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June 6, 2017

**Closing Date: Friday, June 23, 2017
at 6 p.m.**

FROM: Vice President and Corporate Secretary

Chad - Education Sector Reform Project Phase 2

Additional Financing and Restructuring

Project Paper

Attached is the Project Paper regarding a proposed additional grant and restructuring to Chad an Education Sector Reform Project Phase 2 (IDA/R2017-0210), which is being processed on an absence-of-objection basis.

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Report No: PAD2408

INTERNATIONAL DEVELOPMENT ASSOCIATION
PROJECT PAPER
ON A
PROPOSED ADDITIONAL GRANT AND RESTRUCTURING
IN THE AMOUNT OF (SDR 36.5) MILLION
(US\$50 MILLION EQUIVALENT)
TO THE
REPUBLIC OF CHAD
FOR THE
EDUCATION SECTOR REFORM PROJECT PHASE 2
June 2, 2016

Education Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective April 30, 2017)

Currency Unit = SDR
0.72538389 SDR = US\$1
US\$1 = FCFA 602.20

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AFD	French Development Agency / <i>Agence Française de Développement</i>
AFDB	African Development Bank
APE	Parents Association / <i>Association des Parents d'Élèves</i>
APICED	Agency for Promoting Community Initiatives in Education / <i>Agence pour la Promotion des Initiatives Communautaires en Éducation</i>
CCT	Contractualized Community Teacher
CFC	In-Service Training Center / <i>Centre de Formation Continue</i>
CNC	National Curriculum Center / <i>Centre National des Curricula</i>
CPF	Country Partnership Framework
CT	Community Teacher
DA	Designated Account
DASNS	School Feeding, Health, and Nutrition Directorate / <i>Direction Alimentation, Santé, et Nutrition Scolaires</i>
DFE	Teacher Training Department / <i>Direction de la Formation des Enseignants</i>
DPE	Education Project Department / <i>Direction des Projets Éducation</i>
DPO	Development Policy Operation
DRCs	Documentary Resource Centers
DREN	Regional Education Department / <i>Direction Régionale de l'Éducation Nationale</i>
DRH	Human Resource Department / <i>Direction des Ressources Humaines</i>
DSCS	Statistical and School Mapping Department / <i>Direction de la Statistique et de la Carte Scolaire</i>
DSS	School Health Division / <i>Division Santé Scolaire</i>
EAC	Educate A Child
ECF	Extended Credit Facility
EMIS	Education Management Information System
ENI	Teacher Training College / <i>École Normale d'Instituteur</i>
ENS	Teacher Training University / <i>École Normale Supérieure</i>
ESMF	Environmental and Social Management Framework
FCFA	West African Financial Community Franc / <i>Communauté Financière Africaine Franc</i>
FM	Financial Management
GDP	Gross Domestic Product
GER	Gross Enrollment Rate
GPE	Global Partnership for Education
GRS	Grievance Redress Service
HDI	Human Development Index

