Mathematics and Science, to capture improvements in secondary education quality. This had been defined as a higher-order indicator in the original Program, having been deemed unsuitable for inclusion as a PDO indicator owing to concerns over volatility; however, the Government has maintained a stable pass mark for this examination in recent years, reducing these concerns. It was further agreed to drop fully achieved intermediate indicators on STEP, 3R training, and

School Improvement Toolkits. These changes are included in the restructuring as part of the AF and are reflected in Annex 1.

64. **For the AF, new intermediate indicators have been added and aligned with the new foundational and recurring DLRs (Annex 1).** The PDO indicator on minimum teacher knowledge was adjusted to target the average teacher knowledge due to changes in test instruments to measure minimum competency changed between the SDI surveys in 2010 and 2014 (see Figure 1, results chain for the EPforR and AF, on following page).

Figure 1. EPforR and AF Results Chain

| ESDP Lever	Input/Activity	Intermediate Outcome	Final Outcome	Higher Order
Strengthen Performance, Transparency	Official school ranking	Official school ranking (performance-based) published (primary and secondary separately)	Identification of lagging schools, students, and teachers (for better planning and focused attention)	**Improved and equitable learning outcomes for all in primary and secondary education, measured by improved student learning outcomes in PSLE and CSEE examinations (PDO)**
	National 3R assessment	Schools participating in the 3R assessment (RF)		
	Quality Assurance System	Schools displaying report cards (DLR) Schools demonstrating improvement in Overall School Quality Score (DLR)		
Motivate through incentives	Incentives for improvements in student survival, girls' transition to secondary	Increased effort by LGAs and schools to improve student survival, retention and girls' transition	Improved retention, promotion and transition of students, particularly girls	
	School incentive scheme	Primary and secondary schools receiving School Incentive Grant (SIG) grant (DLR)	Increased teacher effort and leadership skill, measured through classroom presence (PDO)	
	Incentives for improvement in pupil-teacher ratio (PTR)	More schools in acceptable range of PTR		
Improve teacher conditions	Clear backlog of claims	Reduced volume of outstanding teacher salary claims older than 3 months (RF)		
Provide support where required	3R teacher training	Teachers participating in the 3R training program	Improved teacher proficiency 3R subjects (PDO)	
	Student-Teacher Enrichment Program (STEP)	Schools conducting STEP (RF)	Improved student performance in 3R assessment (PDO + DLI)	
	School improvement toolkit	Schools receiving toolkit (RF)	Improved textbook student ratio (RF)	
	Timely delivery of adequate capitation grants	Released full amount of capitation grants to schools within each LGA (DLR)		
	Delivery of adequate textbooks	Improved distribution and monitoring of textbook distribution (DLR)		

Institutional Arrangements

65.   **The implementation arrangements for the AF will in substance be the same as those currently in place.** The Program will be implemented by MoEST and PO-RALG, with MoEST responsible for overall implementation, setting of standards, and conducting examinations, and PO-RALG, through LGAs, responsible for day-to-day implementation of school-level activities. The Director of Policy and Planning within MoEST serves as the primary day-to-day Program Coordinator, with the Director of Basic Education at PO-RALG as the counterpart coordinator; both are supported by a cross-Ministerial Program Coordination Team.

66.   Following the dissolution of the Big Results Now program, overall strategic oversight of the EPforR has moved from the former National Key Results Area Steering Committee, chaired by the Minister of Education, to the Senior Management Team (SMT), co-chaired by the Permanent Secretaries of both PO-RALG and MoEST. This body provides better strategic direction and a more equitable voice for PO-RALG as a co-implementer of the program. M&E functions formerly carried out by the BRN Ministerial Delivery Units are now mainstreamed into MoEST.

Figure 2. EPforR Institutional Arrangements
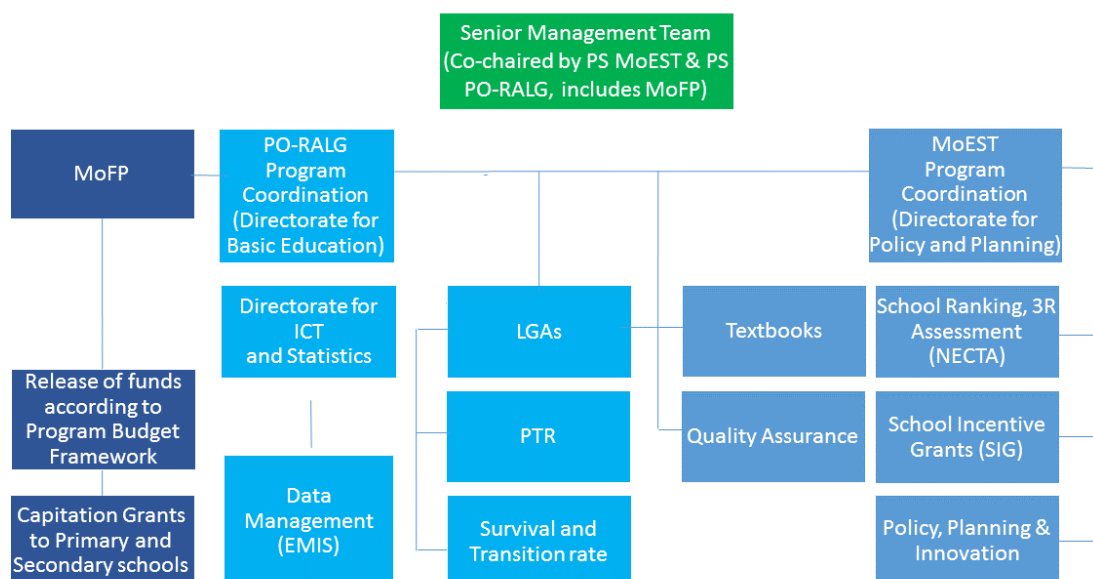
67.   **DLI Verification.** Beginning with the verification of the results in Year 2, it was agreed that an independent entity would carry out all verification activities based on data provided directly by the Government (in Year 2, the appointed entity was NIRAS Indevelop AB). This arrangement will continue in the AF.

IV.   Summary of Updated Assessments

1.   Updated Technical Assessment Summary

Technical and Economic Assessment

68.   **The economic and financial analysis estimates for EPforR are likely to be affected favorably by the AF supported initiatives.** The Government contribution to the Program is expected to increase from US$164 million to US$194 million. This is largely due to the increased provision of capitation grants in lieu of secondary school fees, introduced under the FFBEP. This increase in resource flow to schools coupled with streamlined and a well-functioning QA system is expected to produce service delivery improvements likely to enhance student grade progression and pass rates, increasing the expected economic benefit of education expenditure. Improved quality of public basic education will increase efficiency by reducing dropout and repetition and improving examination pass rates, with significant gains to lifetime earnings of students. Consequently, the estimated present discounted value of net returns from the Program will increase.

69.   **Cost-benefit analysis of the Program with the proposed AF using the Present Discounted Value method provides an estimated Net Present Value (NPV) of US$1,055 million, which is significantly higher than the original Program NPV estimate of US$529 million.** This increase in NPV stems from a larger number of direct Program beneficiaries through the extended duration of the Program and increased primary enrollment from the FFBEP. The economic viability of the Program continues to remain robust to the selected scenarios assessed as part of the original sensitivity analysis (see Annex 5, Technical Assessment – Addendum, for detailed cost benefit analysis).

70.   **The AF is closely aligned with the priorities of the Government for basic education, in particular the emphasis on improvement of quality as indicated in the draft ESDP.** The Program's activities are aligned under one pillar of the ESDP, Quality of Basic Education, and the Program's higher order objective of improved and equitable learning outcomes for all in basic education.

71.   **The increase in DLR achievement during the first two years of the Program (69 percent achievement of recurring DLRs in Year 1, 84 percent in Year 2), as well as the full completion of all foundational DLRs, suggests that the results-based mechanism is proving effective in driving implementation of the Program.** However, the original Program set of DLRs had an emphasis on system-level improvements, with only one recurring DLR directly measuring learning outcomes (tied to the PDO indicator on reading speed).

72.   **Under the AF, the structure of the DLRs is more heavily weighted towards rewarding learning outcomes.** Overall, out of 19 DLRs, nine, representing 50 percent of the AF resources, directly reward improvements in desired Program outcomes at national, district, school, and individual teacher level. Of these, two DLRs representing 10 percent of the AF directly reward improvements in learning outcomes. Seven DLRs, representing 33 percent of the AF, provide support to foundational activities and system-level performance, primarily timely

and adequate financial releases. Three DLRs, representing 18 percent of the AF resources, directly support implementation of Program activities.

73.   **Explicit mechanisms designed to harmonize dialogue and coordination between the three Development Partners supporting EPforR continue under the AF.** DFID is expected to play an important role in supporting day-to-day coordination through its Technical Assistance Support package. Working in close collaboration with World Bank and Sida, this will include representing funding partners on all policy and implementation related matters and oversight of issues.

74.   **The Program budget framework was jointly reviewed and agreed with the Government and partners to reflect the addition of new activities and completion of some activities under the original Program.** The total value of the Program, including expected contributions from the Government and Development Partners, is summarized in Table 6 and 7 below.

Table 6. Program Expenditure Framework[a] (US$ million)

| | | Year 1[b] | Year 2 | Year 3 | Year 4 | Year 5 | Total for 2017-2019 | Total for Entire Program |
		2014–15	2015–16	2016–17	2017–18	2018–19		
1	Capitation Grants[c,d]	75.8	63.31	48.94	55.3	58.45	113.75	301.80
1.1	*Of which primary*	—	—	26.22	25.67	26.74	—	—
1.2	*Of which secondary*	—	—	8.93	11.11	11.89	—	—
1.3	*Secondary fee subsidies*	—	—	13.79	18.52	19.82	—	—
2	Teaching and learning materials[e]	—	—	19.58	28.65	30.22	58.87	78.45
2.1	*Primary textbooks*	—	—	—	17.12	17.83	—	—
2.2	*Secondary textbooks and laboratory materials*	—	—	—	11.58	12.39	—	—
3	Official School Ranking[f]	0.65	0.54	—	—	—	—	1.19
4	3R Assessment[g]	0.52	0.44	—	—	—	—	0.96
5	School Improvement Toolkit	0.35	0.29	—	—	—	—	0.64
6	School Incentive Scheme	1.24	1.04	0.46	1.00	1.00	2.00	4.74
7	Teacher Motivation[h]	19.25	16.08	16.11	6.00	5.50	11.50	62.94
7.1	*Of which primary*	—	—	13.56	5.00	4.50	—	—
7.2	*Of which*	—	—	2.55	1.00	1.00	—	—

		Year 1[b] 2014–15	Year 2 2015–16	Year 3 2016–17	Year 4 2017–18	Year 5 2018–19	Total for 2017-2019	Total for Entire Program
	secondary							
8	3R Teacher Training[i]	2.63	2.20	—	—	—	—	4.83
9	STEP[i]	18.24	15.24	—	—	—	—	33.48
10	Quality Assurance	—	—	—	8.00	8.00	16.00	16.00
10.1	*School Inspections*	—	—	—	6.50	6.50	—	—
10.2	*School leadership training for heads and WEOs*	—	—	—	1.50	1.50	—	—
11	Policy, Planning and Innovation Capacity	—	—	—	1.00	1.00	2.00	2.00
	Total Ed PforR Program	**118.69**	**99.13**	**92.73**	**99.95**	**104.17**	**204.12**	**514.67**
	Remainder of BRNEd Program[j]	**1,209.68**	**1,190.00**	**1,190.00**	**—**	**—**	**—**	**3,589.68**
	Remainder of ESDP[k]	—	—	—	**1,158.71**	**1,276.9**	**3,828.26**	**3,828.26**

Note: a. Demonstrates Program scope and provides indicative budgets per item. Agreed budgets to be established annually; see POM; b. Years 1 and 2 shows agreed budget framework from the original Project Appraisal Document. Actual expenditure was lower but increasing, as reflected in partial achievement of DLR 2.1 (64 percent Year 1, 75 percent Year 2; see Annex 5). Year 3 shows revised budget agreed at the MTR. The Government is committed to increasing expenditure as part of the ESDP; c. CGs include textbooks for 2014–2015 and 2015–2016; budgeted separately for primary and secondary from Year 3; d. Primary CGs constant at TZS 6,000 per pupil. Secondary grants and fees constant at TZS 12,500 and TZS 20,000, respectively, per pupil. Enrollment estimates according to World Bank projections; e. Including textbooks and science materials; TZS 4,000 per pupil primary/TZS12,500 per pupil secondary; f. Official School Ranking budget financed training and printing of certificates in Years 1 and 2. Training complete and certificates no longer used; g. Financing of 3R Assessment taken over by Literacy and Numeracy Education Support (LANES) program from Year 3; h. Teacher motivation only budgeted separately for primary and secondary from Year 3; i. Activity completed in Years 1 and 2; j. BRNed program abolished in 2015; EPforR revised for Year 3; k. ESDP recurring costs for basic education outside of Program scope.

Table 7. Sources of Funding

Funding Estimates 2014–2020 (US$ million)	Original Program 2014-2017	Restructured Original Program 2017-2018	AF Financing	Total EPforR AF Program
PforR[a]	372	44	160	204
IDA (PforR)[b]	105	17	80	97
DFID[c]	66	22	0	22
Sida[d]	20	5	50	55
Government[e]	164		30	30

Note: a. Four-year budget framework; Year 4 also counted under AF; b. [ ] Denotes finance from original Program rolled over to AF; c. DFID contribution to the AF Program is yet to be agreed; d. Sida's contribution to the AF Program is yet to be confirmed; e. Government financing of the Program may change based on actual DFID and Sida financing.

75.   **Construction and teacher salaries continue to be excluded from the EPforR and its AF.** Considering the potential for continued increases in enrollment under the FFBEP, combined with rapid growth in the school-age population, simulation models predict a significant gap in infrastructure, notably classrooms, toilets, and staff houses, particularly at the secondary level. To maintain the student-input ratio at current levels, it is estimated that the Government will need 25 percent more classrooms by 2020, and 60 percent more by 2025. To meet this need, along with the need for additional toilets, means an immediate financing gap of US$252 million, US$246 million, and US$198 million in FY18, FY19, and FY20, respectively, even before the full impact of the FFBEP is realized. The AF thus includes a foundational DLR to update and streamline construction modalities for the Government to mobilize resources from development partners to meet the infrastructure needs of the schools. Table 8 below summarizes the additional infrastructure needs at primary and secondary level and the associated financing requirements.

Table 8. New Construction Required under FFBEP and Financing Gap[a] (US$)

	2016–17	2017–18	2018–19	2019–20	Total
Increase in enrollment	**578,142**	**624,081**	**612,605**	**556,152**	**2,370,981**
Primary	424,422	421,585	459,039	518,205	1,823,252
Secondary	153,720	202,496	153,566	37,947	547,729
Additional classrooms needed	**10,608**	**9,884**	**9,368**	**7,756**	**37,616**
Primary	7,010	5,667	6,171	6,966	25,814
Secondary	3,597	4,216	3,198	790	11,801
Additional toilets needed	**19,105**	**13,576**	**13,978**	**10,897**	**57,557**
Primary	19,105	7,752	8,441	9,529	44,828
Secondary	0	5,824	5,537	1,368	12,729
Cost (US$ million)[b]	**256**	**252**	**246**	**198**	**951**

Note: a. Task team simulations suggest that primary enrollment will be primarily driven by population growth, while secondary enrollment will be driven by impact of the FFBEP; b. based on preliminary unit cost estimations for ESDP.

76.   **The results and associated initiatives under the proposed AF advance the achievement of the PDO through a robust results chain** (see Figure 1 in Proposed Changes). Education remains a key priority of the Government, as evidenced by increasing allocation to basic education in budgets in recent years; the Program also benefits from the considerable political 'buy-in' across government and civil society achieved through the original policy 'Lab' design process under BRN.

77.   **The revised initiatives under the AF represent scaling up of proven successful interventions or introduction of new activities which have proven effective in other countries.** For example, reforms and improvements to school inspection have played a key role in World Bank support to quality improvements to basic education in Ethiopia, while the introduction of simple school assessment score cards has proven successful and popular in a wide range of developing countries, including Brazil, Ghana, Madagascar, and Pakistan. DLRs incentivize full implementation of these new activities, as well as provide an incentive for measurable impact on teaching quality in schools.

78.   **The implementation arrangements are largely unchanged from the original Program, with overall responsibility for implementation shared between MoEST and PO-RALG.** The BRN structure of cross-ministerial temporary oversight, which formed part of the original design, had little impact on day-to-day implementation in the original Program. Its M&E

functions have been mainstreamed into the MoEST and its abolition in late 2015 has not affected implementation of the Program. A DFID-financed TAS team, which has provided valuable coordination and support, remains in place. A National M&E Framework for Education, which will be part of the ESDP, will help further institutionalize M&E collaboration and coordination between MoEST and PO-RALG (see Annex 5, Technical Assessment – Addendum, for a detailed discussion of the technical soundness of the Program and of implementation arrangements).

79.   **During the first year of the Program, verification was carried out largely by DPs.** Although verification proceeded adequately under this system, the technical burden proved unsustainable and it was agreed that, in accordance with guidance and beginning with the verification of the results in Year 2, an independent entity would carry out all verification activities based on data provided directly by the Government. This arrangement will continue in the AF. A challenge to verification has been delays in the supply of data by government for verification, and issues around formatting of data. It is expected that continuing support from the DFID TA team will accelerate improvements in the provision of timely and suitable data for DLR verification; however, the task team plans to closely monitor implementation to predict and address any issues in data collection and maintenance in advance of DLR claims to ensure greater efficiency.

Update of Integrated Fiduciary Assessment Summary

80.   **The fiduciary systems assessment for the AF builds on initial review at the design of the Program under BRNEd, including measures undertaken by the Government to mitigate identified risks, updates during the Mid-term Review in September 2016, and the fiduciary supervision mission conducted in January 2017.** The assessment focused on, among others, (a) verification of existence of school improvement toolkits given to Heads of Schools; (b) review of the set-up of the procurement function and processing of procurement at school level; (c) the extent of LGAs' follow-up on implementation of school improvement toolkit at school levels; (d) training on processing of smaller value contracts and record keeping for staff handling procurement at schools levels; (e) a review of the planning and budgeting; (f) treasury management and funds flow; (g) accounting and financial reporting; (h) internal controls including internal audit; and (i) external audit arrangements.

81.   **Since the first fiduciary supervision mission in December 2015, the flow of funds and implementation mechanism for capitation grants and textbooks have changed.** Transfer of CGs directly to schools rather than through LGAs has eliminated delays in fund transfer and the issue of some LGAs remitting less funds to schools. Currently, the assessment revealed that the LGAs are not actively involved in the implementation of the Program, rather remaining with oversight and/or monitoring roles only. Despite this major change, which is for the better, all Program fiduciary systems have continued to provide reasonable assurance that the proceeds of the financing from DPs will be used for the intended purposes.