HL	Region of Hadjer Lamis
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDEN	Inspection Departments / <i>Inspection Départementales de l'Éducation Nationale</i>
IE	Impact Evaluation
IFR	Interim Financial Report
IMF	International Monetary Fund
INSEED	National Institute of Statistics, and Demographic and Economic Studies <i>/Institut National de la Statistique, des Etudes Economiques et Démographiques</i>
IPEP	Primary Education Pedagogical Inspection / <i>Inspection Pédagogique de l'Enseignement Primaire</i>
IRR	Individual Rate of Return
KPI	Key Performance Indicator
LEG	Local Education Group
M	Region of Mandoul
M&E	Monitoring and Evaluation
MDA	Mass Drug Administration
MDG	Millennium Development Goals
MEFA	Ministry of Basic Education and Literacy / <i>Ministère de l'Enseignement Fondamental et de l'Alphabétisation</i>
MENPC	Ministry of National Education and Civics Promotion / <i>Ministère de l'Éducation Nationale et Promotion Civique</i>
MESRI	Ministry of Higher Education, Research and Innovation / <i>Ministère de l'Enseignement Supérieure, de la Recherche et de l'Innovation</i>
MEPD	Ministry of Economy, Planning, and Development / <i>Ministère de l'Économie et de la Planification du Développement</i>
MFB	Ministry of Finance and Budget / <i>Ministères des Finances et du Budget</i>
MKE	Region of Mayo-Kebi East
MKO	Region of Mayo-Kebi West
MPH	Ministry of Public Health / <i>Ministère de la Santé Publique</i>
N	Region of N'Djamena
NGOs	Non-governmental Organizations
NPV	Net Present Value
PARSET	Chad Education Sector Reform Project / <i>Project d'Appui à la Réforme du Secteur de l'Éducation au Tchad</i>
PASEC	Program for the Analysis of Education Systems / <i>Programme d'Analyse des Systèmes Éducatifs</i>
PCU	Project Coordination Unit
PDDEA	Plan for the Development of Education and Literacy / <i>Plan Décennal de Développement de l'Éducation et de l'Alphabétisation</i>
PDO	Project Development Objective
PETS	Public Expenditure Tracking Survey
PIET	Interim Education Plan for Chad / <i>Plan Intérimeraire de l'Education au Tchad</i>
PIM	Project Implementation Manual
PISA	Programme for International Student Assessment
PREBAT	Project for Revitalizing Basic Education in Chad / <i>Projet de Revitalisation de l'Éducation de Base du Tchad</i>
PTC	Pupils-to-classroom Ratio
PTR	Pupils-to-teacher Ratio
PUEBT	Emergency Project for Basic Education in Chad / <i>Projet d'Urgence de l'Éducation de Base au Tchad</i>

RF	Results Framework
SC	Steering Committee
SDI	Service Delivery Indicators
SDR	Special Drawing Rights
SIPEA	Interim Strategy for Education and Literacy / <i>Stratégie Intérimaire pour l'Éducation et l'Alphabétisation</i>
SMS	Short Message Service
SoE	Statement of Expenses
SORT	Systematic Operations Risk-Rating
SSS	Single-Source Selection
T	Region of Tandjile
ToR	Terms of Reference
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WBG	World Bank Group
WFP	World Food Programme

Regional Vice President:	Makhtar Diop
Country Director:	Soukeyna Kane
Senior Global Practice Director:	Jaime Saveedra Chanduvi
Practice Manager/Manager:	Meskerem Mulatu
Task Team Leaders:	Waly Wane

REPUBLIC OF CHAD
EDUCATION SECTOR REFORM PROJECT PHASE 2
ADDITIONAL FINANCING

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ADDITIONAL FINANCING DATA SHEET

Chad

Chad Education Sector Reform Project Phase-2 Additional Financing (P163740)

AFRICA

Education Global Practice

Basic Information – Parent									
Parent Project ID:	P132617	Original EA Category:	B - Partial Assessment						
Current Closing Date:	31-Oct-2018								
Basic Information – Additional Financing (AF)									
Project ID:	P163740	Additional Financing Type (from AUS):	Restructuring/Scale Up						
Regional Vice President:	Makhtar Diop	Proposed EA Category:	B - Partial Assessment						
Country Director:	Soukeyna Kane	Expected Effectiveness Date:	23-Oct-2017						
Senior Global Practice Director:	Jaime Saavedra Chanduvi	Expected Closing Date:	31-Oct-2020						
Practice Manager/Manager:	Meskerem Mulatu	Report No:	PAD2408						
Team Leader(s):	Waly Wane								
Borrower									
Organization Name	Contact	Title	Telephone	Email					
Ministry of Economy, Planning and Development	Bachar Brahim	Director General	+235-66-26-27-87	Bachar_brahim07@yahoo.fr					
Project Financing Data - Parent (Chad Education Sector Reform Project Phase 2-P132617) (in US\$ Millions)									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P132617	IDA-H8620	Effective	21-Jun-2013	11-Oct-2013	08-Jan-2014	31-Oct-2018	31-Oct-2018		
Disbursements									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P132617	IDA-H8620	Effective	SDR	10.00	10.00	0.00	4.13	5.87	41.31

Project Financing Data - Additional Financing Chad Education Sector Reform Project Phase-2 Additional Financing (P163740) (in US\$ Millions)				
<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input checked="" type="checkbox"/> IDA Grant
<input type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/> Other
Total Project Cost:		50.00		Total Bank Financing: 50.00
Financing Gap:		0.00		
Financing Source – Additional Financing (AF)				Amount
IDA Grant				50.00
Total				50.00
Policy Waivers				
Does the project depart from the CAS in content or in other significant respects?				No
Explanation				
Does the project require any policy waiver(s)?				No
Explanation				
Team Composition				
World Bank Staff				
Name	Role	Title	Specialization	Unit
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Josue Akre	Financial Management Specialist	Financial Management Specialist	Financial Management	GGO26
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Bougadare Kone	Team Member	Environmental Specialist	Social and Environmental Safeguards	GEN07
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Ndolassem Christabelle Mbairo	Team Member	Team Assistant	Administration	AFMTD	
Extended Team					
Name		Title	Location		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Chad	Salamat	Salamat	X		New
Chad	Ouadaï	Ouadaï	X		New
Chad	Wadi Fira	Wadi Fira	X		New
Chad	Tandjile	Tandjile Region	X	X	
Chad	Moyen-Chari	Moyen-Chari	X		New
Chad	Mayo-Kebbi East Region	Mayo-Kebbi East Region	X	X	
Chad	Logone Oriental	Logone Oriental	X		New
Chad	Logone Occidental	Logone Occidental	X		New
Chad	Lac	Lac	X		New
Chad	Kanem	Kanem	X		New
Chad	Guéra	Guéra	X		New
Chad	Chari-Baguirmi	Chari-Baguirmi	X		New
Chad	Batha	Batha	X		New
Chad	Barh el Gazel	Bahr el Ghazal	X		New
Chad	Borkou	Borkou	X		New
Chad	Region du Hadjer-Lamis	Hadjer-Lamis	X	X	
Chad	Region du Mandoul	Mandoul	X	X	
Chad	Mayo-Kebbi West Region	Mayo-Kebbi West Region	X	X	

Chad	Region de la Ville de N'Djamena	Ville de N'Djamena	X	X	
Chad	Sila	Sila	X		New
Chad	Tibesti	Tibesti	X		New
Chad	Ennedi-Ouest	Ennedi-Ouest	X		New
Institutional Data					
Parent (Chad Education Sector Reform Project Phase 2-P132617)					
Practice Area (Lead)					
Education					
Contributing Practice Areas					
Additional Financing Chad Education Sector Reform Project Phase-2 Additional Financing (P163740)					
Practice Area (Lead)					
Education					
Contributing Practice Areas					

I. INTRODUCTION

1. **This Project Paper seeks the approval of the Executive Directors to provide an additional grant (in the amount of US\$50 million) from the International Development Association (IDA) to the Republic of Chad for the Education Sector Reform Project Phase 2 (PARSET 2) (P132617).** The proposed additional financing (AF) (P163740) will help finance (i) subsidy payments for Chad's community teachers (CTs); (ii) scale-up of activities supported under the original financing, including training of teachers and implementation of a mobile-based mechanism for payment of CTs; and (iii) a school-based deworming program for primary school-age children. The proposed AF is part of the World Bank Group's (WBG) response to the fiscal crisis in Chad.

2. **The AF will support the Government of Chad as it undergoes a sharp decrease in domestic revenues due to the drop in oil prices, which is preventing the country from ensuring the adequate delivery of basic social services.** This, in turn, has created a potentially volatile situation as civil servants have resorted to striking for long periods. In the education sector, although CTs are not officially part of the civil service, they, too, have gone on strike along with the civil servant teachers as the Government has not been able to pay them since July 2014. Since CTs account for 60 percent of the country's primary school teaching force, this has had a significant impact on classroom learning. The 2016/2017 school year was delayed by three months, and high teacher absenteeism continues even when teachers are not on strike. Although there has been no strike since January 2017, the risk of a new prolonged strike that will further disrupt the school year remains a credible risk.

3. The AF takes a two-pronged approach, focusing not only on the payment of CTs to stabilize the system in the immediate-term, but also scaling-up training to build capacity of the CTs and further strengthen the teaching force moving forward. About 1.5 million pupils are expected to benefit from a more stable learning environment and the school-based deworming program. The payment of community teachers' subsidies under the proposed AF provides bridge financing to prevent further deterioration of the teaching force and creates conditions for faster recovery once the fiscal environment becomes more stable. Although the parent project is making progress, the project risks losing gains made and potentially jeopardizing efforts to improve the teaching and learning environment altogether if payment to CTs remains unstable.