82.   **The Government has made overall satisfactory efforts implementing the Program Action Plan (PAP) since the start of the Program.** The implementation of the QA component and disclosure of procurement and/or distribution plan was aimed at strengthening transparency and accountability both at LGAs and schools. However, the arrangement for central procurement

of textbooks, where 40 percent (primary schools) and 50 percent (secondary schools) of the capitation grants is retained for procurement of textbooks by PO-RALG, lacks transparency, as no information/data such as unit price of textbooks and textbooks allocation plan is available either at the LGA or school level, making it difficult for LGAs and/or schools to verify their CG expenditure and balance available with PO-RALG.

83. **Overall, the fiduciary systems at schools are noted to be working with basic structures in place.** The assessment considered developments that have taken place during implementation of the Program. However, it also revealed some issues which remain to be implemented including (i) availing of school improvement toolkits to schools; (ii) training of staff handling procurement processing at schools including records keeping; (iii) disclosure of the annual procurement/distribution plan ahead of delivery and during delivery of books providing unit price of books for LGAs/schools verification purposes; and (iv) training of teachers/accountants on basics in recording, posting, and bank reconciliation procedures by district treasurers.

84. **The fiduciary risk for the AF remains Substantial.** In order to mitigate the risks, the Government will need to implement the revised PAP (see Annex 8). Adequate implementation support arrangements have been put in place to support the Program in managing fiduciary risks during its implementation. The GoT has committed to implementing the Program in compliance with the World Bank's Anticorruption Guidelines.

85. **As agreed at the MTR, the submission requirements for Program Financial Audits will be changed under the AF and for the original EPforR from six months to twelve months after completion of a fiscal year.** The submission time for Year 2 of the Program is retroactively changed from six months to twelve months after the end of the fiscal year to align it with other PforR operations in Tanzania and to allow time for fulfilling the requirement that all financial audits be considered by Parliament before they can be made public.

86. **The overall project procurement risk is assessed as Substantial and with mitigation measures put in place, the residual risk is reduced to Moderate.**

Update of Environmental and Social Systems Assessment Summary

87. **The implementation of the activities under the AF Program will rely on the existing national legal framework and institutional systems the GoT uses to manage environmental and social safeguards issues.** An Environmental and Social Systems Assessment (ESSA) was prepared for this AF Program as a separate document. The draft ESSA was consulted upon with the GoT and relevant stakeholders and was disclosed in Tanzania on March 21, 2017. The final ESSA has been disclosed in the World Bank InfoShop.

88. **The purpose of the ESSA is to provide a comprehensive review of relevant environmental and social management systems and procedures in Tanzania,** identify the extent to which the national systems are consistent with the World Bank Policy[22] and the World

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[22] OPCS5.04-POL.01

Bank Directive[23] for the Program, and recommend necessary actions to address potential gaps as well as opportunities to enhance performance during the Program implementation. A summary of the findings of the ESSA is provided in Annex 7.

89.   **The ESSA concluded that Tanzania, in general, has established a comprehensive set of environmental and social management systems to address the environment, health and safety, as well as social concerns related to the AF Program.** Such systems are principally well-aligned with the core principles and key planning elements as defined in the World Bank PforR Policy. However, there are certain inadequacies and gaps from the perspective of actual implementation of such system identified through the ESSA.

90.   **The assessed weaknesses are related to lack of enforcement and compliance of existing laws, regulations and guidelines governing environmental and social management**, inadequate attention to environmental, health and safety concerns, insufficient staffing for overseeing and monitoring and reporting of implementation of environmental and social measures, weak land management and resettlement practices, lack of systematic environmental and social management data collection and reporting, and weak coordination among agencies. The awareness of the ESSA prepared for the original Program is low. Thus, several recommended actions (Annex 7) are proposed to address these shortcomings and are included in DLRs and the PAP for the AF Program.

91.   **The World Bank organized several consultations during the preparation of the AF Program.** Initial consultations with MoEST were held December 5-9, 2016. World Bank Specialists undertook a series of consultations with different stakeholders including national and local government agencies and school visits. A multi-stakeholder consultation meeting in Dar Es Salaam was organized on February 23, 2017 on the draft ESSA report to receive specific feedback on its findings and recommendations.

92.   **During the consultation, the World Bank team presented detailed information on the PforR instrument, activities to be supported under the Program, and key findings and recommendations of the ESSA.** The participants concurred with findings and recommendations presented in the ESSA, and voiced strong support in implementing the proposed Program to improve education quality while enhancing environmental and social management in the education sector for safe, clean, inclusive and sustainable surroundings in Tanzanian primary and secondary schools.

93.   **Communities and individuals who believe that they are adversely affected as a result of this AF may submit complaints to the Grievance Redress Mechanism (GRM) in Tanzania.** The GRM at the national and/or local levels is described below. The PAP specifies completion measurement of the establishment of the GRM.

   (a) **National Level:** At the national level there is a government portal (the online open Data portal for GoT) available for registering complaints. In addition, the education sector through MoEST has a portal used for registering complaints. The existence of this

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[23] OPCS5.04-DIR.01

mechanism needs to be widely disseminated. In addition, the implementers of both portals need to have a person identified for responding to the complainant (with a given time frame) or forward the complaint to the relevant person for redressal.

(b) **Local Level:** The following systems are in place at the local level:
(i)   LGAs have a complaint box to receive complaints and provide resolutions.
(ii)   Village Committees/Sub-ward Committees also have a similar mechanism for handling complaints. They respond to the complainants or forward them to the next higher level for redress of issues that are beyond their jurisdiction.
(iii)   School Committees (for primary schools) and School Boards (for secondary schools) are responsible to receive and resolve complaints. Evidences (e.g. submission of operations log or reports of at least one month and a case report) will be collected during the AF Program implementation to show that these measures are working.

V.   World Bank Corporate Requirements

Gender

94.   **While there has been improvement in recent years, girls' outcomes within basic education typically lag behind boys' in examination pass rates and transition to lower secondary.** Under the AF, a range of activities target improvement in policies or outcomes for female students, including reforms to the QA system and school infrastructure, and a DLR directly rewarding improvements in girls' transition (for details, see Box 3).

Disabilities

95.   **Although Tanzania has in place a National Strategy on Inclusive Education (2009–2017), data from the Education Sector Analysis (ESA) suggests that children with special needs are underrepresented in the formal school system, while a very small proportion of teachers obtain a certificate in special education** (see Annex 5, Technical Assessment – Addendum for more details). Under the AF, a range of activities target improvement in policies or outcomes for students with disabilities, including a foundational DLR, reforms to the QA system, and plans for improved provision of school infrastructure (see Box 3 for details).

Climate Risk Screening

96.   **Climate Risk screening has been completed.** The Program includes no construction, although it does support updating of guidelines for construction of school infrastructure. Climate hazard is expected to slightly reduce the Program's impact for nonphysical components, the education sector, and the broader context. Extreme temperature, storm surge, and drought were identified as high risk factors; the construction guidelines activity includes measures to address these.

World Bank Grievance Redress

97.   **Communities and individuals who believe that they are adversely affected as a result of a World Bank (WB) supported PforR operation, as defined by the applicable policy and**

procedures, may submit complaints to the existing program grievance redress mechanism or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

Annex 1: Results Framework and Monitoring Indicators

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
Improved mastery of 3R (reading and numeracy) skills in Grade 2 students	PDO 1a: National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) sub module of 3R[26] assessment among Grade 2 students (primary)		6.2	wpm	21[27]	25[28] (2017/18)	Although wpm has increased by over 5 percent, performance is low. To achieve quality improvements, targets are revised from 21.9 to 25, given the parallel investments in teacher training and motivation and incentives to lower the PTR.
	PDO 1b: National average on Level I Subtraction sub module of 3R[29] assessment among Grade 2 students (primary)			Correct answers per minute	6.7 (2016)	7.0[30] (2017/18)	Targets are modified from 6 to 7 given the original end target (6) was already achieved in Year 2.

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[24]Actual achievement for 2015/16 unless otherwise stated.

[25]Figures for 2018/19 unless otherwise stated.

[26]3R assessment to utilize the same methodology as the EGRA.

[27]As agreed with Government as baseline for DLR achievement

[28]3R assessment every two years. Target is for Year 4.

[29]3R assessment to utilize the same methodology as the EGMA.

[30]3R assessment every two years. Target is for Year 4.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
		IR 1.1: National average on Level 2 Addition and Subtraction sub module of 3R[31] assessment among Grade 2 students (primary)	6.3	Percentage	26.8 (2016)	30[32]	New. Added to align with DLR 6.3
		IR 1.2: Percentage of students achieving benchmark ORF[33] measured in wpm.		Percentage	6.5	8[34]	New. This indicator was added to track the percentage of Standard 2 students achieving minimum ORF, which is crucial for students to gain the minimum knowledge required to succeed in higher levels of education. This links strongly to the PDO, improving quality.
		IR 1.3: Percentage of students achieving grade 2 minimum numeracy skills[35]		Percentage	7.9	12[36]	New. Added in order to track the pace of progress of minimum numeracy skills to target quality improvement

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[31] 3R assessment to utilize the same methodology as the EGMA.

[32] 3R assessment every two years. Target is for Year 4.

[33] 50 correct wpm as this is the share in the EGRA.

[34] 3R assessment every two years. Target is for Year 4.

[35] Minimum numeracy skills are defined as 80 percent achievement on EGMA Addition and Subtraction Level 2.

[36] 3R assessment every two years. Target is for Year 4.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
		IR 1.4: Released monthly full amount of capitation grants agreed for each year to all schools within each LGA	2.2	Percentage (Primary) Percentage (Secondary)	109 107[37]	85 85	New targets are set to incentivize a higher overall share of disbursement of CGs (changed from 80 to 85). The indicator is revised to separate primary and secondary to explicitly target disbursement at the different levels.
		IR 1.5: Percentage of LGAs achieving the acceptable range for primary PTRs	4.1	Percentage	62[38]	TBD[39]	Modified to align with the new design of DLR 4.1. The unit of measure is changed from number to percentage due to the increasing number of LGAs since program implementation.
		IR 1.6: Number of primary schools achieving the acceptable range of primary PTRs in each LGA	4.2	Number	5,672[40]	TBD[41]	Slightly reworded for clarity.
		IR 1.7: Share of pupils with textbooks (mathematics and English) (Standard 4)		Percentage (Standard 4 students)	Math 24.6 English:	50[43]	Given difficulties with adequate measurement, the focus is on mathematics and English textbooks at Standard 4 (primary), based on SDI survey results.

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[37] The CG formula in the original Program included textbooks. In 2015/16, the total disbursement of CGs (including primary, secondary, and textbooks) was 74 percent, while for textbooks it was only 21 percent. Figures cited are for cash grants only, in line with revised structure of the indicator.
[38] 112 out of 180 LGAs in 2015/16.
[39] To be agreed as part of DLR 1.2.
[40] Achievement as of Year 2.
[41] To be agreed as part of DLR 1.2.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
					26.3 (2014) [42]	50	
		IR 1.8: Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level	2.3	Percentage	n.a.	100	New. Restricted to primary level as differences in target ratios at primary and secondary level made previous indicator of limited use. Aligned with new DLR 2.3.
Improved teacher performance	PDO Indicator 2a: Percentage of teachers found in classroom during unannounced visit (primary schools)			Percentage	53 (2014)	56 [44]	Achievement Year 1: 53.3 percent. The original end target was achieved in Year 1; therefore, the targets are revised from 53 to 56 to encourage continued improvement.
	PDO Indicator 2b: Average teacher knowledge score in mathematics and English (primary schools)			Average score (Math)	63.1 (2014)	65 [45]	The test instrument to measure minimum competency changed between the SDI 2010 and 2014. The indicator definition, baseline and targets have therefore been separated and revised.
				Average score (English)	41.9 (2014)	44	

[43]SDI survey every two years. Target is for Year 4.
[42]This indicator has been defined in accordance with SDI 2014 as reliable data on distributed textbooks were not available from the Government. The indicator will be updated with EMIS data when available.
[44]SDI survey every two years. Target is for Year 4.
[45]SDI survey every two years. Target is for Year 4.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
		IR 2.1: Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection	8.1	Percentage (Primary) Percentage (Secondary)	n.a. n.a.	50 50[46]	New. Aligned with DLR 8.1
		IR 2.2: Increase in School Quality Score[47] for selected schools[48] inspected twice in consecutive years	8.2	Number (schools)	n.a.	800	New. Aligned with DLR 8.2. Selected schools to be agreed during preparation of the Operations Manual.
		IR 2.3: Percentage of schools receiving follow-up inspection visits		Percentage (schools)	n.a.	10	New
		IR 2.4: Volume of outstanding teacher salary claims older than three months		Amount (TZS billion)	3	2	Targets changed from 10 to 2 in order to maintain/decrease the current level, since the Government overachieved the original end target in Year 1. Wording clarified.
Improved performance in Form IV examinations	PDO Indicator 3: National average on CSEE pass rate in Sciences (biology, chemistry, physics), English and Mathematics among			Percentage	English: 56.2 Math: 16.8	74.8 22.3	New. Added to increase focus on secondary education. The survival rate index and SIG are meant to contribute as incentives to focus on this PDO.

[46]End target is cumulative across Years 4 and 5. An individual school can only count towards disbursement once during the AF Program, except for schools which are part of the sample of 800 schools selected for DLR 8.2, for which one visit can be counted in each of 2017/18 and 2018/19.

[47]From Foundational DLR on School Quality Assurance

[48]800 schools to be sampled; target is for all sampled schools to show an improvement in School Quality Score.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
	Form IV (secondary) students (disaggregated by subject)[49]				Science[50]: 53.6 (2015)	71.4	
		IR 3.1: Female average pass rate on CSEE in Sciences, English, and Mathematics (disaggregated by subject)		Percentage (female)	English: 52.5 Math: 12.8 Science: 45.7 (2015)	73.8 17.9 64.2	New. Added to increase focus on girls' learning outcomes, given girls' performance is below that of boys.
		IR 3.2: Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance	5.2	Number (primary school performance; noncumulative) Number (secondary school performance; noncumulative)	63 59	300 100	New/modified. Original indicator separated monetary and non-monetary awards. This indicator aligns with DLR 5.2
		IR 3.3: Percentage of LGAs achieving year-	7.1	Percentage (LGAs)	n.a.[52]	41	New. Aligned with DLR 7.1

[49]Several indicators measuring progress at the secondary level have been included under PDO areas 1 and 2 given the overlap with indicators at the primary level.
[50]Composite of performance in biology, physics, and chemistry.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16[24]	End Target Year 5 2018/19[25]	Rationale for Changes from Original
		on-year increase in aggregate primary survival rates[51]					
		IR 3.4: Percentage of regions achieving year-on-year increase in aggregate lower secondary survival rates	7.1	Percentage (regions)	n.a.[53]	38	New. Aligned with DLR 7.1
		IR 3.5: Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I.	7.2	Percentage (regions)	n.a.	38	New. Aligned with DLR 7.2
Other Program Indicators		IR 4.1: Released biannually total level of funds per agreed EPforR Budget Framework	2.1	Percentage	75	90	Revised to be aligned with DLR 2.1. The proposed targets are based on the percentage of funds released in Year 1 and Year 2.
		IR 4.2: Annual Summary Education Performance Report (ASEPR) released in acceptable format	3.1	Yes/No	Yes	Yes	Indicator slightly modified to include disaggregated pupil survival rate following the new DLR 7.1

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[52]The first year for which survival rate data are available is 2016, and thus rates of increase are not available. In 2016, the national primary survival rate was 49.8 percent.

[51]This overlaps with PDO area 1 for primary education.

[53]The first year for which survival rate data are available is 2016, and thus rates of increase are not available. In 2016, the national lower secondary survival rate was 72.35 percent.

Key Results Area	PDO/Outcome Indicators	Intermediate Results Indicators	DLR No.	Unit of Measurement	Year 2 MTR 2015/16 [24]	End Target Year 5 2018/19 [25]	Rationale for Changes from Original
		IR 4.3: Made available online annual school-level EMIS data with unique school identifiers	3.2	Percentage	0	95	Modified. Slightly reworded for clarity. Targets raised from 80 to 95 to push for a consistent high level of available EMIS data
		IR 4.4: Direct program beneficiaries (primary and secondary; annual; World Bank core indicator)		Number in million (students) Number (teachers)	10.3 248,720	12.1 290,550	Indicator revised to include teachers; student target raised from 10.13 to 12.1 to reflect extension of program and increased enrollments
		IR 4.5: Female beneficiaries (primary and lower secondary; World Bank core indicator)		Percentage (students, primary and lower secondary)	50.6	50	

Annex 2: Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols

Disbursement Linked Indicator Matrix

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
Completed all foundational activities (DLR 1.1, 1.2, 1.3, 1.4, 1.5, 5.1, 6.1)[56]								
Status of Achievement/Disbursement			100% US$22.6m					
DLI 1 Completed all Foundational Activities (new)								
DLR 1.1. The Recipient has approved a School Quality Assurance (QA) operations manual DLR 1.2. The Recipient has approved an updated National Teacher Deployment Strategy that includes agreed formula for deployment of new teachers across LGAs DLR 1.3. The Recipient has approved a Strategy for primary and secondary students with special needs DLR 1.4. The Recipient has approved a School Construction Strategy						Completed Foundational Activities		

[54]Agreed at the MTR.
[55]Final year of the original Program overlaps with the first year of the AF.
[56]The recipient completed the original foundational activities during Years 1 and 2 of the Program. New foundational activities are introduced under the AF.

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	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
Status of Achievement/Disbursement N/A (New)[57]								
Allocated amount (US$ million)	US$12m	15				US$12m[58] (AF)	n.a.	
DLI 2 Timely and adequate resource flows								
DLR 2.1 Released biannually total level of funds per agreed EPforR Budget Framework (revised at MTR)			Release quarterly total level of funds per agreed budget framework	Release quarterly total level of funds per agreed budget framework	Release bi-annually total level of funds per agreed budget framework	Release bi-annually total level of funds per agreed budget framework	Release bi-annually total level of funds per agreed budget framework	Frequency of measurement altered at MTR. Expenditures on teacher motivation qualify only up to 120 percent of budgeted amount.
Status of Achievement/Disbursement			50.76% US$2.6 m	74.6% US$5.1 m				
Allocated amount (US$ million)	US$6m	8			US$8m (original)	US$8m (original)	US$6m (AF)	
DLR 2.2 Released monthly full amount of capitation grants agreed for each year to all schools within each LGA			Full amount of capitation grants has been released on a quarterly	Full amount of capitation grants has been released on a quarterly	Full amount of capitation grants has been released on a monthly basis	Full amount of capitation grants has been released on a monthly basis	Full amount of capitation grants has been released on a monthly basis	As agreed at MTR, from Year 3, only cash grants eligible as

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[57]In addition to listed DLRs, stated total disbursement of US$59 million includes other DLRs discontinued in the AF.
[58]US$3 million is allocated per each foundational DLR.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
			basis to all schools within each LGA	basis to all schools within each LGA[59]	to all schools within each LGA	to all schools within each LGA	to all schools within each LGA	achievement
Status of Achievement/Disbursement			82.05% US$1.1 million	74.3% US$1.8 million				
Allocated amount (US$ million)	US$6m	8			US$3m[60] (original)	US$3m (AF)	US$3m (AF)	
DLR 2.3 Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level						100 percent of schools present evidence of receipt of textbooks, specifying grade and subject	100 percent of schools present evidence of receipt of textbooks, specifying grade and subject	New DLR
Status of Achievement/Disbursement n.a. (new)								

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[59] Since January 2016 the Capitation Grants are going directly to schools instead of LGAs. To support the transition, it was agreed at the SMT meeting in June 2016 to give some incentives to the LGAs to continue to monitor the grants released to schools. Hence, for the latter half of the FY2015/16 a revised formula for disbursement was agreed between the MoEST and DPs: 20 percent of the DLR to be disbursed on release of grants to schools and 80 percent to be disbursed against monitoring of those grants.