4. **Specifically, the proposed AF will finance the costs associated with payment of CTs, and the mobile based mechanism to facilitate it, scale-up of ongoing training activities under the parent project¹, and the deworming program.** Payment of CTs' subsidies will be introduced through a new component – Component 4 (*Stabilizing Community Teachers in Schools and Classrooms*), and the scale up of two activities supported under the parent project including: (a)

¹ The PARSET Phase 2 (financed by an IDA credit in the amount of SDR 10 million (US\$15 million equivalent)) was approved on June 21, 2013, and became effective on January 8, 2014 with a current closing date of October 31, 2018. The project development objectives (PDOs) are to: (i) improve teaching and learning conditions in primary and upper secondary schools in selected areas; and (ii) strengthen the system to facilitate evidence-based decision-making in the education sector.

the training of community teachers and contractualization² of the highest performing CTs to improve the quality of the teaching workforce; and (b) the payment of CTs using an innovative mobile payment mechanism. In the parent project these activities were restricted to six regions³, but under the proposed AF will be scaled up nationally (23 regions). A school-based deworming program will also be introduced as a cost-effective way to improve the health of primary school aged children. This has been shown to have a positive impact on school attendance. The project will also finance Monitoring and Evaluation (M&E) and project management costs to reflect the broader scope of the project. Although CTs currently benefit from training under the parent project, the payment mechanism via mobile money is yet to be implemented precisely because CTs have not received any payment from Government since July 2014. Through the AF, the mobile based payment mechanism will be implemented nationally as described above, and evaluated through a rigorous impact evaluation, given its potential for more efficient public spending.

5. The proposed AF will adjust the parent project development objectives (PDOs) to better align with the core objectives of the project given the change in context. The PDO will be adjusted to, *improve teaching and learning conditions in primary schools nationwide and upper secondary schools in selected areas*⁴ in place of the original PDO to: (i) *improve teaching and learning conditions in primary and upper secondary schools in selected areas*; and (ii) *strengthen the system to facilitate evidence-based decision-making in the education sector*. The change in PDO more clearly captures the project's emphasis on improving teaching and learning conditions in schools, both in terms of the financing allotted to each activity and the core activities supported under the parent project and AF. The shift is necessary given the fiscal crisis and the need to create a stable learning environment in the context of prolonged periods of teacher absenteeism. The PDO will be achieved through the original triad of school construction, teacher training, and instructional materials, and will be further supported under the AF through the payment and training of CTs. Given the importance of strengthening the system to facilitate evidence-based decision making, the related activities will still be maintained and supported under the project.

6. Additional changes include the following: (i) the original financing closing date will be extended by two years to October 31, 2020. This will align the original financing with the AF and allow sufficient time to carry out the AF activities; (ii) a key performance indicator (KPI) and corresponding intermediate indicators will be added to adequately monitor the introduction of the new CT component, and deworming activities; (iii) the KPI associated with evidence-based decision making will be changed to an intermediate indicator to reflect the change in PDO; and (iv) minor modifications will be made to the targets and end dates to reflect the closing date of October 31, 2020. Disbursement estimates have been adjusted to take into account the AF activities and extended implementation period. Implementation arrangements, as well as the approach to procurement and financial management (FM) will remain largely the same. As under the original financing, the Agency for Promoting Community Initiatives in Education (APICED, *Agence pour*

² Contractualization is the process by which selected CTs (through a rigorous evaluation of the highest performers) will enter into a contract with the Government of Chad to receive a monthly subsidy. The process is further described in Annex 3.

³ The six regions include Tandjile (T), Mayo-Kebbi East (MKE), Hadjer-Lamis (HL), Mandoul (M), Mayo-Kebbi West (MKW), and Ville de N'Djamena (N).

⁴ Primary schools nationwide and secondary schools in selected areas have been added here to clearly specify where the project activities will take place. Payment of CTs in primary schools will be nationwide, while support to upper secondary schools will be restricted to the initial selected regions as envisioned under the parent project.

la Promotion des Initiatives Communautaires en Éducation) will be responsible for facilitating the CT mobile payment mechanism, but will be strengthened to support the scaling up of the payment mechanism under the AF. The deworming sub-component will be implemented by the School Health Division (DSS, *Division de la Santé Scolaire*), which has several years of similar experience handling deworming programs.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

Country Context

7. Chad is sparsely populated, with only 13 million people, and vast in size (with an area of more than 1 million km²). It is a low income country, with a gross domestic product (GDP) per capita of about US\$775 in 2015, and among the lowest human development indicators in the world. The country is divided into 23 regions located in three main geographical zones: a desert zone in the north, an arid Sahelian belt in the center, and a more fertile Sudanese savanna zone in the south. It faces adverse climate conditions including prolonged droughts in some areas and yearly floods in others, as well as wind erosion, and desertification, leading to recurrent food crises, as well as population displacement. Combined with security risks due to political instability and transit through Chad by terrorist groups such as Boko Haram, and al Qai'da in the Islamic Maghreb (AQIM), as well as an uptick in migration, urban populations are projected to reach nearly 6 million by 2030, or 27 percent of the total population. Displaced people number around 700,000, the large majority of which are refugees⁵.

8. **The economy is largely dominated by agriculture and extractive industries, mainly oil.** However, the recent fall in oil prices has had a dramatic impact on an economy in which oil accounted for 30 percent of total GDP and 70 percent of Government revenues in 2013. In 2011, almost half (47 percent) of the population was living under the national poverty line. The high level of poverty, is accompanied by low human development, and Chad currently ranks 186 out of 188 in the United Nations Development Program (UNDP) Human Development Index. Life expectancy at birth is 51.9 years, expected years of schooling is 7.3 years⁶, and mean years of schooling stands at just 2.3 years. Education attainment is highly unequal with people in the wealthiest quintile having an average of 6.7 years of schooling, compared with 1.0 for those in the poorest quintile.

Sector Context

9. **The education system in Chad is subdivided into early childhood education (ECE) (which has a gross enrollment rate (GER) of just 2 percent), six years of primary education,**

⁵ Based on the United Nations High Commissioner for Refugees (UNHCR) definition refugees are people who are recognized as refugees under the 1951 Convention Relating to the Status of Refugees or its 1967 Protocol, the 1969 Organization of African Unity Convention Governing the Specific Aspects of Refugee Problems in Africa, people recognized as refugees in accordance with the UNHCR statute, people granted refugee-like humanitarian status, and people provided temporary protection. Asylum seekers--people who have applied for asylum or refugee status and who have not yet received a decision or who are registered as asylum seekers--are excluded. Country of asylum is the country where an asylum claim was filed and granted.

⁶Expected years of schooling is defined as number of years of schooling that a child of school entrance age can expect to receive if prevailing patterns of age-specific enrollment rates persist throughout the child's life. Source: UNESCO Institute for Statistics (2013).

four years of lower secondary education, three years of upper secondary education, and higher education. Primary and secondary education are managed by the Ministry of National Education and Civics Promotion (*Ministère de l'Éducation Nationale et Promotion Civique*, MENPC), while higher education is managed by the Ministry of Higher Education, Research and Innovation (MESRI, *Ministère de l'Enseignement Supérieure, de la Recherche et de l'Innovation*).

10. Investment in the education sector has historically been low, but has been exacerbated by the current fiscal crisis. Chad's education public spending as a share of GDP stood at 2.9 percent in 2015⁷ compared to 4.5 percent for sub-Saharan Africa. In addition, education public spending dropped by 16 percent between 2016 and 2017. Further, the management of the sector is characterized by numerous challenges including uneven and suboptimal allocation of human and material resources to schools, insufficient capacity and funding, highly centralized sector management, and lack of data driven policy making.

11. Stark gender and regional inequalities are an important issue. In primary education for example, gender parity is 0.75, and worsens as students' progress through the system (standing at 0.44 in lower secondary). The share of primary-school age children who are out of school varies from 23 percent in N'Djaména to 85 percent in the Lake region. In geographic terms, the southern regions are generally at an advantage, with indicators in the northern regions lagging substantially, and below average enrollment and completion rates in the Center, Eastern, and Western regions.