[60] This includes the original allocation of US$2 million and an additional US$1 million reallocated from the original Program.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
Allocated amount (US$ million)	US$6m	8				US$3m (AF)	US$3m (AF)	
DLI 3 Data Management								
DLR 3.1 Released an Annual Summary Education Performance Report (ASEPR) in acceptable format			An ASEPR in acceptable format has been released including complete information for all LGAs	An ASEPR in acceptable format has been released including complete information for all LGAs	An ASEPR, including survival rates, in acceptable format, has been released including complete information for all LGAs	An ASEPR, including survival rates, in acceptable format, has been released including complete information for all LGAs	An ASEPR, including survival rates, in acceptable format, has been released including complete information for all LGAs	Slightly modified to include disaggregated pupil survival rate following the new DLR 7.1.
Status of Achievement/Disbursement			86% US$1.6 million	100% US$1.7 million				
Allocated amount (US$ million)	US$2m	3			US$3m[61] (original)	US$1m (AF)	US$1m (AF)	

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[61]This includes the original allocation of US$2 million and an additional US$1 million reallocated from the original Program.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
DLR 3.2 Made available online annual school-level EMIS data with unique school identifiers			Annual school-level EMIS data have been made available online for 100 percent of schools	Annual school-level EMIS data have been made available online for 100 percent of schools	Annual school-level EMIS data, with unique school identifiers in revised format, have been made available online for 100 percent of schools	Annual school-level EMIS data, with unique school identifiers in revised format, have been made available online for 100 percent of schools	Annual school-level EMIS data, with unique school identifiers in revised format, have been made available online for 100 percent of schools	Slightly reworded for clarity. Requirement of unique school identifiers agreed at MTR
Status of Achievement/Disbursement			96% US$1.7 million	100% US$1.7 million				
Allocated amount (US$ million)	US$2m	3			US$3m[62] (original)	US$1m (AF)	US$1m (AF)	
DLI 4 More Efficient Teacher Allocation								
DLR 4.1 Percentage of LGAs achieving the acceptable range for primary PTRs[63]			Annual target for number of LGAs achieving the acceptable range for primary PTRs has been met	Annual target for number of LGAs achieving the acceptable range for primary PTRs has been met	Annual target for number of LGAs achieving the acceptable range for primary PTRs has been met	Annual target for percentage of LGAs achieving the acceptable range for primary PTRs has been met[64]	Annual target for percentage of LGAs achieving the acceptable range for primary PTRs has been met[65]	Unit changed to percentage due to increasing number of LGAs since program implementation

[62] This includes the original allocation of US$2 million and an additional US$1 million reallocated from the original Program.
[63] Acceptable range will be updated based on Foundational DLR 1.2.
[64] The target will be updated based on Foundational DLR.
[65] The target will be updated based on Foundational DLR.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
Status of Achievement/Disbursement			100% US$1.8 million	100% US$1.7million				
Allocated amount (US$ million)	US$2m	3			US$3m[66] (original)	US$2m (original)	US$2m (AF)	
DLR 4.2 Number of primary schools achieving the acceptable range of primary PTRs in each LGA[67]			Annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA has been met	Annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA has been met	Annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA has been met[68]	Annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA has been met[69]	Annual target for number of primary schools achieving the acceptable range of primary PTRs in each LGA has been met.[70]	Slightly reworded for clarity
Status of Achievement/Disbursement			21% US$0.575 million	41.5% US$1.1 million				
Allocated amount (US$ million)	US$3m	4			US$4m[71] (original)	US$3m (original)	US$3m (AF)	
DLI 5 School Incentives								

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[66] This includes the original allocation of US$2 million and an additional US$1 million reallocated from the original Program.
[67] Acceptable range will be updated based on Foundational DLR 1.2.
[68] Structure of DLI awards per-school improvement with no explicit target. See POM.
[69] Structure of DLI awards per-school improvement with no explicit target. See POM. Target will be updated based on Foundational DLR.
[70] Target will be updated based on Foundational DLR.
[71] This includes the original allocation of US$3 million and an additional US$1 million reallocated from the original Program.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
DLR 5.2 Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance			120 qualified schools have received SIGs	120 qualified schools have received SIGs	400 qualified schools have received SIGs	400 qualified schools have received SIGs	400 qualified schools have received SIGs	Slightly reworded for clarity
Status of Achievement/Disbursement			98% US$1.8 million	100% US$1.7 million				
Allocated amount (US$ million)	US$4m	5			US$3m[72] (original)	US$2m (AF)	US$2m (AF)	
DLR 5.3 Met the annual target for schools that have conducted STEP activities[73]			5,000 primary schools and 1,000 secondary schools conducting STEP	5,000 primary schools and 1,000 secondary schools conducting STEP	n.a.	n.a.	n.a.	Discontinued at MTR
Status of Achievement/Disbursement			100% US$1.8 million	100% US$1.7 million				
Allocated amount (US$ million)	n.a.							
DLI 6 Student Learning Outcomes								

[72]This includes the original allocation of US$2 million and an additional US$1 million reallocated from the original Program.

[73]DLR 5.3 was discontinued at the MTR.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
DLR 6.2 National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) submodule of 3R assessment among Grade 2 students				National average of at least 18.9 wpm has been met	n.a.	National average of at least 25 wpm has been met	n.a.	Targets are revised, to achieve quality improvements given parallel investments in teacher training and motivation, and incentives to lower the PTR.
Status of Achievement/Disbursement				100% US$7.0 million				
Allocated amount (US$ million)	US$2m	3			n.a.	US$6 m (includes US$4m original and US$2m AF)	n.a.	
DLR 6.3: National average on Level 2 Addition and Subtraction submodule of 3R assessment among Grade 2 students					n.a.	National average of at least 30 percent has been met.	n.a.	New DLR
Status of Achievement/Disbursement: n.a. (new)								

	Total Financing Allocated to DLI under AF (US$ million)	**As % of Total Financing Amount of AF**	**Targets and Indicative Time Line for DLI Achievement**					**Rationale for Change from Original**
			Year 1 (2014/15)	**Year 2 (2015/16)**	**Year 3 (2016/17)[54]**	**Year 4 (2017/18)[55]**	**Year 5 (2018/19)**	
Allocated amount (US$ million)	US$6m	8			n.a.	US$6m	n.a.	
DLI 7 Student survival and transition outcomes								
DLR 7.1: Percentage of LGAs/regions[74] achieving year-on-year increase in aggregate primary and lower secondary survival rates					41 percent of LGAs[75] and 38 percent of regions[76] have achieved a year-on-year increase in primary survival rates and lower secondary survival rates	41 percent of LGAs and 38 percent of regions have achieved a year-on-year increase in primary survival rates and lower secondary survival rates	41 percent of LGAs and 38 percent of regions have achieved a year-on-year increase in primary survival rates and lower secondary survival rates	New DLR
Status of Achievement/Disbursement: n.a. (new)								
Allocated amount (US$ million)	US$6m	8			US$6m (original)[77]	US$3m (AF)	US$3m (AF)	

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[74]LGAs for primary survival, regions for lower secondary survival.

[75]At the current number (185) of LGAs, this amounts to the 75 top-ranked LGAs meeting the year-on-year increase.

[76]At the current number (26) of regions, this amounts to the top 10 performing regions.

[77] This includes reallocation of US$2 million from STEP, which was discontinued at MTR, and other financing from the original Program.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
DLR 7.2: Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I[78]					n.a.	38 percent of regions have achieved a year-on-year increase in girls' transition from Standard 7 to Form 1	38 percent of regions have achieved a year-on-year increase in girls' transition from Standard 7 to Form 1	New DLR
Status of Achievement/Disbursement n.a. (new)								
Allocated amount (US$ million)	US$6m	8				US$3m (AF)	US$3m (AF)	
DLI 8 Quality Assurance System								
DLR 8.1 Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection					n.a.	25 percent of public primary and secondary schools visited by inspectors and displaying School Report Cards on premises 3–6 months after	50 percent (cumulative) of public primary and secondary schools visited by inspectors and displaying School Report Cards on premises 3–6	New DLR

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[78] Baseline transition rates to be defined in POM.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
						inspection	months after inspection[79]	
Status of Achievement/Disbursement n.a. (new)								
Allocated amount (US$ million)	US$10m	13				US$5m (AF)	US$5m (AF)	
DLR 8.2 Increase in School Quality Score for selected schools to be inspected twice in consecutive years					n.a.	n.a.	800 sampled schools visited twice in consecutive years meet target for increase in School Quality Score	New DLR
Status of Achievement/Disbursement n.a. (new)								
Allocated amount (US$ millions)	US$5m	6					US$5m (AF)	

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[79] An individual school can only count towards disbursement once during the AF Program, except for schools which are part of the sample of 800 schools selected for DLR 8.2, for which one visit can be counted in each of 2017/18 and 2018/19.

	Total Financing Allocated to DLI under AF (US$ million)	As % of Total Financing Amount of AF	Targets and Indicative Time Line for DLI Achievement					Rationale for Change from Original
			Year 1 (2014/15)	Year 2 (2015/16)	Year 3 (2016/17)[54]	Year 4 (2017/18)[55]	Year 5 (2018/19)	
DLI 9 Policy, Planning and Innovation Capacity								
DLR 9.1: Number of new commissions granted to support policy, planning and innovation						Two or more competitive commissions granted, with total value of US$1 million or more	Two or more competitive commissions granted, with total value of US$1 million or more	New DLR
Status of Achievement/Disbursement n.a. (new)								
Allocated amount (US$ million)	US$2m	3				US$1m (AF)	US$1m (AF)	

DLI Verification Protocol Table

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
1.1	The Recipient has approved a School Quality Assurance (QA) operations manual	No	Operations manual from MoEST School Quality Assurance Division, signed by PS MoEST; report of consultations with relevant stakeholders and technical experts	Independent verification entity	TAS team to oversee hiring of subject specialists/consultants (school Quality Assurance) to review operations manual prior to approval and comment on technical soundness of handbook, checklist and guidelines, including design of School Report Cards. MoEST to ensure recommendations incorporated in final approved operations manual	New DLR The operations manual will include, among others: 1. Updated School Quality Assurance Handbook 2. Updated School Quality Assurance Checklist, including assignment of an Overall School Quality Score 3. Updated School Supervision Guidelines for head teachers and WEOs 4. Detailed and costed plans to carry out inspections in 50 percent of schools during Years 4 and 5 of Program 5. Details of production and distribution to schools of Official School Report Cards 6. Procedures to make the information on Cards available on a public website
1.2	The Recipient has approved an updated National Teacher Deployment Strategy that includes agreed formula for deployment of new teachers across	No	Strategy signed by PS MoEST and PS PO-RALG; report of consultations with relevant stakeholders and technical experts	Independent verification entity	Independent entity to certify adequacy of consultations and incorporation of consultation recommendations in finished strategy	New DLR Strategy to, among others, (a) Provide a framework for sustainable financing of teacher transfer costs for reallocation; (b) Include transparent and objective criteria and a

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
	LGAs					formula for the distribution of newly recruited teachers; (c) Review any school-level practices inconsistent with policy of not using teachers to teach more than one subject in primary schools.
1.3	The Recipient has approved a Strategy for primary and secondary students with special needs	No	Strategy signed by PS MoEST; report of consultations with relevant stakeholders	Independent verification entity	Independent entity to certify adequacy of consultations and incorporation of consultation recommendations in finished strategy	New DLR
1.4	The Recipient has approved a School Construction Strategy	No	School Construction Strategy from MoEST, signed by PS MoEST and PS PO-RALG	Independent verification entity	TAS team to oversee hiring of subject specialists (infrastructure) to review report prior to approval and comment on technical soundness of construction framework including measures of efficacy, efficiency, and quality of designs to meet infrastructure needs. Independent entity to confirm adequacy of incorporation of specialist recommendations in finished documents	New DLR The strategy will include, among others: (a) Guidelines for monitoring and supervision of construction; (b) Institutional arrangements for supervisions; (c) Clear mapping of flow of funds and allocations to LGAs; (d) Schedule for updating of guidelines, and bill of quantities. The strategy will include detailed and costed plans for construction over a 3–5-year timescale, including measures to reduce unit costs and increase the efficiency and efficacy of new construction, as

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
						well as strategies for more efficient use of existing and new infrastructure.
2.1	Released biannually total level of funds per agreed EPforR Budget Framework, drawn from Government's own funds	Yes	(i) Integrated Financial Management Report (IFMR) prepared by Ministries of Finance; Education and PO RALG, and Tanzania Education Authority (ii) Approved EPforR Budget Framework; (iii) other certified accounting systems generated reports signed by the respective accounting officers	Independent verification entity	Review of IFMR, Budget Framework, and other certified accounting systems-generated reports	The amount allocated is prorated to percentage of funds released according to agreed EPforR Budget Framework. Framework agreed on annual basis. Per MTR, funds from external sources (for example, DPs) are not eligible. Maximum of 120 percent of agreed budget for teacher motivation eligible towards target (see POM). Additional ministries are responsible for preparing IFMR, and additional reports are available as data sources. As agreed at MTR, expenditure drawn from other donor-supported programs is not eligible towards this DLR.
2.2	Released monthly full amount of capitation grants agreed for each year to all schools within each LGA	Yes	School-level list from all LGAs identifying the amount of CGs received by all schools by pupil, by month[80] World Bank	Independent verification entity	Independent verification by a third party based on representative sample of 200 schools; cross-check of reported release data against accounting records. EPforR Coordination Unit to	The amount allocated is prorated proportional to percentage of funds released according to agreed Framework. Framework agreed on annual basis.

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[80] This verification started by July 1, 2016, after the change in flow of funds going directly to school accounts instead of LGAs. Prior, the verification consisted of transfer records showing amount and timeliness of funds sent to school bank accounts from either District Treasury or MoFP.

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
			statements of sampled schools		compile and submit transfer records provided by officials from PO-RALG and the MoFP for each two-year period. Verification Entity to review. DPs to recommend sample size for review of bank statements to verify transfer.	
2.3	Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level	Yes	Receipts signed by school staff for delivery of textbooks or alternative method pre-approved by DPs	Independent verification entity	Review of notes of receipt of books by head teachers of representative sample of 200 schools and physical verification if required.	New DLR The amount allocated is prorated proportional to percentage of public primary schools providing evidence of receipt of textbooks. Receipts must include details of quantity of books by subject and grade.
3.1	Released an Annual Summary Education Performance Report (ASEPR) in acceptable format, which includes disaggregated pupil survival rates	Yes	ASEPR report from PO-RALG; analysis of online school level data from MoEST	Independent verification entity	Independent verification by a third party of the completeness and accuracy of the data, based on a representative sample Completeness and accuracy of the analysis is to be verified jointly by MoEST, PO-RALG, and DPs. Review of ASEPR using EMIS data, reports, and other data sources	The amount allocated is prorated proportional to percentage of LGAs with complete information in acceptable format.
3.2	Made available online annual school-level EMIS data with unique school identifiers in	Yes	Information uploaded on Open Data Portal by PO-RALG EMIS unit; analysis of	Independent verification entity	Confirmation that EMIS data have been made available on Open Data Portal. Review of school-level EMIS data and	The amount allocated is prorated proportional to the percentage of Tanzanian public primary and secondary schools

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
	revised format		online school level data by MoEST		reports for a representative sample	with complete data in online portal.
4.1	Percentage of LGAs achieving the acceptable range for primary PTRs	Yes	(i) Acceptable PTR range as stipulated in POM;[81] (ii) Report on aggregate Primary PTR for each LGA (based on EMIS/Annual School Census (ASC) data from March every year)	Independent verification entity	Cross-checking of LGA-originated data with teacher payroll information from President's Office, Public Service Management (PO-PSM) and conduct verification visits to a representative sample of primary schools.	The amount of disbursements in Years 4 and 5 is contingent on revisions made to the teacher deployment framework under Foundational DLR 1.2 as deemed acceptable to the Association.
4.2	Number of primary schools achieving the acceptable range of primary PTRs in each LGA	Yes	(i) Acceptable PTR range as stipulated in POM; (ii) EMIS/ASC school-level data from March every year	Independent verification entity	Cross-checking of LGA-originated data with teacher payroll information from PO-PSM and conduct verification visits to a representative sample of primary schools	Formula for disbursements in Years 4 and 5 is contingent on revisions made to the teacher deployment framework under Foundational DLR 1.2 as deemed acceptable to the Association.
5.2	Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance	Yes	Accounting system-generated report of all schools receiving SIG with corresponding amounts provided by MoEST; Gender-disaggregated examination performance by school; School bank account	Independent verification entity	Independent entity to verify weightage of formula (see description of change). Independent verification to cross-check the data against central accounting records of releases and the sample of school bank statements	The amount allocated is prorated in terms of number of schools receiving SIG per annum as compared to target.

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[81] Acceptable range will be updated based on Foundational DLR 1.2. POM will be updated to reflect changes.

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
			statements for at least 10 percent of schools receiving SIG obtained by MoEST.			
6.2	National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) submodule of 3R assessment among Grade 2 students	Yes	Report on 3R assessment by NECTA	Independent verification entity	3R assessment carried out using international standard EGRA methodology[82].	The amount allocated is prorated proportional to percentage achievement of improvement from baseline to target, e.g. Improvement (target-baseline) Assessment in nationally representative sample of at least 5 percent of schools, utilizing EGRA Methodology.
6.3	National average on Level 2 Addition and Subtraction submodule of 3R assessment among Grade 2 students	Yes	Report on 3R assessment by NECTA	Independent verification entity	3R assessment carried using international standard EGMA methodology[83]	New DLR The amount allocated is prorated proportional to percentage achievement of improvement from baseline to target, e.g. Improvement (target-baseline) Assessment in nationally representative sample of schools, utilizing EGMA Methodology.

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[82]Comparable to the 2013 and 2016 studies carried out by US Agency for International Development (USAID)/RTI.
[83] Comparable to the 2013 and 2016 studies carried out by USAID/RTI.

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
7.1	Percentage of LGAs/regions[84] achieving year-on-year increase in aggregate primary and lower secondary survival rates	Yes	School-level EMIS data with disaggregated survival rate data by gender, by LGAs, and by regions.	Independent verification entity	Comparison of claim with EMIS data by independent verification entity. Physical verification of school records at representative sample of 200 schools.	New DLR. 50 percent of amount allocated will be prorated according to the proportion of the target percentage of LGAs achieving an improvement in performance for primary survival rate. 50 percent of amount allocated will be prorated according to the proportion of the target percentage of Regions achieving an improvement in performance for lower secondary survival rate. Disbursed funds divided between LGAs/regions according to achievement (see the POM)
7.2[85]	Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I	Yes	EMIS data with disaggregated transition rates by gender and by region	Independent verification entity	Comparison of claim with EMIS data by independent entity. Physical verification of school records at representative sample of 200 schools.	New DLR. The amount allocated will be prorated according to the proportion of the target percentage of Regions achieving an improvement in performance. Disbursed funds divided between LGAs/Regions according to achievement (see POM).

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[84] LGAs for primary survival, regions for lower secondary survival.
[85] Baseline transition rates to be defined in POM.

DLR	Definition/Description of Achievement	Scalability of Disbursements (Yes/No)	Protocol to Evaluate Achievement of the DLI and Data/Result Verification			Definitions and Rationale for any Changes
			Data Source/Agency	Verification Entity	Procedure	
8.1	Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection	Yes	Directorate of Quality Assurance database of school inspections and WEO records on inspected schools and School Report Card availability	Independent verification entity	Independent verification on representative sample of schools to review/validate inspection reports; confirmation on percentage of schools visited.	New DLR. The amount allocated will be prorated according to the percentage of schools in Tanzania inspected and displaying School Report Cards as a proportion of target percentage. An individual school can only count towards disbursement once during the AF Program, except for schools which are part of the sample of 800 schools selected for DLR 8.2, for which one visit can be counted in each of 2017/18 and 2018/19.
8.2	Increase in School Quality Score for selected schools to be inspected twice in consecutive years	Yes	School Quality Assurance reports from School Quality Assurance Division	Independent verification entity	Independent verification on a sample of schools to review/validate inspection reports, confirmation on percentage of schools visited, and review of QA reports on School Quality Scores	New DLR. The amount allocated will be pro-rated according to percentage of 800 sample schools achieving minimum improvement in School Quality Score. Definition of minimum improvement to be developed under DLR 1.1. Disbursed funds divided between LGAs according to achievement (see POM)
9.1	Number of new commissions granted to support policy, planning and innovation	Yes	Copies of calls for proposals, Terms of Reference (ToR), and signed contracts/ completed awards	Independent verification entity	Review of documentation and, if required, technical review of proposal by an independent verification entity. Post-disbursement review of completion of	New DLR. The amount allocated will be pro-rated proportional to total value of commissions granted. Maximum of US$500,000 per year if one activity is

| DLR | Definition/Description of Achievement | Scalability of Disbursements (Yes/No) | Protocol to Evaluate Achievement of the DLI and Data/Result Verification | | | Definitions and Rationale for any Changes |
			Data Source/Agency	Verification Entity	Procedure	
			from MoEST		contracts and, if required, technical adequacy of outputs	commissioned; maximum of US$1 million per year if two or more granted.

Annex 3: Detailed Program Description

1.   **The proposed AF will support the GoT in its continued implementation of key education quality reforms to improve primary and secondary school performance,** initiated under the original PforR, while introducing measures to carefully manage and realize the expansion of the basic education system following the introduction of the FFBEP in December 2015.

2.   **The proposed AF thus will provide intensified support in key results areas of the Government's program by** (a) scaling up/restructuring select original DLRs to further strengthen incentives for results informed by technical studies and implementation experience and (b) introducing new DLRs to sustain and boost gains in student learning, incentivize improvements in new outcome areas, and improve in-country capacity for policy, planning, and innovation.

3.   **The AF intensifies support through existing DLRs and strategically adds new DLRs to advance the quality agenda at primary and secondary levels, while mitigating the risks to the PDO from the FFBEP.** Four new foundational DLRs support activities in Year 4 to produce system-level policies and frameworks for school Quality Assurance (QA), teacher deployment, students with special needs, and construction. The outputs of these DLRs serve as inputs to new and revised recurring DLRs in Years 4 and 5 of the Program. Two new recurring DLRs support improvements to Tanzania's school QA system and provide incentives for improvement in overall quality at a representative sample of schools. Other new DLRs reward improvements in numeracy, student survival, girls' transition, distribution of textbooks, and improvement to basic education policy and planning. Furthermore, some of the original DLRs are subject to alterations to targets.

4.   **As in the original Program, results-based financing incentives are provided not only at central but also at local level.** While all World Bank disbursements take place at the central level, disbursed funds for DLRs 2.3, 3.2, 4.2, 7.1, 7.2, and 8.2 are passed on directly to LGAs as part of the disbursement formula outlined in the Program Operational Manual (POM). Fifty percent of disbursed funds for DLR 2.3 are passed on directly to LGAs. DLR 5.2 finances performance grants to schools; EPforR disbursement for completion of this activity is disbursed to central government to support continuing provision of grants to schools.

New Foundational DLRs

5.   **The AF introduces four new Foundational Activities, each supported by a DLR.** All of these activities are expected to be completed in 2017. Each activity revises, updates, or introduces guidelines, tools, or operational manuals to lay the groundwork for activity in later years:

- DLR 1.1 supports the updating of the school QA operations manual[86], to support a package of activities in Years 4 and 5 of the Program under DLI 8.

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[86] "Operations manual" refers to QA Handbook, tools, and school supervision guidelines. See page 65.

- DLR 1.2 supports the development of an updated National Teacher Deployment Strategy to address inequities in allocation of teachers between LGAs, schools, and standards, including a review of the national target and acceptable range for pupil-teacher ratio; any amended acceptable range will become the basis in Years 4 and 5 for measurement of recurring DLRs 4.1 and 4.2.

- DLR 1.3 supports the development of a Strategy to ensure quality of basic education for students with special needs, which will underpin all AF activities.

- DLR 1.4 supports the adoption of a School Construction Strategy which will provide a framework for school infrastructure investment under the ESDP.

6.   **Theory of Change:** The new Foundational DLRs are added to lay a robust system-level framework for result-based financing in reform areas supported by EPforR (teacher allocation, QA), as well as setting policy frameworks to reforms on special needs and school construction, an area identified by the GoT as critical to manage the implications of the surge in enrollments from the FFBEP and.

DLR 1.1: The Recipient has approved a School Quality Assurance (QA) operations manual

7.   **Rationale.** Evidence from the SDI survey suggests that low-cost improvements in school leadership, such as improvement of teacher time-on-task, could significantly improve learning outcomes. A key aim of the AF is to improve systems of QA to provide schools and communities with clear and concise feedback on quality and recommendations for improvement, implementable at the school level, as well as support in implementing these recommendations. Building on the work carried out in the first two years of the Program to raise teacher skills through 3R teacher training and STEP, new initiatives under the AF will bolster QA systems to ensure adequate management of schools and monitoring of school management, teaching quality, and outcomes.

8.   **The National Inspectorate System is in the process of being reorganized into a School Quality Assurance Division (SQAD) under MoEST, and the Quality Assessment Framework is being revised.** As part of this process, the directorate's procedures, templates, and operational manuals require updating. Inspection tools, manuals, and guidelines were last updated in 2010. This update will serve to (a) reflect changes in the school environment and in policies and standards and (b) improve the efficiency and effectiveness of QA systems in key areas: (i) focusing inspections on key quality issues resolvable at the school level; (ii) improving and standardizing procedures of feedback, follow-up visits, and support to schools to act on the findings of inspections and take remedial actions; and (iii) providing guidance to Ward Education Officers (WEOs) and District Education Officers (DEOs) on how to better support schools in this process.

9.   **To achieve its target of inspecting 50 percent of schools per year, SQAD will require careful review and reallocation of resources, particularly staffing.** Current mandates require SQAD to have around 1,900 QA officers operating at district and zonal offices. In 2017 about 1,450 QA officers were providing support to schools. Furthermore, QA officers are significantly

unevenly distributed around the country, with urban districts typically having three times the allocated officers while some rural districts have none.

10.   **Description.** DLR 1.1 supports the completion of a new operations manual for SQAD. The manual will include an updated Quality Assurance Handbook, providing instructions to QA officers; an updated checklist, the tool used by QA officers during visits to schools; and School Supervision Guidelines for headteachers and WEOs. The updated Handbook and checklist will include measures to enable the assignment of simple numerical scores to schools on key indicators of school quality, with an emphasis on problems that can be addressed at school level, such as teacher attendance and effort; allocation of resources; provision of equitable service to girls and students with disabilities; and compliance with minimum standards established in earlier training programs under the EPforR,[87] among others. The Handbook and checklist will also include instructions on the assignment of an Overall School Quality Score, providing a single numerical indicator of the overall success of the school in terms of teaching quality. The School Supervision Guidelines will provide guidance to DEOs and WEOs on how to support schools in implementing the recommendations of QA inspections.

11.   **The manual will include detailed and costed plans for SQAD to carry out updated inspections in fifty percent of public schools during Years 4 and 5 of the Program, including evidence of adequate staffing, or recommendations to achieve adequate staffing, at district level to carry out the plan.** The plan will also include details, including financing, of the design, production, and distribution to schools of official School Report Cards, which will show summary information of the school's Overall School Quality Score and other key indicators, as well as key recommendations of inspectors, for display on school premises. The Plan will also include details of procedures to make the information on these Cards available on a public website.

12.   **Achievement.** During the preparation of the revised manual MoEST will carry out consultations with relevant stakeholders. The revised and updated operations manual will be signed by the Permanent Secretary MoEST. It is expected that this Foundational DLR will be completed during 2017 in order to facilitate the rollout of updated inspections during Year 4 of the Program.

13.   **Verification.** The report of consultations, and approved manual, will be reviewed by the independent verification entity to certify the adequacy of consultations and of the incorporation of consultation recommendations in finished manual.

DLR 1.2: The Recipient has approved an updated National Teacher Deployment Strategy that includes agreed formula for deployment of new teachers across LGAs

14.   **Rationale.** Under the original PforR, DLI 4 incentivizes improvements in pupil-teacher ratios at the district and school levels, with financing released to the Government in proportion to the number of LGAs with an average PTR within the range of 35–50, and financing released directly to LGAs in response to schools moving into the approved range, with asymmetrical

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[87]For example, 3R training and Student Teacher Enrichment Program.

incentives for improvement at both understaffed and overstaffed schools. The DLR on district-level PTRs was 100 percent achieved in the first two years of the Program, with 72 percent of LGAs demonstrating an average PTR within the range in 2015/16. Achievement on school-level PTRs has been slower, with 21 percent achievement in Year 1 and 41 percent achievement in Year 2. In 2014–15, 36 percent of schools had PTRs within the acceptable range. Rising enrollment, including as a result of the FFBEP, increases the challenge of achieving equitable and adequate staffing in all schools. Furthermore, inequities also exist within schools, with PTRs typically higher in lower grades.

15.   **A number of structural issues limit the ability of LGAs and MoEST to reduce inequities in teacher allocations,** including the use of subject specialist teachers at primary level,[88] not in line with common international practice; significant costs related to teacher reallocation allowances, in particular for deployment to rural areas, without a clear framework for financing; and inappropriate allocation of newly qualified teachers to LGAs.

16.   **Description.** This DLR supports the development of an updated and comprehensive National Teacher Deployment Strategy to address inequities in teacher allocations across LGAs within LGAs and at the school level. The strategy will include measures to provide a framework for sustainable financing of teacher transfer costs for reallocation; include transparent and objective criteria and a formula for the distribution of newly recruited teachers; review PTR target and acceptable range, including whether to move to a system of locally specific targets and ranges; develop guidelines for school heads on allocation of teachers within the school; and review any school-level practices inconsistent with the policy of not using teachers to teach more than one subject in primary schools.

17.   **Achievement.** During the preparation of the Strategy, MoEST will carry out consultations with relevant stakeholders. The Strategy will be signed by the Permanent Secretaries of MoEST and PO-RALG. It is expected that this Foundational DLR will be completed during 2017 in order to facilitate the use of any revised PTR target and acceptable range for achievement of DLI 4 during Year 4 of the Program.

18.   **Verification.** The report of consultations, and approved Strategy, will be reviewed by the independent verification entity to certify the adequacy of consultations and of the incorporation of consultation recommendations in the finished document.

DLR 1.3: The Recipient has approved a Strategy for primary and secondary students with special needs

19.   **Rationale. Tanzania has made progress on inclusive education.** There is a National Strategy on Inclusive Education (2009–17) which aims to enhance educational services for children with special needs, and funding is set aside within the capitation grants that provides double the allocation for students with disabilities.

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[88] The use of subject specialized teachers in primary schools is not a government policy, but informal practice in a large number of schools.

20.   **However, implementation has been challenging and children with special needs continue to be underrepresented in the formal school system.** Data from the Education Sector Analysis show that currently there are under 31,500 pupils with disabilities in primary and secondary schools. This number has varied little over the past five years, from 29,300 in 2011. The increase in the number of teacher trainees obtaining the certificate of special education is inadequate, as it has increased only from 138 in 2009 to 419 in 2013.

21.   **Description. The DLR supports the development of a comprehensive Strategy for ensuring equitable participation by and outcomes for students with special needs**, including provision of accessible facilities and adequate training and deployment of teachers with special education certification. An accompanying implementation plan will include details of financing, support, and monitoring of improved education for students with special needs.

22.   **Achievement.** During the preparation of the Strategy, MoEST will carry out consultations with relevant stakeholders. The Strategy will be signed by the Permanent Secretary of MoEST.

23.   **Verification.** The report of consultations, and approved Strategy, will be reviewed by the independent verification entity to certify the adequacy of consultations and of the incorporation of consultation recommendations in finished document.

DLR 1.4: The Recipient has approved a School Construction Strategy

24.   **Rationale.** The average size of Tanzanian primary and lower secondary schools, pupil-classroom ratios, and distances travelled to school are large by Sub-Saharan Africa and international standards. The average public primary school enrolls 518 pupils, more than in many other African countries including Ghana, Uganda, or Zimbabwe. An average school has seven classrooms (i.e. one classroom per grade) and 77 students per classroom in 2016. The average primary student in 2011 lived 4.4 km from the nearest primary school; international evidence suggests that distances of more than 2 km contribute to increased dropout rates. As part of the FFBEP, the Government expects an increase in enrollment and reductions in dropout rates, further increasing the need for renewed investment in infrastructure (for further analysis see Annex 5 Technical Assessment – Addendum).

25.   **Previously estimated unit cost per classroom is around US$20,000, a significant increase in recent years; given rising enrollment and the need for rapid buildup of infrastructure.** Recently, the Government has been implementing more cost-effective construction approaches, such as community-based construction, which have a considerably lower unit cost of about US$8,000 per classroom. In the wake of the Kagera earthquake and in the context of climate change, there is also a need to review and update standards for safe, sustainable building in earthquake-, drought-, and other natural disaster-prone areas. Given the differential outcomes in terms of transition and dropout experienced by female students, there is also a need to review gender aspects of infrastructure provision such as adequacy of provision of girls' toilets and alignment with national Water, Sanitation and Health (WASH) guidelines. Given the limited progress achieved in improving participation of disabled students, there is also a need to review requirements for infrastructure accessibility. In summary, there is a need for a

strategic framework on school construction which integrates the above aspects and provides guidance for the implementation of school-level construction activities.

26.   **The Government intends to revert to a community-based implementation modality with close supervision by LGAs.** The Government is currently drafting a revised set of guidelines and procedures for communities and LGAs to plan, procure, supervise and monitor construction activities. The revision of the comprehensive school level construction guidelines is expected by December 2017.

27.   **Description.** The DLR supports operationalization of this framework, in Year 4 of the Program, through development of a detailed School Construction Strategy. The Strategy will include, among others: (i) guidelines for monitoring and supervision of construction, including frequency and modality of monitoring; (ii) institutional arrangements for supervision, including roles and responsibilities of communities, LGAs, and others; (iii) clear mapping of flow of funds and allocations to LGAs; and (iv) schedule for updating of guidelines, and bill of quantities. The Strategy will also include detailed and costed plans for construction over a 3-5-year timescale, including measures to reduce unit costs and increase the efficiency and efficacy of new construction.

28.   **Achievement.** Prior to approval the Strategy will be reviewed by independent infrastructure specialists, selected by the DPs as specified in the POM. The Strategy will be signed by the Permanent Secretaries of MoEST and PO-RALG.

29.   **Verification.** The report of consultations, and approved Strategy, will be reviewed by the independent verification entity to certify the adequacy of the incorporation of specialist recommendations in finished document.

New Recurring DLRs

30.   **The AF incorporates the following new recurring DLRs:**

- New DLRs to improve school QA (DLI 8);
- New DLRs to improve girls' transition to secondary school and overall student survival rates (DLI 7);
- New DLR for improved distribution of textbooks (DLR 2.3);
- New DLR for enhanced policy, planning, and innovation capacity (DLI 9); and
- New DLR to incentivize improvements in numeracy for grade 2 students (DLR 6.3).

DLI 8: Quality Assurance System

31.   **Summary of new DLI.** DLI 8 supports a connected set of activities to improve QA:

- Completion of one Whole School Inspection (a full-length inspection of three days or more, assessing all aspects of school management, facilities, and teaching) for fifty percent of Tanzanian public schools during the Program;

- Introduction of Official School Report Cards at schools receiving Whole School Inspection;

- School- and Ward-level Leadership Training for a limited number of school heads and WEOs;

- Incentives for improvement in Overall School Quality Score at a representative sample of schools.

32.   **Rationale.** Research suggests that low-cost improvements to teaching, for example, improved teacher attendance and time-on-task, could make a significant impact on learning outcomes. According to the 2014 SDI, 14 percent of teachers were found to be absent from school in 2014, compared to 23 percent in 2012. However, teacher absence from the classroom was much higher: 37 percent of teachers were in school but not in the classroom teaching. While in the classroom, teachers spent about 12 percent of the time on non-teaching activities. Combining these three indicators, on average, primary pupils received only 2 hours 46 minutes of teaching per day in 2014, an improvement of 43 minutes from 2012. Pressure on teaching quality is likely to increase in response to increases in enrollment under the FFBEP.

33.   **Prior to the enactment of the FFBEP, school inspections were significantly funded by community contributions.** Under the FFBEP, full responsibility for inspections has been passed to the Government. SQAD's target is to carry out full inspections of 50 percent of public schools per year and follow-up visits to one-fifth of inspected schools. However, owing to limited financing, SQAD has not achieved this target in recent years. In 2015/16, SQAD carried out full or follow-up inspections in only 40 percent of schools. In particular, schools in remote areas rarely receive inspections.

34.   **As described above, during 2017, under DLR 1.1, SQAD will review and update its procedures, manuals, guidelines and inspection instruments.** In addition, plans will be developed for Overall School Report Cards to be displayed at schools providing summary information on school quality, and a human resources plan will demonstrate adequate staffing at the district level to carry out a full inspection of all Tanzanian schools within two years. This is intended to lay the groundwork for a scaling-up of revised inspections during Years 4 and 5 under DLR 8.1.

35.   **Increasing enrollment as a result of the FFBEP is likely to put significant pressure on the capacity of school heads to maintain quality under resource constraints.** WEOs, operating in each of the 4,420 wards, provide the primary source of support and monitoring of school heads' efforts in school improvement and have recently benefited from material support for transport from the Education Quality Improvement Program in Tanzania (Equip-T) funded by DFID and LANES program financed by the Global Partnership for Education (GPE). However, WEOs receive no formal training in how to carry out their duties. Head teacher training is also inadequate and insufficiently focused on improving school management in a resource constrained environment.

36.   **Description.** During preparation of the POM, a representative sample of around 800 primary and secondary schools will be agreed between the Government and Development Partners to receive inspections in both Years 4 and 5 of the Program.

37.   **In Year 4, SQAD will carry out full-scale inspections (Whole School Inspections), employing the revised tools and methodologies, at around 25 percent of public schools**, including the selected sample. Inspections will be carried out using the updated guidelines and tools developed under DLR 1.1 and simple scores will be assigned to schools on key indicators, including an Overall School Quality Score. These scores will be announced to school staff, students, and School Committees during inspections, along with clear guidance on remedial actions for improved scores, implementable at the school level without significant increase in resources.

38.   **As part of the follow-up of inspections, School Report Cards will be printed and delivered to schools within three months of inspection** with instructions to school heads on how to display the Card on school premises. The proportion of schools receiving inspections and displaying Cards is measured by DLR 8.1.

39.   **During Years 4 and 5, the school heads and WEOs of selected schools will receive School- and Ward-level Leadership Training**. The training, provided without cost to participants or schools, will provide specially developed guidance on addressing common school-level quality issues and implementing the recommendations of inspections. The training modules will focus on critical areas identified by MoEST for improvements in schools; these among others will include supervision and improvement of teacher attendance and time-on-task, allocation of teachers across standards, resource mobilization and allocation, gender-sensitive teaching practices, supporting teachers to manage large class sizes, equitable access for girls and students with special needs, and community engagement and grievance redress. Participants will undergo five days' training at regional locations and receive at least one follow-up visit four to eight weeks after training.

40.   **In Year 5, SQAD will carry out Whole School Inspections at around a further 25 percent of public schools**; including a second Whole School Inspection at selected sample schools. The improvement in Overall School Quality Score at the sample schools is measured by DLR 8.2.

41.   **Theory of Change.** A well-functioning QA system that supports improvements in school quality will increase teacher effort measured through in-class presence (PDO) and other teacher on-task indicators in the School Report Card. The display of these Cards in schools will strengthen transparency with identification of lagging schools, teachers and students.

DLR 8.1: Percentage of public primary and secondary schools displaying School Report Cards based on Whole School Inspection

42.   **Achievement.** Disbursement will be made according to the proportion of schools displaying Cards on school premises three to six months after inspection, up to a maximum of the target percentage of schools for 100 percent disbursement. A list of inspected schools will be provided along with reports from WEOs confirming the presence of Cards on grounds. Full

disbursement will depend on Government attaining the target of inspecting 50 percent of schools for the fourth and fifth year cumulatively. An individual school can only count towards disbursement once, except for schools which are part of the selected sample of 800 schools, for which one visit can be counted in each of 2017/18 and 2018/19.

43.   **Verification:** Review will be carried out by the independent verification entity of inspection reports for inspected schools and WEO reports on Card display. A random sample of schools will be visited to physically verify Card display.

DLR 8.2: Increase in School Quality Score for selected schools to be inspected twice in consecutive years

44.   **Achievement.** The DLR will be disbursed in Year 5 only. Disbursement will be made proportional to the percentage of the selected sample of around 800 schools who achieve the minimum increase in Overall School Quality Score. A minimum increase to qualify towards disbursement will be agreed as part of DLR 1.1.

45.   **Verification:** The independent verification entity will review the QA reports of the selected schools from Years 4 and 5.

DLI 7: Student Survival and Transition Outcomes

46.   **Summary of new DLI:** In order to provide targeted incentives for improvement in problem areas, DLI 7 rewards improvement in two outcome areas: student survival through primary school and through primary and lower secondary and transition of girls from primary to lower secondary.

DLR 7.1: Percentage of LGAs/Regions achieving year-on-year increase in aggregate primary and lower secondary survival rates

47.   **Rationale.** One of the main constraints in basic education is the large number of dropouts throughout the system from Standard 1 up to and into lower secondary. The 2016 ASEPR records a survival rate of Standard 1 entrants to Standard 7 of 71 percent. Of these Standard 7 students, around 71 percent transition to Form I secondary. However, analysis of grade-specific enrollment in 2015 and 2016 shows a survival rate at Standard 7 of just 50 percent, with only 67 percent transitioning to lower secondary. The 2015 and 2016 data show a lower secondary survival rate of 73 percent and a survival rate for the whole 11 years of basic education of just 24 percent. Survival rates vary significantly across the country, with some districts having rates above 95 percent and seven districts having a rate below 20 percent.

48.   **The large influx of students at preprimary and Standard 1 levels, from the introduction of the FFBEP, has brought students from disadvantaged backgrounds into the schooling system.** These children are even more vulnerable to drop out from the system than the current cohorts. The Government has adopted a target of reducing dropouts and improving survival rates to 98 percent by 2025.

49.   **Description.** To address incentives at the LGA level and to provide adequate resources at the school level for retention of students, the AF will reward the LGAs that show the greatest

improvements in year-on-year average survival rates at both primary and secondary levels. Specifically, this DLR rewards improvement in the proportion of students surviving from Standard 1 to Standard 7 of primary (primary survival rate) and from Form I to Form IV of lower secondary (lower secondary survival rate).

50.   **Theory of Change.** LGAs will provide adequate support and resources to primary and secondary schools to maintain quality standards and build community relationships to support older students and those from disadvantaged backgrounds to survive the full cycle of basic education.

51.   **Achievement.** For the primary survival rate, disbursement will be made against the proportion of the target percentage of LGAs achieving an increase in survival rates. Up to 50 percent of the allocated finance will be disbursed for improvement in primary rates. Disbursement will be divided between the most improved LGAs as specified in the updated POM.

52.   **To capture the greater mobility of secondary students, disbursement for lower secondary survival rates will be measured at the regional level.** Up to 50 percent of the allocated finance will be disbursed for improvement in lower secondary survival rates. Disbursement will be made according to the proportion of the target number of regions achieving an average increase in survival rates from Form I to Form IV. Disbursement will be divided between the LGAs in the most improved Region as specified in the updated POM.

53.   **Verification.** The information provided will be reviewed and compared to publicly available EMIS data by an independent entity. Physical verification of in-school records will be carried out as part of the regular verification visits to 200 schools each year.

DLR 7.2: Percentage of regions achieving year-on-year increase in girls' transition rate from primary Standard 7 to secondary Form I

54.   **Rationale. Girls' dropout is a significant issue in basic education.** Although girls' enrollment is higher than boys' in lower standards, transition from primary to lower secondary for girls is 65 percent, versus 70 percent for boys, and girls drop out of lower secondary at a significantly higher rate than boys. These disparities exist across class boundaries: 7.4 percent of males in the poorest income quintile have achieved secondary or higher education compared with 2.6 percent of females, while in the richest quintile, 49.2 percent of males have secondary or higher education compared with 40.2 percent of females. The pattern persists in both rural and urban areas.

55.   **Description.** This DLR rewards improvement in the proportion of Standard 7 girls transitioning successfully to lower secondary Form I ('girls' transition rate').

56.   **Theory of Change:** LGAs will take specific measures at community and school levels to support girls passing the PSLE and successfully transitioning to secondary schools. The focus of the DLR is to create incentives for LGAs to create conditions where the likelihood of girls taking and passing the PSLE increases.

57. **Achievement.** Disbursement will be measured at the regional level. The baseline transition rates will be defined in the POM. Disbursement will be made according to the proportion of the target number of regions achieving an average increase in girls' transition rates from Standard 7 to Form I. Disbursement will be divided between the LGAs in the most improved Regions as specified in the updated POM.

58. **Verification.** The information provided will be reviewed and compared to publicly available EMIS data by an independent entity. Physical verification of in-school records will be carried out as part of the regular verification visits to 200 schools each year.

DLR 2.3: Percentage of primary schools providing evidence of receipt of textbooks showing subject and grade level

59. **Rationale.** Up until 2014, the responsibility for the purchase of textbooks rested with schools directly, financed through capitation grants. Owing to inconsistent supply of CGs, significant shortages of textbooks existed in schools: only around 25 percent of Standard 4 students had textbooks for mathematics or English in 2014.[89] In 2015, the Government introduced a single textbook policy introducing centralized development (by TIE) and printing of textbooks. This was intended to address issues of quality and ensure the availability of textbooks in remote areas. Money was diverted from the budget for CGs to finance the procurement and distribution of textbooks to schools.

60. **However, owing to rising enrollment and delays in procurement and delivery, shortages of textbooks persist in primary and lower secondary schools, particularly in lower Standards of primary.** Independent research carried out in 2016 in a sample of 21 schools drawn from seven districts found schools had only one book for all subjects for every three students in Standard 1. Additional support to procurement of textbooks has been available from the GPE-LANES program; however, this has complicated the institutional arrangements of textbook supply, with GPE-financed books distributed directly by TIE and capitation grants-financed books distributed by PO-RALG.

61. **In view of the challenges of textbook development, procurement, and distribution across levels of education, across a vast number of schools and rising pupil enrollment, the Government has been planning to prepare a comprehensive Textbook Strategy and Implementation Plan to address these issues,** establish clear responsibilities, and thus effectively facilitate textbook availability and monitoring in schools.

62. **Description.** The DLR will support the operationalization of this Strategy by incentivizing improvements in the provision of textbooks to public primary schools. Specifically, the DLR will incentivize improvements in the distribution and monitoring of textbooks at the school level by rewarding the presentation of detailed evidence of textbook receipt by schools.

63. **Achievement.** The DLR will be achieved proportional to the percentage of schools for whom receipts are presented, signed by a member of school staff, demonstrating delivery of

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[89] 24.6 percent for math and 26.3 percent for English.

textbooks to the school or alternative method pre-agreed with DPs. Receipts should specify the books received by grade and subject.

64.   **Verification.** Receipts will be reviewed, on a sample basis, by the independent verification entity, and physical verification of books will be carried out in a small sample of schools if DPs deem it necessary.

DLI 9: Policy, Planning and Innovation Capacity Activities

DLR 9.1: Number of new commissions granted to support policy, planning and innovation

65.   **Rationale.** Implementation of the FFBEP, with the expected rapid increase in enrollment, infrastructure and staff requirements, and resource constraints, requires a significant upgrade to Government capacity to project and plan resource requirements, evaluate trade-offs, and implement evidence-based policy. The policy and planning division of the ministry is mainly focused on operational issues, with limited time and capacity to undertake long-term strategic planning, prioritization, financial, and other projections and evaluation.

66.   **Increased capacity is required to enable the system to manage the increased financial, staffing, and resource burdens of the FFBEP in a systematic manner.** The FFBEP and associated reforms will have a massive impact on many different but intertwined aspects of the education system, notably curriculum, textbooks, examinations, teacher pre- and in-service training, and deployment, which means policy actions in all of these areas need to be designed in tandem and closely coordinated. In addition, research and observation suggest a need to bolster planning capacity in other areas, including gender disparities and equitable provision for students with special needs.

67.   **Furthermore, the Government requires the capacity to competitively identify opportunities for innovation in service delivery, such as the use of digital technology to reach out-of-school students.**

68.   **Description.** The DLR supports the commissioning of in-country capacity building on education policy issues of sectoral Policy and Planning Units in MoEST, PO-RALG, Planning Commission and MoFP, and associated institutions, and competitive awards for innovation in education service delivery. The Government will develop procedures and frameworks for quick, competitive commissioning of capacity building activities from institutions such as local universities and research institutions, as well as competitive calls for proposals for innovations and trials in education service delivery to receive investment or grant funding. It is expected that around US$1 million will support internal capacity building of MoEST, PO-RALG and associated institutions such as NECTA and TIE and at the local level, while around US$1 million will support innovation activities.

69.   **Achievement.** Disbursement will be made matching the total value of commissions granted, up to a maximum of US$500,000 per year if one activity commissioned, or US$1 million per year if two or more activities are commissioned.

70.   **Verification.** The independent verification entity will review the performance of MoEST in commissioning the innovation and research proposals. Disbursement will be made on the basis

of contract signing; however, the independent verification entity will review completed outputs post-disbursement to ensure technical adequacy. Further details will be agreed in the updated POM.

DLR 6.3: National average on Level 2 Addition and Subtraction sub module of 3R assessment among Grade 2 students

71.   **This new DLR is added to support improvements in numeracy.** Low and declining pass rates in CSEE Math, only 16.8 percent in 2015, illustrate the need to incentivize improvements in teaching quality and learning outcomes in numeracy. Disbursement will be made according to the improvement in average scores since the baseline as a proportion of the target improvement. Assessment will be made every two years along with DLR 6.2, using a nationally representative sample of schools.

Restructured DLRs

DLI 2: Timely and adequate resource flows

72.   *Summary of changes:* DLRs 2.1 and 2.2 are restructured. The definitions of these DLRs remain substantively the same. DLR 2.1 is updated to reflect a change in the frequency of disbursement and the addition of a maximum ceiling on the budget line item on teacher claims; DLR 2.3 is reworded to reflect a change in the modality and frequency of the release of capitation grants to schools, and the definition of eligible capitation grants is refined.

73.   **DLR 2.1: Released biannually total level of funds per agreed EPforR Budget Framework.** The key change in this DLR is that payments will be made twice a year instead of quarterly in the Original Program. Also, a maximum ceiling on the budget line item on teacher claims is introduced. From Year 4 onwards, the release of funds for teacher claims can only be counted towards the DLR up to a maximum of 120 percent of agreed budget on that line.

74.   **DLR 2.2: Released monthly full amount of capitation grants agreed for each year to all schools within each LGA.** The DLR is reworded to reflect changes in frequency and modality of the release of capitation grants to schools. Previously, capitation grants were disbursed through LGAs but now they go directly to schools on monthly basis. In addition, beginning in Year 4, only cash grants to schools will count towards this DLR. Teaching and learning materials or other in-kind items do not qualify. Verification procedures will be updated as required by any new formula and reflected in an updated POM.

DLI 3: Data Management

75.   *Summary of changes:* The definitions of DLR 3.1 and DLR 3.2 remain substantively the same. The only changes are additional data requirements for achievement of these DLRs.

76.   **DLR 3.1: Released an Annual Summary Education Performance Report (ASEPR) in an acceptable format.** As agreed at the MTR, to qualify against the DLR, the information for an LGA in the Annual Summary Education Performance Report and online must include disaggregated information on the pupil survival rate. Details will be included in the updated POM.

77.   **DLR 3.2: Made available online annual school-level EMIS data with unique school identifiers.** As agreed at the MTR, to qualify for achievement of the DLR, a school's information must include unique school identifiers in a standardized national format. The MoEST and PO-RALG should ensure that cleaned, complete data in a user-friendly format are made available every year by July 31.

DLI 4: More Efficient Teacher Allocation

78.   *Summary of changes:* The definitions and targets of DLR 4.1 and DLR 4.2 remain substantively the same. The only change to wording is in DLR 4.1 to reflect a change in measurement from number of LGAs to percentage of LGAs. In DLR 4.2, the amount of incentives for schools achieving a reduction in PTRs has been revised from US$5,000 to US$7,000.

79.   **DLR 4.1: Percentage of LGAs achieving the acceptable range for primary PTRs** is amended to measure the proportion of LGAs with an average PTR within the acceptable range, rather than the number of LGAs, in response to frequent changes in the total number of LGAs.

80.   **DLR 4.2: Number of primary schools achieving the acceptable range of primary PTRs in each LGA.** As of the MTR, the formula was revised and the amount to be paid was increased to US$7,000 to LGAs for each school for which the PTR moved downward into the acceptable range (see POM for details).

81.   In Years 4 and 5, if the Government revises the acceptable range for the PTR at national or LGA level as part of foundational DLR 1.2, this revised range will become the basis for assessment of achievement for both DLR 4.1 and DLR 4.2.

DLI 5: School Incentives

82.   *Summary of changes:* The definition of DLR 5.2 remains the same. The only change is the increase in target from 120 to 400 schools. DLR 5.3 has been discontinued owing to the completion of the STEP activity. It was agreed at the MTR to discontinue this DLR.

83.   **DLR 5.2: Number of primary and secondary schools that have received monetary School Incentive Grants (SIG) based on performance.** At the MTR, the number of schools eligible to receive SIG each year was increased to 400. This will continue under the AF. The most improved 300 primary and 100 secondary schools will be eligible for the SIG. As before, the measure of performance will be improvement in examination scores for the PSLE (primary) and CSEE (secondary).

84.   **DLR 5.3: Met the annual target for schools that have conducted STEP activities** (discontinued**).**

DLI 6: Student Learning Outcomes

85. **DLR 6.2: National average for reading correct words per minute (wpm) in Oral Reading Fluency (ORF) submodule of 3R assessment among Grade 2 students**. DLR 6.2 is restructured to move from annual to biennial disbursement, in line with the frequency of 3R assessment. The DLR is also reworded for clarity and targets are updated (see Annex 2).

DLR Verification

86. **During the first year of the Program, verification was carried out largely by DPs, primarily by the World Bank.** Although verification proceeded adequately under this system, the technical burden proved unsustainable and it was agreed that, beginning in Year 2, an independent entity would carry out all verification activities based on data provided directly by the Government (in Year 2, the appointed entity was NIRAS Indevelop AB). This arrangement will continue in the AF.

87. **All four foundational DLRs include consultation with stakeholders and relevant experts as part of the completion and verification process.** Prior to approval of the finished Strategy documents and other outputs by the Government, consultations will be carried out including independent experts in the relevant field and/or relevant stakeholders. In addition to verifying the technical approval of the outputs, signed by PS MoEST and/or PS PO-RALG, the independent verification entity will review the report of consultations to confirm their adequacy, and compare the report to the finished outputs to confirm the sufficient integration of stakeholder comments. The exact requirements vary per DLR (see Annex 2 for details). Further details will be included in the updated POM.

88. **For recurring DLRs, evidence of achievement is typically supplied to the independent verification entity by the Government at the time of a DLR claim.** The verification entity will review the supplied documentation, check for completeness, and confirm the validity of the calculations underpinning the DLR achievement claim. In addition, for certain recurring DLRs, the independent entity will visit 200 schools each year to directly observe and verify on-the-ground evidence of receipt of resources, completion of records, and other evidence as appropriate. The exact procedures of verification vary according to the DLR (see Annex 2 and the POM for details).

89. **Support from the DFID-supported TAS team and close monitoring by the World Bank task team will be required to improve the timeliness and adherence to agreed formats of DLR achievement evidence and data.**

Annex 4: Integrated Risk Assessment

Table 4.1. Systematic Operations Risk-Rating Tool (SORT)

Risk Category	Original Rating (H, S, M, L)	Revised Rating (H, S, M, L)	Rationale for Change
1. Political and Governance	M	M	No change
2. Macroeconomic	M	M	No change
3. Sector Strategies and Policies	n.a.	S	—
4. Technical Design of Project or Program	S	S	No change
5. Institutional Capacity for Implementation and Sustainability	S	S	No change
6. Fiduciary	S	S	No change
7. Environment and Social	L	M	Need to address gaps in E/S with regards to school construction strategy (DLR)
8. Stakeholders	n.a.	L	—
9. Other	S	n.a.	—
OVERALL	**S**	**S**	No change

Note: H = High; S = Small; M = Moderate; L = Low.

For further discussion of risks and mitigating strategies, see Annex 5, Technical Assessment – Addendum, and Annex 8.

Annex 5: Technical Assessment - Addendum

Assessment of Program Strategic Relevance and Technical Soundness

1.   **The strategic relevance of the Program remains strong.** The Program aims to improve the quality of basic education in Tanzania, which is fundamental to the country's long-term development. Public education is overwhelmingly the primary provider of basic education in Tanzania; public schools account for 97 percent of primary enrollment. Increased investment in public education is necessary to improve efficiency within the system by increasing quality, reducing dropout and repetition, and improving examination pass rates.

2.   **The focus on quality of basic education is also aligned with national strategic plans.** Tanzania's FYDP II 2016–2021 *Nurturing Industrialization for Economic Transformation and Human Development* notes that "education and training are essential for economic transformation" and that a "decline in the quality of education has negative implications for human development and reduces the contribution of human capital to growth."

3.   **The Program emphasis on quality responds to clear limitations in quality within the basic education sector.** Although pass rates in the PSLE and CSEE examinations have risen rapidly during the first two years of the EPforR, pass rates for both exams remain below targets. Only 6 percent of Grade 2 students achieve a reading speed of 50 wpm.

4.   **These quality challenges are likely to be exacerbated by rapidly rising enrollment in the context of the recently enacted FFBEP,** which universalizes 11 years of basic education and eliminates both informal fees for primary education and formal fees for lower secondary education. The policy has led to a larger than expected surge in pupil enrollment in preprimary and primary schools in 2016, with the number of pupils in primary Standard 1 increasing by 41 percent. Assuming continued higher enrollment in Standard 1 and reduced dropout, it is likely that the abolition of fees will swell the primary and lower secondary school population considerably over the next few years, exacerbating pressure on facilities, teaching and learning materials, and teacher staffing. Maintaining improvement in quality in the context of this increase in access is likely to prove a significant challenge and the Program design is well aligned with this challenge.

5.   **As a complement to the FFBEP, the GoT has also committed to end selective admission to and progression within lower secondary education**. Beginning in 2021, all students will be eligible to progress from primary to Standard 4 of secondary education regardless of PSLE and CSEE results. The Program's emphasis on quality also encompasses system-level improvements to enable the system to withstand the resulting additional increase in lower secondary enrollment.

Updates to Structure of DLIs

6.   **The increase in DLI achievement during the first two years of the Program (69 percent achievement of recurring DLIs in Year 1 and 84 percent in Year 2), as well as the full completion of all foundational DLIs, suggests that the results-based mechanism is proving effective in driving implementation of the Program**. However, the original Program

set of DLIs had an emphasis on system-level improvements, with only one recurring DLR directly measuring learning outcomes (linked to the PDO indicator on reading speed).

7. **Although the AF finances a range of activities, the structure of the DLRs is focused on system-level improvements and outcome indicators.** A guiding principle in the original design was for DLRs to primarily target process indicators and system improvements in the first two years of the program, including through foundational DLRs, with more emphasis on learning outcomes in the second half of the program. In line with this principle, the revised program expands a DLI on student learning outcomes, adding an additional DLR on student numeracy; adds additional DLRs on student survival rates and girls' transition to secondary, and adds new DLRs on school QA.

8. **Overall, out of 19 DLRs, nine, representing 50 percent of the AF, directly reward improvements in desired Program outcomes at national, district, school, and individual teacher levels**. Seven DLRs, representing 33 percent of the AF, provide support to foundational activities and system-level performance, primarily timely and adequate supply of financial and non-financial resources. Three DLRs, representing 18 percent of the AF, directly support implementation of Program activities. This balance is aligned with the World Bank Policy on Program-for-Results Financing, which states that PforRs should (a) disburse on the basis of the achievement of key results and (b) strengthen the institutional capacity necessary for the achievement of Program results.

Table 5.1. DLRs by Category

DLR	AF funding (US$ million equivalent)	Type
DLR 1.1–1.4 Foundational Activities	12	System-level reform
DLR 2.1: Release of funds against agreed budget	6	System-level reform
DLR 2.2: Capitation Grants	6	System-level reform
DLR 2.3: Textbooks	6	Outcome achievement
DLR 3.1: Release ASEPR	2	Program activity
DLR 3.2: Annual School-level EMIS	2	Program activity
DLR 4.1: Across-LGA incentives	2	Outcome achievement
DLR 4.2: Within-LGA incentives	3	Outcome achievement
DLR 5.2: School Incentive Grants	4	Outcome achievement
DLR 6.2: EGRA scores	2	Outcome achievement
DLR 6.3: EGMA scores	6	Outcome achievement
DLR 7.1: Survival rates	6	Outcome achievement
DLR 7.2: Girls' transition	6	Outcome achievement
DLR 8.1: QA inspections/School Report Cards	10	Program activity
DLR 8.2: Improvement in School Quality Score	5	Outcome achievement
DLR 9.1: Commissions granted to support policy, planning and innovation	2	System-level reform
Total AF	**80**	

Technical Soundness

9.   **The AF interventions can be linked to the PDO through a robust Results Chain** (see Figure 1)**.** They are intended to work in complementary ways to improve student learning significantly and quickly. As in the original Program, the Program will continue to operate through four main levers: strengthening of system-level performance through rigorous assessment and transparency, motivation through incentives for schools and teachers, improvement to teacher conditions, and provision of targeted support as required to high-importance areas in the system. This balance of program levers has proven effective during the first two years of the Program as evidenced by strong performance against PDOs and increasing achievement of DLRs.

10.   **The package of activities supported by the AF is technically sound.** The activities included have been designed with the specific objective of achieving tangible improvements in student learning outcomes. The revised initiatives under the AF represent scaling up of proven successful interventions or introduction of new activities which have proven effective in other countries.

11.   **Reforms and improvements to school QA, the key new area of activity under the AF, have demonstrated proven impact on learning outcomes in a range of developing countries.** A review of 34 evaluations of standardized school assessment inspections in Sub-Saharan Africa and elsewhere found that inspections had the most significant positive impact on school outcomes when combined with clear, implementable recommendations and support to schools in their implementation.[90] Support to increased and streamlined school inspections has played a key role in World Bank support to quality improvements to basic education in Ethiopia, while the introduction of simple School Report Cards has proven successful and popular in a wide range of developing countries, including Brazil, Ghana, Madagascar, and Pakistan. DLRs incentivize full implementation of these new activities, as well as provide an incentive for measurable impact on teaching quality in schools.

12.   **The incentives for a wide range of stakeholders to implement the Program remain strong.** The President has repeatedly cited education as a key priority and the FFBEP is considered one of his signature initiatives. Although the Program is no longer part of the cancelled BRN initiative, with direct supervision by the President's Delivery Bureau (PDB), the fact that one of the implementing agencies, PO-RALG, is now part of the President's Office (PO) provides a direct route for top-level leadership and accountability for Program implementation. In addition, despite the end of the BRN branding, the Program still benefits from the 'buy-in' from a wide range of stakeholders generated by the collaborative 'Lab' approach to development of the original Program. The Technical Assessment recommends that an effective consultation and communication strategy be developed to ensure a similar level of buy-in from stakeholders within and outside the Government for the new initiatives under the revised Program.

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[90] Eddy-Spicer, D, N Ehren, M Bangpan, M Khatwa, and F Perrone (2016). "Under what Conditions do Inspection, Monitoring and Assessment Improve System Efficiency, Service Delivery and Learning Outcomes for the Poorest and Most Marginalised? A Realist Synthesis of School Accountability in Low- and Middle-income Countries." London: EPPI-Centre.

Institutional Arrangements

13.   **As part of the BRN initiative, the original Program was designed to be implemented by the MoEST and the Prime Minister's Office, Regional Administration and Local Government (PMO-RALG)**, with supervision by the PDB (the coordinating body of BRN) and support from an MDU with staff from both the MoEST and PMO-RALG. The PDB/MDU structure was generally not effective in supervising and supporting BRN implementation and in practice, day-to-day implementation of the Program was carried out by the MoEST and PMO-RALG. With the cancellation of the BRN initiative, the PDB has been abolished, the MDU mainstreamed into the MoEST, and the PMO-RALG has transferred to the PO to become PO-RALG. The implementation of the Program by the MoEST and PO-RALG has continued without interruption from these changes and there have been no significant changes in the implementation team.

14.   **PO-RALG has overall responsibility for the implementation of basic education, including management of teachers, head teachers, and facilities.** The MoEST role focuses on policy, regulation, M&E, and QA. The ESDP document acknowledges the risk of poor coordination under these circumstances, and institutes a unified cross-departmental education management structure incorporating an Inter-Ministerial Steering Committee (IMSC) and Education Sector Development Committee (ESDC).

15.   **For the PforR, the overall Steering Committee is the Senior Management Team (SMT), co-chaired by the Permanent Secretaries of MoEST and PO-RALG, which will act as the highest body for PforR operational guidance and reform.** The establishment of the SMT, which is supported by a secretariat of high-level technical staff from both MoEST and PO-RALG, provides joint decision making at a high level; the SMT will develop the overall annual Program budget and review the strategic direction of the Program. Given the new nature of some of the AF activities, the SMT shall meet biannually to ensure effective monitoring of implementation and adaptation to obstacles.

16.   **An education-specific TAS package financed by DFID, with a team placed within MoEST and PO-RALG, has played a significant role in implementation planning, M&E, and coordination of DLI claims**. This assistance is expected to continue as part of the revised Program until at least 2018. The support to planning capacity to be provided by the World Bank under the AF, as a DLR, is focused on system-level capacity rather than specific implementation support to Program activities; nevertheless, improved planning capacity should enhance Government capability to maintain implementation of the Program following the end of DFID support.

Program Expenditure Framework

17.   **The Program expenditure framework has been revised to reflect the completion of some activities, the introduction of new activities, and the increase in enrollment, particularly with regard to capitation grants.** The average annual value of the revised Program is US$103 million, a slight decrease from the original Program's annual value of US$104 million. The revised expenditure framework remains extensively decentralized, with 73 percent flowing directly to schools in the form of cash CGs or textbooks.

Financial Sustainability and Funding Predictability

18.   **The medium-term financial conditions remain sound, with stable GDP growth and inflation in recent years.** GDP growth was 7.2 percent in FY2016 and is expected to average 6.4 percent annually in the period to 2020. Following an estimated fiscal deficit of 9 percent in FY2016, Tanzania has begun pursuing fiscal tightening supported by increased revenue collection, with the 2016/17 budget projecting a fiscal deficit of 4.5 percent despite a 30 percent increase in planned expenditure; the Government's ability to meet its co-financing plans will depend on the success of efforts to increase tax and nontax revenues.

19.   **Education remains the largest spending sector in the government budget at 22.1 percent of the budget (excluding debt service) in 2016/17.** This is in line with the 22 percent average projected in the draft ESDP. Budget allocations for education have increased from US$1.58 billion in 2015/16 to US$2.19 billion in 2015/16.

20.   **The previous Technical Assessment noted two key areas of risk for Program expenditure: late and incomplete release of CGs by LGAs to schools, and deviations from the approved budgets owing to reallocations through the fiscal year.** In both cases, a DLR was included in the project design to incentivize improvement. Since December 2015, CGs have been disbursed directly from the MoFP to schools, leading to a rapid increase in disbursement. However, the need to expand CGs to meet the additional cost of FFBEP—providing AF to schools to cover secondary tuition, teaching and learning materials, sports equipment, and other materials formerly financed by formal and informal fees—introduces a greater risk of inadequate funds release. Under the original Program, CGs included both cash payments to schools and textbooks; in Year 2, cash disbursement to schools was above 100 percent of the agreed budget. Under the AF, only cash disbursement will count as CGs under DLR 2.2.

21.   **In the case of adherence to approved budgets, there has been improvement during the first two years of the project, with 75 percent of total allocated funding released quarterly against agreed budget lines in Year 2.** However, there was a notable diversion from approved budgets in Year 1 with regard to 3R Training and Official School Ranking, with spending at more than 400 percent the budgeted amount; and in Year 2 on clearance of the backlog of teacher claims, where expenditure was 283 percent of the approved amount. To ensure balanced expenditure, the revised Program places a limit on expenditure for teacher claims of 120 percent of the approved expenditure in a given year to count towards DLR disbursement.

Table 5.2. Budget and Actuals under DLR 2.1 Budget Framework in Year 1

Code	Budget Item	Approved Budget (TZS)	Actual Spent (as of June 30, 2015, TZS)	Actual % of Budget Spent
1a	School Toolkits - Primary	1,832,439,285	292,202,300	16
1b	School Toolkits - Secondary	1,150,350,000	1,090,750,000	95
2a	STEP Primary	11,355,774,800	11,746,001,538	103
2b	STEP Secondary	12,684,439,900	6,224,979,200	49
3	3R Assessment	507,940,080	-	-
4	3R Training of Teachers	2,592,492,879	12,092,130,749	466
5	Official School Ranking	1,000,000,000	4,557,469,009	456
6	School Incentive Grants	2,116,500,000	1,651,371,272	78
7	Capitation Grants	141,385,004,000	53,121,579,000	38
8	Teacher Motivation	20,000,000,000	33,977,526,498	170
	M&E BRN EPforR Activities	4,748,084,400	736,333,867	16
	Total	**199,373,025,344**	**125,490,443,410**	**63**

Table 5.3. Budget and Actuals under DLR 2.1 Budget Framework in Year 2

Code	Budget Item	Approved Budget (TZS)	Actual Spent (as of June 30, 2016, TZS)	Actual % of Budget Spent
1a	School Toolkits - Primary	3,177,220,000	-	0%
1b	School Toolkits - Secondary	-	-	
2a	STEP Primary	12,454,624,597	7,456,105,118	60%
2b	STEP Secondary	8,633,136,664	6,454,697,209	75%
3	3R Assessment	-	850,041,574	
4	3R Training	37,998,550,500	3,311,470,905	9%
5	Official School Ranking	4,786,070,500	4,167,538,325	87%
6	School Incentive Grants	1,591,793,672	416,000,000	26%
7	Capitation Grants	87,037,962,000	64,665,173,300	74%
8	Teacher Motivation	14,000,000,000	39,661,273,915	283%
	M&E of BRN Activities	3,168,964,598	1,962,572,470	62%
	Total	**172,848,322,531**	**128,944,872,816**	**75%**

Sector Budget Framework

22.   **As in the original EPforR Program, the AF does not include construction costs and wage costs.** The implications of the FFBEP for enrollment are uncertain, but analysis by the World Bank suggests that a significant gap in infrastructure will rapidly emerge, with extensive new building of classrooms and toilets required at primary and particularly, the secondary level. These requirements are likely to accelerate with the introduction of automatic promotion into and through lower secondary from 2020/21. World Bank analysis suggests that for capital costs alone, full implementation of the FFBEP faces a US$3.5 billion financing gap between now and 2025. However, scenario analysis suggests that with unit cost reductions and a relaxation of pupil-input ratios, this gap could be reduced to US$1.39 billion.

23. **The FFBEP mandates Fee Free Basic Education from preprimary to secondary Form IV.** It abolishes a range of informal and formal fees and school-related costs at both the primary and lower secondary levels. In addition, the Government has announced its intention to make lower secondary compulsory beginning by 2021. Under this revised policy, examinations at the end of primary and in Form II secondary will no longer decide promotion. The effect of these combined policies is expected to result in a significant increase in school enrollment, particularly in lower secondary, by 2025.

Enrollment under the FFBEP and associated policies

24. **The draft ESDP introduces new targets for enrollment over the next ten years, during which the FFBEP is expected to lead to increases in both enrollment and survival rates.** The ESDP targets for 2025 include a reduction in dropout rates in Standard 3 and Standard 4 from current rates of between 4 and 8 percent in non-examination years to zero, and an increase of promotion from primary to secondary Form I to 98 percent. Under these ambitious targets for basic education, the primary school population would rise from 8.30 million in 2015 to 11.53 million in 2025. Lower secondary enrollment would rise from 1.65 million in 2015 to 6.29 million in 2025.

25. **To provide a more conservative estimate of enrollment increase and cost under the FFBEP and associated policies, World Bank analysis extrapolates enrollment rates forward from the recent trend 2010–2016, while allowing for population growth and an increase in promotion from primary to Form I secondary owing to the removal of lower secondary fees and the introduction of automatic promotion to secondary in 2020/21.** In this model, promotion rates are expected to remain in the range of 89–92 percent in Standards 1–4, reach 96 percent in Standard 5, and promotion from primary to secondary is estimated at 90 percent. Under these assumptions, primary enrollment would rise from 8.3 million in 2015 to 10.76 million in 2025, while secondary enrollment would rise from 1.65 million to 5.26 million by 2025.

Capital Costs

26. **Even employing these conservative estimates of enrollment, however, the World Bank** simulations **suggest a large and growing gap in infrastructure, particularly classrooms and toilets, over the period to 2025.** To maintain the current primary school student-classroom ratio of 73:1 will require the construction of 30,000 new classrooms by 2025 and to maintain the current secondary school ratio of 40:1 will require the construction of 76,000 new secondary classrooms by 2025. This rate of enrollment will also require the construction of 174,777 toilets at both the primary and secondary level. The total cost of this construction, at the Government's recommended unit costs with a 10 percent annual increase, is an estimated US$3.5 billion. This does not account for the additional cost of building teacher housing, which may be important for achieving improvements in PTR in rural areas.

27. **In particular, the average annual need for new secondary classrooms will increase by a factor of seven from 2021, when automatic enrollment is introduced.**

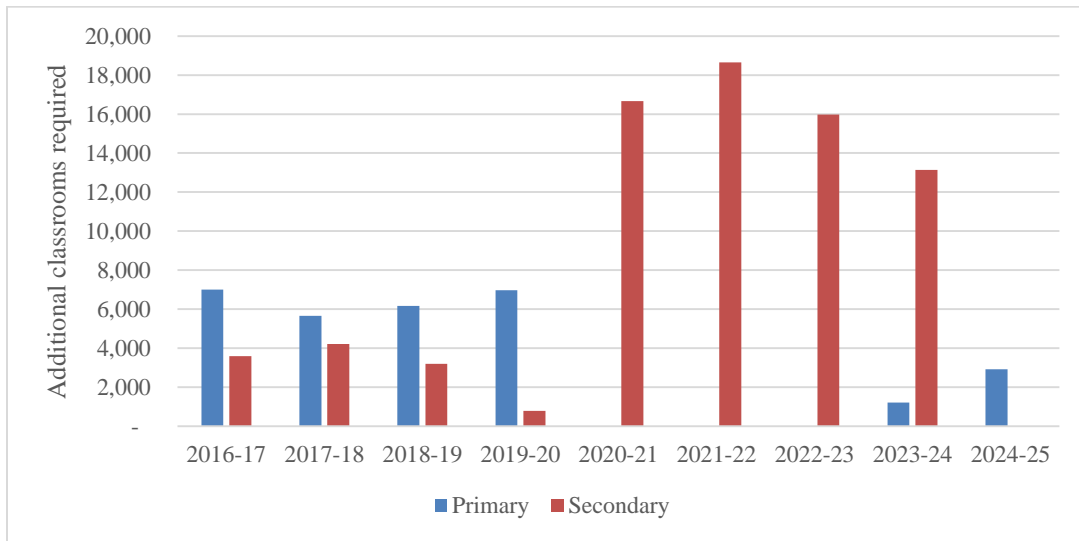**Figure 5.1. Additional Classroom Requirements 2016–2025**

Table 5.4. Basic Education Infrastructure Needs 2016–2025[91]

	2017–2018	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	Total
Increase in enrollment	**578,142**	**624,081**	**612,605**	**556,152**	**425,891**	**937,177**	**966,867**	**854,330**	**155,952**	**5,711,198**
Primary	424,422	421,585	459,039	518,205	(374,442)	41,221	199,430	223,683	217,357	2,130,501
Secondary	153,720	202,496	153,566	37,947	800,333	895,957	767,437	630,647	(61,405)	3,580,698
Additional classrooms needed	**10,608**	**9,884**	**9,368**	**7,756**	**16,664**	**18,655**	**15,979**	**14,340**	**2,922**	**106,176**
Primary	7,010	5,667	6,171	6,966	—	—	—	1,208	2,922	29,945
Secondary	3,597	4,216	3,198	790	16,664	18,655	15,979	13,131	—	76,231
Additional toilets needed	**19,105**	**13,576**	**13,978**	**10,897**	**28,857**	**32,304**	**27,671**	**24,391**	**3,997**	**174,777**
Primary	19,105	7,752	8,441	9,529	—	—	—	1,653	3,997	50,478
Secondary	—	5,824	5,537	1,368	28,857	32,304	27,671	22,738	—	124,299
Cost (US$ million)	**255.9**	**251.5**	**245.7**	**197.9**	**579.1**	**680.7**	**612.2**	**564.5**	**91.9**	**3,479.4**

[91]Based on approximate unit costs as defined in preliminary ESDP estimations: primary classroom US$20,000; secondary classroom US$30,000; latrine US$1,100

Measures to Reduce Financing Gap

28.   **Analysis of potential alternative cost scenarios suggests multiple avenues through which the Government can reduce the scale of the financing gap in basic education infrastructure.** In particular, achieving reductions in unit costs would significantly lessen the financing gap. The Government's previously estimated unit costs of around US$20,000 per classroom (US$30,000 for secondary) are above the costs of recent Government-financed community-based construction programs, which have a considerably lower unit cost of about US$8,000 per classroom. Achieving a one-off 25 percent reduction in the previously estimated classroom and toilet unit costs, while allowing for inflation of 10 percent per year, reduces the overall construction cost from 2016–2025 to US$2.6 billion. Achieving a 50 percent reduction lessens the overall cost to US$1.74 billion, while achieving this reduction and allowing student-classroom and student-toilet ratios to rise by 25 percent reduces the cost to US$1.39 billion.

Table 5.5. Cost Reduction Scenarios by Year (US$ million)

Scenario	2016–2017	2017–2018	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	2023–2024	2024–2025	Total
Current unit costs and pupil-input ratios	256	251	246	198	579	681	612	564	92	3,479
25% unit cost reduction	192	189	184	148	434	511	459	423	69	2,610
50% unit cost reduction	128	126	123	99	290	340	306	282	46	1,740
50% unit cost reduction and 25% higher pupil-input ratios	102	101	98	79	232	272	245	226	37	1,392

Program Economic Evaluation

29.   **As in the original Technical Assessment the private returns to the EPforR in terms of expected improvements in schooling completion rates are examined.** The principal outcome expected from program interventions are higher completion rates at primary (PSLE) and secondary (CSEE) levels. Enrollment estimates underpinning the estimation were updated according to recent trends, and the analysis was extended to cover the additional two years' duration of the program under the AF.

30.   **The original analysis assumed an average increase in annual pass rates of 3–5 percent and employed a rate of 3 percent for the primary estimations.** Improvements in PSLE and CSEE pass rates have been in line with this estimation: PSLE pass rates have risen 17 percentage points since 2012/13, while CSEE rates have increased 11 percentage points, an average annual increase across levels of 4.6 percent. The 3 percent assumption is therefore retained. Other parameters, including the lifetimes earnings premium of additional schooling and labor force participation and employment rates, were maintained from the previous analysis. The discount rate on lifetime earnings was reduced to 10 percent to reflect a reduction in the trend of

inflation; inflation in Tanzania in December was 5 percent and the assumed rate remains highly conservative.

31.   **On these assumptions, the net benefits of the revised program have increased, reflecting the extension of the program duration and the larger than estimated enrollment increase since 2014.** The Net Present Value (NPV) of the program is estimated at US$1,055 million, the internal rate of return (IRR) is 21 percent, and the benefits-to-cost ratio (BCR) is 3.57.

32.   **Sensitivity analysis assessed the impact of the program under different increases in pass rates.** Under a pass rate annual increase of 2 percent, NPV was US$566 million and the BCR was 2.38. Under an annual increase of 5 percent, NPV rose to 2,033 million and the BCR to 5.94. Sensitivity analysis also showed the program's economic benefit to be robust to a range of economic scenarios.

Table 5.6. Cost-Benefit Analysis

Scenario	Pass Rate	NPV (US$ million)	IRR (%)	BCR
Main estimation	3% pass rate, 83% employment, 10% discount rate	1055	21	3.57
Low pass rate	2% pass rate, 83% employment, 10% discount rate	567	10	2.38
High pass rate	5% pass rate, 83% employment, 10% discount rate	2,033	37	5.94
High discount rate	3% pass rate, 83% employment, 15% discount rate	970	20	3.60
Low employment	3% pass rate, 70% employment, 10% discount rate	842	16	3.05

Results Framework

33.   **The PDO indicators remain the same as in the original program, with one addition, national average pass rate on CSEE Sciences, English and Mathematics examinations for secondary Form IV students.** In the original program, PSLE and CSEE pass rates were considered as higher-order results but not included in the PDO indicators, owing to concerns over volatility stemming from periodic revisions of the pass mark. Following a change of policy, pass marks have been stable since 2013. Given the increased emphasis on quality, it is appropriate to include this measure as a PDO indicator. Intermediate indicators have been added to align with DLRs and to track implementation of new activities.

34.   **Government M&E systems comprise three interlinked data mechanisms.** The centrally available M&E data source on basic education is the national EMIS; information on basic education is maintained by PO-RALG through a dedicated basic EMIS, which feeds information into the wider EMIS, maintained by the MoEST. Data for EMIS is collected through an annual school census, which tracks information on school infrastructure and assets, enrollment, teaching and learning materials, staff, and financials. Data on student performance comes from NECTA, which administers national examinations in Grades 7, 11 and 13. Additional indicators not captured by EMIS and NECTA are collected by the M&E function within MoEST.

35.   **Sharing of M&E data between PO-RALG and MoEST, and between NECTA and MoEST, appears to be taking place adequately**, as demonstrated by the successful updating of the program Results Framework, claims of DLR achievement, and production of the ASEPR. Incentivized by a DLR, the ASEPR presented information for 100 percent of LGAs in Year 2 of the Program.

36.   **However, these activities appear to have been significantly supported by the DFID-financed TA team during the first two years of project implementation.** While this support is expected to continue in the extended program, this raises concerns about the long-term sustainability of M&E collaboration after support ends. A National M&E Framework for Education, currently in draft form, is expected to clarify roles and responsibilities and clarify institutional arrangements for collection and sharing of M&E information between MoEST and PO-RALG. The task team will support the Government to ensure that the final M&E framework provides adequate clarification to move toward sustainable collaboration on M&E for basic education.

37.   **In the medium to long term, integration of these systems at the IT level is recommended.** By supporting the introduction of unique school-level identifiers within EMIS, the program lays the groundwork for future integration of NECTA and the MoEST M&E functions with EMIS. The DFID-financed TA package is expected to provide support to this integration effort, and support may also be available from the World Bank through the Open Government Partnership.

DLR Verification

38.   **During the first year of the program, verification was carried out largely by DPs, primarily by the World Bank.** Although verification proceeded adequately under this system, the technical burden proved unsustainable and it was agreed that, beginning in Year 2, an independent entity would carry out all verification activities based on data provided directly by Government. This arrangement will continue in the AF.

39.   **A challenge to verification has been delays in the supply of data by the Government for verification, and issues around formatting of data.** It is expected that continuing support from the DFID TA team will accelerate improvements in the provision of timely and suitable data for DLR verification; however, the task team will closely monitor progress during implementation and address any issues in data collection and maintenance in advance of DLR claims to ensure greater efficiency.

Technical Risk Rating

40.   **The overall technical risk rating of the revised program is Substantial.** The major technical risks are discussed in the following paragraphs

41.   **Technical capacity of MoEST and PO-RALG to implement the Program.** Although the program implementation so far has been satisfactory, the new activities—particularly School Report Cards—are new and may pose a greater implementation challenge. Incentives through DLRs and support from the task team and DFID-financed TAS package serve to mitigate this risk.

42.   **Fragmented M&E arrangements.** The distribution of M&E across multiple systems and agencies, as well as questions over the quality of EMIS data, raise concerns, despite improvement in the data incentivized by DLRs in the first two years of the program. The draft National M&E Framework may serve to mitigate the risk by clarifying institutional responsibilities and procedures. Careful review of the framework, and clarification of precise M&E arrangements in the POM, as well as support from the DFID-financed TA package, can mitigate this risk.

43.   **Increasing pressure on system from enrollment.** While the PforR has achieved notable improvements in outcomes in its first two years, rapid increases in enrollment are set to significantly increase pressure on the system and leave a significant financing gap for the basic education sector overall. To mitigate this, it is important that implementation plans for the revised program include arrangements for periodic course corrections and careful prioritizing of expenditure for maximum effect on outcomes. The targeting of some activities, for example, the focus of head teacher training on schools performing poorly in inspections, can help to ensure maximum impact on outcomes.

44.   **Some of the planned periodic review systems in the original program design do not appear to have been implemented, owing to the weaknesses of the BRN/PDB management structure.** Simplified new arrangements for periodic review should be included in implementation plans and monitored for implementation to ensure course correction can be carried out as required.

45.   **Sector-level fiscal risk.** While the expenditure framework for the PforR program appears sustainable, the wider sector framework does not reflect the full cost of implementation of the FFBEP. The quality improvements of the PforR are likely to be undermined by chronic shortages of infrastructure if the significant financing gap is not addressed. Resource mobilization by the Government is required to address this gap and meet the growing infrastructure needs during the EPforR program, as well as preparing for still more rapid increase in needs after 2020. Increased efficiency of construction to improve unit costs, and careful allocation to ensure equitable relaxation of student-input ratios, can help to close the gap.

Table 5.7. Technical Assessment: Key Risks and Mitigation Strategies

Financial Framework	
Risk of insufficient financing of PforR activities	DLR for adherence to sector-wide prioritized budget framework New limitation of 120 percent of approved budget expenditure on teacher motivation
Risk of Non-implementation or Incomplete Implementation of Certain Activities	
School Inspection Scheme	DLR
Foundational activities	DLRs
Capitation grants	Recurring DLR, Foundational DLR; Capitation grants now directly distributed to schools
Risks to Achievement of Outcomes and Results Framework	
Fragmented M&E system	National M&E Framework; support from TAS team
Lack of data from ultimate beneficiaries	Measures to improve community engagement through Official School Report Cards

Risk of non-achievement of outcomes despite full implementation owing to increased pressure on system	Targeting of key activities Explicit mechanisms for course correction

Annex 6: Fiduciary Systems Assessment – Addendum

Executive Summary

1.	**The fiduciary systems assessment for the AF operation builds on the initial assessment at the design of the Program under BRNEd, including measures undertaken by the Government to mitigate identified risks, and the updated assessment carried out during the MTR in September 2016.** The fiduciary assessment focused on, among others, (a) verification of existence of school improvement toolkits given to Heads of Schools; (b) review of the setup of the procurement function and processing of procurement at school level; (c) the extent of LGAs follow-up on implementation of school improvement toolkit at school levels; (d) training on processing of smaller value contracts and record keeping for staff handling procurement at schools levels; (e) a review of the planning and budgeting; (f) treasury management and funds flow; (g) accounting and financial reporting; (h) internal controls including internal audit, and (i) external audit arrangement.

2.	**Following the Government's directive in December 2015, school funds including CGs are channeled directly to schools and administered for school operations.** Transfer of CGs directly to schools rather than through LGAs has eliminated delays in fund transfer and the issue of some LGAs remitting less funds to schools. Currently, the assessment revealed that the LGAs are not actively involved in the implementation of the Program rather remaining with oversight and/or monitoring roles only. Despite this major change, which is for the better, all Program fiduciary systems have continued to provide reasonable assurance that the proceeds of the DP financing are being used for the intended purposes.

3.	**The Government has made overall satisfactory efforts implementing the PAP since the start of the Program.** The implementation of the QA component and disclosure of procurement and/or distribution plan was aimed at strengthening transparency and accountability both at LGAs and schools. However, the arrangement for central procurement of textbooks, where 40 percent (primary schools) and 50 percent (secondary schools) of the capitation grants is retained for procurement of textbooks by PO-RALG, lacks transparency, as no information/data such as unit price of textbooks, textbooks allocation plan, etc. is available both at LGA and school level, making it difficult for LGAs and/or schools to verify their CG expenditure and balance available with PO-RALG. Overall, the fiduciary systems at schools are noted to be working with basic structures in place. The assessment considered developments that have taken place during implementation of the Program. However, the assessment revealed some issues which remain to be implemented including (i) availing school improvement toolkits to schools and LGAs; (ii) training of staff handling procurement processing at schools including records keeping; (iii) disclosure of the annual procurement/distribution plan ahead of delivery, and during delivery of books providing unit price of books for LGAs/schools verification purpose; (iv) District Treasurer to train teachers/accountants on basics in recording, posting, and bank reconciliation procedures; and (v) Internal Audit Departments to conduct quarterly review at schools, among others.

4.	**In conclusion, the Fiduciary Systems risk is rated at Substantial.** In order to mitigate the risk actions have been agreed upon with the GoT summarized below, and are included in the revised Program Action Plan (Annex 8). Adequate implementation support arrangements have

been put in place to support the Program in managing fiduciary risks during its implementation. On the whole, the implementation of the Program will be in line with the Government's anticorruption strategy.

Table 6.1. Risk Assessment and Proposed Mitigation Measures

Risk Description	Risk Rating	Mitigating Measures
Inherent Risk		
Country Level Funds may not be used efficiently and economically and exclusively for purposes intended for the Program. Funds disbursed under the Program may not be released by the Central Government to implementing entities on time and full (due to overall shortfall in general revenue)	S	• The Program will be subject to joint implementation reviews, annual external financial audit reviews, and procurement audit reviews as determined necessary, all aimed at closely monitoring both financial and physical performance of the Program. Further, internal verification of EPforR activities at each LGA will be carried out by the internal audit units. • There is a need to establish a Finance and Procurement Thematic Group. The group will play an active role of regular identification of recurring financial management (FM) challenges facing the Program and propose practical solutions. • Linkage between physical output and financial outcomes will be strengthened including M&E functions in the MoEST institutions and LGAs. • There is a need to create performance-linked disbursements (at LGA and school levels) as an incentive for steady and sustainable improvements. • The Government should undertake to ring-fence Program funds to be able to transfer funds as agreed.
Risks arising out of Country Policy and Institutional Assessment (CPIA) ratings on Question 13 (Quality of Budgetary and Financial Management) and Question 16 (Transparency, Accountability and Corruption in Public Sector). Although the GoT has a Public Financial Management Program that is aimed at improving its systems this has not impacted on the CPIA ratings.	S	• The Government is committed to further strengthening of the PFM systems and has rolled out the Public Financial Management Reform Project (PFMRP) IV for a five-year period effective from 2012, in close coordination with DPs. • Enhance accountability of civil servants across all government cycles through constitutional reforms. The judiciary, state, and Parliament should be independent functions. This has to be clearly spelled out in the new constitution. • There should be demonstrable action to enforce laws and regulations, with violations being dealt with firmly and promptly
Implementing Entity Level PO-RALG and LGAs may fail to account for funds advanced in a timely manner and could delay timely submission of Interim Financial Reports (IFRs) to IDA.	S	• PO-RALG Finance Unit will be responsible to follow up with LGAs through the Regional Secretariat. PO-RALG finance officers will be assigned to follow up with LGAs. • Controls over reporting timelines are to be instituted at each level. • Proper facilitation of PO-RALG Finance Unit and Finance and Procurement Thematic group is proposed through adequate budget funding. • Quarterly IFRs should be generated directly from the accounting software at PO-RALG. Appropriate FRx-based report formats should be developed for the

Risk Description	Risk Rating	Mitigating Measures
		purpose within the Epicor system.
Program Level The Program has a multiplicity of actors and levels of implementation (MoEST, institutions under the ministry, PO-RALG, LGAs, and schools - primary and secondary), and is potentially difficult to monitor and supervise.	H	• This risk will be mitigated by Memorandum of Understanding (MOUs)signed between the Government and DPs, MoEST and PO-RALG, and between PO-RALG and each LGA, which spell out duties and responsibilities of each actor. Staff will be specifically assigned to the Program to ensure all concerned understand their undertakings and responsibilities.
Overall Inherent Risk	S	
Control Risk		
Planning and Budgeting Schools do not prepare budgets. The school committees/boards do not meet regularly	S	• Training and capacity building at school level. • Provide appropriate guidelines to schools.
Fund Flow Funds released directly to schools are not captured in the LGA books despite returns being submitted to the LGA education office	S	• Guidelines and directives on how transactions carried out at school level will be captured in the Epicor system at LGA and central level.
Internal Controls Noncompliance with documented internal controls.	S	• The effectiveness and efficiency of the external audit function to be maintained. The National Audit Office has been more responsive and proactive in recent years, which has triggered some compliance. • Oversight bodies to be strengthened through additional trainings, and technical review guidelines. • Internal audits to be provided with funding commensurate with responsibilities, and adequate working tools including transport to increase oversight on noncompliance. • Provide adequate funds for M&E across all functional lines. • Review the composition of the audit committee membership and mandate to enhance independence.
Internal Audit Ineffectiveness of internal audit function and inability to follow up reported internal control weakness. Ineffectiveness of audit committees to carry out oversight functions. The current composition includes some members who are head of units or directors of departments.	S	• Establish audit committees whose members are independent from LGA executives and heads of departments. • Internal audits to be provided with budget, and adequate working tools including transport to increase oversight on noncompliance. • Continuous follow-up to be instituted. Timeliness of closure of internal audit issues to be in the score card of LGAs' Annual Performance Assessment (APA).
Accounting and Financial Reporting The upgraded centralized accounting software (Epicor Version 9.05) has been limited to basic reporting functionalities; with important	H	• PO-RALG in collaboration with MoFP to ensure all modules operate effectively and appropriate training is carried out at all levels. • The MoFP and PO-RALG to allocate more financial resources to IT infrastructure and standby power facilities. Realistic action plan to be presented to IDA.

Risk Description	Risk Rating	Mitigating Measures
modules such as asset management, active planner, and financial reporting (statutory and periodic) yet to be customized. This means most reports are prepared manually, prone to errors and delays. There are notable challenges to smooth operation of the software due to frequent power interruptions and unstable internet connectivity particularly in remote LGAs.		• PO-RALG to provide Epicor 9.05 technical support, with accounting background, at regional level to support LGAs in their respective regions.
Accounting Staffing The risk is considered low	N	• At both national and district levels, there is adequate and appropriate staff on finance, some of whom have been trained on World Bank's FM and disbursement procedures. In addition, PO-RALG has provided training on the accounting software staff. Between 3 and 8 staff have been trained on the software.
External Audits Non-follow-up and untimely closure of external audit recommendations No audit of schools is carried out.	S	• Consolidated action plan for follow-up of external audit recommendations to be developed by the MoEST and PO-RALG and submitted to IDA within three months after the completion of external audit reports. The action plan should include status report of previous year's recommendations. • Number of external audit findings closed annually to be incorporated in the APA score card for LGAs. This audit of schools should be carried out as part of statutory audits.
Overall Control Risk	S	
Overall Risk Assessment	S	

Note: H = High; S = Substantial; M = Modest; N = Negligible or Low.

Program Fiduciary Performance and Significant Fiduciary Risks Considerations

Planning and Budgeting

Overall FM objective: The Program budget is realistic, is prepared with due regard to Government policy, and is implemented in an orderly and predictable manner.

5.   **The planning and budgeting arrangements remain as assessed for the previous Program.** These arrangements will be applicable to the AF as well. However it was noted that schools especially primary schools do not prepare budgets. The school committees/boards only meet when funds are received and there is a need to approve the expenditures. It is recommended that both secondary and primary schools should be involved in budget preparation especially since most of the expenditure is done at the schools.

Accounting and Financial Reporting

Overall FM objective: Adequate Program records are maintained, and financial reports are produced and disseminated for decision making, management, and Program reporting.

6.	**The accounting policies and procedures of the current Program will also be applied to the AF.** The connectivity of the Epicor system from the LGAs to the central system is still a challenge and it needs to be improved. There is also a need to activate the asset management module of the system in order to record assets on the system. The PlanRep tool is also used for planning and budgeting at the LGAs but once the budget is complete, the tool cannot automatically upload the budget to Epicor as it is manually done and subject to errors and to address the matter, there is a need to have an integrator for the two systems. Furthermore, there is a need to have the chart of accounts revisited in order to incorporate transactions originating from schools in terms of revenue and expenditures, more so, given that the bulk of the money will be handled by schools. The Epicor system needs to be configured at the LGA level so as to be able to generate financial reports and assets registers that include school-level transactions.

7.	**MoFP/PO-RALG should develop reporting mechanisms to record accounting transactions processed at the school level in order to have accurate, correct, and meaningful financial statements for decision-making purposes.** Also, teachers responsible for accounting and storekeeping have not been trained in handling financial and procurement transactions and this can cause serious accountability issues. District treasurers should train teacher accountants on the basics of recording, posting, and bank reconciliation procedures.

Treasury Management and Funds Flow

Overall FM objective: Adequate and timely funds are available to finance Program implementation.

8.	**With the government directive on direct transfer of funds to schools, the MoFP is now directly transferring funds on a monthly basis to the school bank accounts held by commercial banks with effect from January 2016.** This has eliminated the delays, as well as transfer of incomplete amounts to schools, that occurred previously.

9.	**Notable is the fact that schools acknowledge receipt of funds from MoFP by issuing a receipt to DED at the LGA who submit the receipts to the MoFP/PO-RALG.** However, these transactions are not recorded in the books of LGAs presumably because the transactions are recorded in the books of the MoFP/PO-RALG.

10.	**In the light of the above, the MoFP should give directive on how transactions carried out at school level should be captured in the Epicor system at each level.**

Internal Controls (including Internal Audit)

Overall FM element objective: There are satisfactory arrangements to monitor, evaluate, and validate Program results and to exercise control over and stewardship of Program funds.

11.   **The internal control arrangements applicable to the current Program will also apply to the AF.**

12.   **The Internal Audit Department is still faced with the same challenges as identified previously.** It lacks working tools and equipment, funding for the unit is inadequate, the unit is grossly understaffed resulting in an inability to audit schools quarterly as required. This is more critical to primary schools than secondary schools.

13.   **There is a need for the Government to facilitate the Internal Audit Department properly so as to enable it to discharge its duties.** Internal audit departments are required to conduct quarterly review school transactions.

External Audit

Overall FM objective: Adequate independent audit and verification arrangements are in place and take account of the country context and the nature and overall risk assessment of the Program.

14.   **The audit arrangements applicable to the current Program will also apply to the AF.**

15.   **External audits for the LGAs are carried out as per legal requirements and the Comptroller and Auditor General (CAG) submits audited financial statements within the time frame.** With regard to audit of schools it was noted that this has not happened save for a few secondary schools. This audit of schools should be carried out as part of statutory audits.

16.   **In the event the CAG cannot audit all schools, then a random sample of at least some schools in each LGA should be audited.** Contracting of private audit firms should be considered given that the schools are handling substantial amounts of money that has been received from the Government.

Procurement Management Risk Consideration

Procurement Arrangements at LGAs Level

17.   **Following the Government directive in December 2015, all school funds including capitation and subsidies are channeled directly to schools' bank accounts by the MoFP.** This facilitated the transfer of all procurements to schools, leaving the LGAs with the hands-on-support, monitoring of school's administered procurement, and capacity building of staff responsible for procurement. In this regard, no procurement for schools will be carried out at the LGA level, and hence the limit of TZS 1,000,000 previously applicable for schools no longer holds.

Procurement Arrangements at Primary and Secondary Schools

18.   **Sufficient establishments exist within schools that can manage procurement satisfactorily.** However, due to lack of school improvement toolkits (guidelines) on the setup of procurement functions as well as administration of smaller value contracts at schools, this remains a critical risk. In the absence of any guidelines and separation of powers, head teachers have tended to take advantage of the vacuum and dominate the procurement cycle. This whole situation may influence the end results of the procurement process. The MoEST/PO-RALG should ensure that the guidelines are provided on an urgent basis to be coupled with the training on their use.

19.   **The arrangement for central procurement of books by PO-RALG, whereby 40 percent (primary schools) and 50 percent (secondary schools) of the capitation grants is retained, lacks transparency as no information/data such as unit price of books, books allocation plan, etc., is available at both the LGA and school levels.** This makes it difficult for LGAs and/or schools to verify their CG expenditure and balance available with PO-RALG.

20.   **In order to mitigate the identified risks, the following measures need to be put in place:** (i) LGAs must arrange to train staff handling procurement processing at schools including records keeping; (ii) in countersigning payments for procurement administered at schools, the respective District Education Officers (DEO) must involve PO-PSM at LGAs in a quick check of the credibility of the supporting documents to payment vouchers in terms of process soundness; (iii) PO-RALG should avail the annual procurement/distribution plan ahead of delivery of books, and (iv) during delivery of books, provide unit price for LGAs/schools' reconciliation of their allocated CG and actual deliveries.

Annex 7: Environment and Social Systems Assessment – Addendum (Summary)

1.   **The implementation of the activities under the EPforR AF Program will rely on the existing national legal framework and institutional systems to manage environmental and social risks**. The purpose of the ESSA addendum is to provide a comprehensive review of relevant environmental and social management systems and procedures in Tanzania, identify the extent to which the national systems are consistent with the World Bank Policy and the World Bank Directive for PforR, and recommend necessary actions to address potential gaps as well as opportunities to enhance performance during the AF Program implementation.

2.   **The original ESSA concluded that Tanzania, in general, has established a comprehensive set of environmental and social management systems to address the environment, health and safety, as well as social concerns related to the AF Program.** Such systems are in principle well-aligned with the core principles and key planning elements as defined in the World Bank PforR Policy. However, there are certain inadequacies and gaps from the perspective of actual implementation of such system identified. The assessed weaknesses are related to lack of enforcement and compliance with existing laws, regulations and guidelines governing environmental and social management. In addition, inadequate attention to environmental, health, and safety concerns, lack of environmental and social management data systematic collection and reporting, and weak coordination among agencies are other factors affecting the system. Awareness of the ESSA prepared for the original Program is low. Thus, some recommended actions are proposed to address these shortcomings and are included in DLRs (Table 7.1) and the PAP (Annex 8) for the AF Program.

Environmental and Social Effects of the Education PforR Additional Financing

3.   **The AF retains the same PDO, which is to improve education quality in primary and secondary schools in Tanzania.** The Program does not include land acquisition neither does it finance school construction or any physical/civil works and there are no works linked to any of the DLRs. However, the environmental and social risk for the AF has been rated moderate whereas in the original Program it was low. This follows the assessed need to address gaps in environmental and social practices with regards to the school construction strategy DLR.

Environmental and Social Benefits

4.   **The AF Program will support part of the Government of Tanzania's Education Sector Development Plan (2016-2020) currently being finalized.** It provides an important opportunity to enhance environmental and social systems with regard to ensuring safe, clean and sustainable surroundings in schools, which is recognized as a basic prerequisite for ensuring a conducive learning and teaching environment and quality. Therefore, the AF Program is expected to contribute to improvement of the national guidelines for school constructions by including appropriate environmental and social management requirements. Additional guidelines for promoting sustainable and greener building designs, as well as designs taking into account students with disabilities, greener measures to allow better resource management and larger involvement of beneficiary communities for supervising works, payment to contractors, contribution to school facilities improvement, and maintenance of facilities, etc., will also be considered during the preparation of the School Construction Strategy. Moreover, the Strategy

will clarify agencies, roles and responsibilities for monitoring of the environmental and social management requirements in school construction. Furthermore, the strategy will layout good practices to be followed when and where land acquisition and resettlement becomes necessary.

5.   **The Program interventions are not expected to have physical footprints in terms of loss of land or assets/livelihood etc., since land acquisition is not envisaged.** Furthermore, the Government of Tanzania is making an effort to be inclusive of all groups without discrimination in its school system. The AF Program will help the inclusion of all social/economic groups, gender, vulnerable and other less advantaged groups, and underserved regions and allow for holistic development of the education sector with no student left behind. It will also enhance relevant meaningful stakeholders' participation in decision making that will foster learning and retention among children in Tanzania, as well as better institutional functioning for results through social accountability and stakeholders' monitoring.

Environmental and Social Risks

6.   **The AF Program does not finance physical constructions or civil works; therefore, the anticipated adverse environmental and social effects of such a Program are not expected to be significant or detrimental.** However, the potential environmental risks are related to integration of environmental and social measures into the School Construction Strategy. These include: (i) inadequate water supply and sanitation facilities as well as electricity; (ii) weak compliance and enforcement of environmental and social requirements; (iii) limited awareness and capacity of sanitation, hygiene, and environmental and social protection and management; (iv) inadequate safe drinking water; (v) unsafe building materials and unmaintained building structure; (vi) inadequate facilities and access for physically challenged in all schools; and (vii) lack of integration and networking/collaboration; (viii) location of some schools in or near sources of high potential pollution; and (ix) lack of disaster/safety and emergency response arrangements.

7.   **The anticipated social effects of the Program are not expected to be significant but sufficient to require attention.** Therefore the AF Program will address the following social implications: (i) class absenteeism (participation of pupils from low income households even with free tuition); (ii) inclusion (better vs. poor performers, the vulnerable and disadvantaged, etc.); (iii) inequities in distribution of teachers across geographical regions and between schools); (iv) stakeholder participation (at national, subnational, community, school and parents levels); (v) gender (access to school opportunities for both boys and girls); (vi) challenges of capacity to supervise social standards; and (vii) lack of a GRM at school, community, council and coordinating agency levels.

Table 7.1. Recommendations for Environmental and Social Management Actions

Objective	DLRs	Environmental and Social Management Actions

Objective	DLRs	Environmental and Social Management Actions
To improve environmental and social management systems in education sector	DLR 1.4 The Recipient has approved a School Construction Strategy	• The national guidelines on school constructions will be reviewed and revised to include appropriate environmental and social management requirements in design, construction, operation, and maintenance of school infrastructures. • Additional guidelines for promoting sustainable and greener building designs, as well as designs taking into account students with disabilities, greener measures to allow better resource management and larger involvement of beneficiary communities for supervising works, payment to contractors, contribution to school facilities improvement including aspects from the National School WASH Strategic Plan; maintenance of facilities will also be considered during the review and revision of national guidelines for school construction. • The School Construction Strategy will clarify agencies, roles, and responsibilities, as well as incentives and training for monitoring and reporting of implementation of the environmental and social management requirements in school construction. And where land appropriation and resettlement becomes necessary, the strategy should seek to adopt measures and guidelines consistent with Bank policies.
	Program Action Plan	The EPforR coordination team will include the environmental focal point (Environmental Education Coordinator) of the MoEST. This team will also include a social development specialist knowledgeable in social inclusion matters.
To improve capacity for supervision of environmental and social performance (improve enforcement)	DLR 3.1 Released an Annual Summary Education Performance Report (ASEPR) in acceptable format	School level indicators on access/availability of electricity and number of water points and source to be included in the ASEPR.
To improve systems for Information Disclosure and Stakeholders Consultation	Program Action Plan	A GRM to be established at the school and LGA levels. The operation structure and protocols of the GRM and a complaint hotline will be made available to the public. The GRM has been discussed with stakeholders.

Consultations and Information Disclosure

8.   **The World Bank organized several consultations during the preparation of this AF Program.** Initial consultations with MoEST were held from December 5-9, 2016. World Bank specialists undertook a series of meetings and consultations with different stakeholders including national and local Government agencies and school visits. A multi-stakeholder consultation meeting was held in Dar es Salaam on February 23, 2017 on the draft ESSA report to receive specific feedback on its findings and recommendations. A description of the workshop, people consulted, and main issues raised is provided in Section VII of the ESSA.

98.   **During the consultation, the World Bank team presented the detailed information on the PforR instrument, activities to be supported under the AF Program, and key findings and recommendations of the ESSA.** The participants concurred with findings and recommendations presented in the ESSA, and voiced their strong support for implementing the proposed Program to improve education quality while improving environmental and social management in the education sector for safe, clean and sustainable surroundings in schools. The draft ESSA was disclosed on March 21, 2017 in-country. The final ESSA has been disclosed in the World Bank InfoShop.

Annex 8: Updated Program Action Plan

Table 8.1. Updated Program Action Plan

Action Description	Due Date[a]	Responsible	Completion Measurement	Original or Revised, and Rationale
Technical				
1. Update Program Operations Manual to reflect changes under AF, including updated verification procedures.	30 days after Effective Date	MoEST	POM approved by MoEST, PO-RALG and DPs	Revised. Updated to reflect AF changes.
Fiduciary				
2. Provide capacity building to LGA accountants and internal auditors in order to provide implementation support to schools.	July 31, 2018	MoEST/PO-RALG	Included in 2018/19 budget allocation	Original
3. Prepare financial management guidelines and training manual for school management teams involved in preparation and approval/authorization of FM activities and documents.	December 31, 2017	MoEST/PO-RALG	Guidelines and training plan prepared. Budgetary allocation for training made in FY2018/19	Revised for simplicity and feasibility of implementation
4. Provide adequate hardware and software to internal auditors at both central and LGA level to enable them to carry out their work, including access to Epicor and Lawson software.	July 31, 2018	MoEST/PO-RALG	Budgetary allocation made in FY2018/19	Revised for completeness and clarity
5. **School Improvement Toolkits.** Provide and disseminate toolkits to primary and secondary schools in English and Kiswahili to address the lack of a proper set up for procurement functions and procedures to conduct procurement.	Throughout implementation	PO-RALG and LGAs	Toolkits distributed	Revised
6. Share timely reports and budgets with RACEF Technical Working Group, including biennial disbursement and execution reports.	Throughout implementation	MoEST/PO-RALG	Disbursement and execution reports shared every six months	Revised for specificity

Action Description	Due Date[a]	Responsible	Completion Measurement	Original or Revised, and Rationale
7. Strengthen LGA and Schools service boards by establishing a complaints register and ensuring complaints are attended to	January 31, 2018	MoEST/PO-RALG	LGAs and school service boards strengthened	Slightly revised for clarity
Safeguards				
8. The EPforR coordination team will include a social development specialist and the environmental focal point of the MoEST.	Throughout implementation	MoEST	Environmental focal point in place and part of EPforR coordination team	New. Required to ensure Safeguards compliance.
9. A GRM to be established at the school and LGA levels. The GRM has been discussed with stakeholders.	December 31, 2017	PO-RALG	GRM in place	New. Required to ensure Safeguards compliance.

Note: a. The due dates in this table are not dated covenants.

Annex 9: Modified Implementation Support Plan

Table 9.1. Main Focus of Implementation Support

Area	Skills Needed	Estimate Staff Time Needed
Procurement support	Procurement Specialist	4
Procurement training	Procurement Specialist	1
FM training and supervision	FM Specialist	3
Task Team Leadership	TTL	12
Financial Management, disbursement and reporting	FM Specialist Local Government Specialist	2 6
Technical and Procurement review of the bidding documents	Procurement Specialist	3
Environmental/social monitoring	Environment Specialist Social Specialist	2 2
M&E	M&E Specialist/Economist	8
Fiscal flows/Course correction	Economist	4

Table 9.2. Skills Mix Needed

Skill	Number of Staff Weeks (Annual)	Travel Frequency (Annual)	Location
Task Team Leader and Co-TTL	24	4 field trips	Country office based; HQ based
Procurement	8	2 field trips or more as required	Country office based
Financial Management Specialist	13	2 field trips or more as required	Country office based
Environment Specialist	2	2 field trips or more as required	Country office based
Social Specialist	2	2 field trips or more as required	Country office based
Economist	4	2 field trips or more as required	Country office based
M&E specialist	8	4 field trips	Country office based

Note: HQ = Headquarters.

Table 9.3. Task Team

Name	Title	Specialization	Unit
Surendra K. Agarwal	Consultant	—	GED06
Sadaf Alam	Operations Analyst	—	GGHVP
Salman Asim	Economist/Team Leader	—	GED01
Mary C. K. Bitekerezo	Senior Social Development Specialist	Safeguards	GSU07
Rachel Danielle Cooper	Consultant	—	GEDGE
Celia A Dos Santos Faias	Program Assistant	DC program support	GED01
Ravinder Gera	Consultant	—	GED01

Name	Title	Specialization	Unit
Cornelia Jesse	Senior Education Specialist/Team Leader	—	GED01
Jane A. N. Kibbassa	Senior Environmental Specialist	Safeguards	GEN01
Gisbert Joseph Kinyero	Procurement Specialist	—	GGO01
Christine M Makori	Senior Counsel	Legal	—
Wangwe Magige Mwita	Consultant	—	GGO01
Nneka Okereke	Operations Officer	Safeguards	OPSPF
Michael Okuny	Financial Management Specialist	—	GGO31
Jean Owino	Finance Analyst	Finance	WFALA
Paulina Proches Shayo	Team Assistant	Country Office program support	AFCE1
Frida Elisabeth Tipple	Consultant	—	GED01
Qing Wang	Senior Environmental Specialist	Safeguards	GEN2A

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