12. Other key sector challenges are numerous and include the following: (i) large numbers of out of school children – half of primary school-age children are excluded from the system due to a combination of economic factors and limited classrooms; (ii) low learning outcomes in primary education – only 15.7 percent of sixth graders have sufficient competency in reading; (iii) high internal inefficiencies including high dropout and repetition rates; and (iv) insufficient numbers of effective teachers. The major challenge that emerged recently and has the potential to lead to a serious and hard-to-reverse deterioration of the primary education sector is the non-payment of CTs' subsidies.

13. The role of communities and CTs in the education sector is of critical importance in Chad. Parents' Associations (*Associations des Parents d'Élèves*, APEs) formed in the 1960s during the civil war following independence and played a key role in provision of education in the absence of a functioning State which was unable to respond to demand for education. Today they continue to support the sector and are involved in construction of classrooms and community schools, the recruitment and management of community teachers (who work in both public and community schools), the collection of student fees, and the provision of financial and in-kind support to schools in their communities. As mentioned earlier, community teachers account for 60 percent of the total primary level teaching force in the country.

14. There are five categories of primary education teachers, with extremely varied qualifications and competencies. There are three levels of CTs (CT0, CT1, and CT2) and two levels of civil servant teachers (assistant teachers and teachers). Civil servant teachers are typically included in Government's public payroll and have received some formal training in a teacher training institution. CT0s have no training and little education, and CT1s are those who have

⁷ This is slightly higher than the average over the 2000-2013 period which is 2.7 percent of GDP

received some training but need reinforcement. CT2s have received the same training as civil servants. CT0s have historically been supported solely by the community and receive no funding from the Government, while CT1 and CT2 are expected to receive subsidies from the state through a decree from 2012⁸, although as described above, have not received the expected subsidies since 2014.

15. **As described earlier, because of the lack of resources and the Government's inability to pay salaries even for civil servants in 2016, the country has faced strikes in all sectors.** For the current school year 2016-17, classes in primary schools started only in mid-January 2017 although the official start of the school year was October 1, 2016. CTs went on strike along with their civil servant colleagues and delayed starting until civil servants did in January. While many CTs returned to classrooms in January despite still not receiving subsidies, continued non-payment is likely to lead to additional strikes. The frequency and intensity of the strikes has also worsened with the crisis.

16. **Even prior to the strikes, there were many worrying signs of declining indicators in the education sector.** The most recent statistical yearbook reported that the number of primary schools declined from 12,254 in 2013-14 to 10,564 in 2014-15, although it is unclear what constraints may have impacted the total school count. Further, the number of CTs appears to have dropped by 12 percent between 2013-14 and 2014-15 from 27,969 to 24,699 while at the same time the number of civil servants marginally increased from 15,521 to 16,173. As many communities rely solely on CTs, decreasing CTs, and school closures seriously jeopardize learning opportunities for school aged children.

Parent Project Background and Performance

17. **PARSET Phase 2, (P132617). (financed by an IDA credit in the amount of SDR 10 million (US\$15 million equivalent) was approved on June 21, 2013, and became effective on January 8, 2014, with a current closing date of October 31, 2018.** As mentioned above, the parent project development objectives (PDOs) are to: (i) improve teaching and learning conditions in primary and upper secondary schools in selected areas; and (ii) strengthen the system to facilitate evidence-based decision-making in the education sector. The parent project has three components: Component 1 – improving teaching and learning conditions in primary school; Component 2- improving teaching and learning in upper secondary schools; and Component 3: project management, monitoring and evaluation. As described earlier, it uses a combination of provision of teaching and learning materials, school construction, and teacher training within a limited scope to introduce, pilot and test system innovations. The project design built on the successes of PARSET 1 which included developing the project coordination unit (PCU), carrying out school construction, curriculum reform, developing community participation, and establishing the first phase of the Education Management Information System (EMIS). It also takes into consideration gender dimensions, e.g. ensuring school construction includes gender separated latrines, and supporting systematic collection of gender-disaggregated data.

⁸ In May 2012, the Presidency decided via the decree No 05/PR/SGP/CEPEC/12 that all CT1s and CT2s will receive a monthly subsidy of 60,000 FCFA.

18. **PARSET 2 responded to a request from the Government for support in the implementation of its Interim Strategy for Education and Literacy (*Stratégie Intérimaire pour l'Éducation et l'Alphabétisation*, SIPEA) for 2013-2015**, which also focused on improving the quality of education by improving teaching and learning conditions, reducing disparities, and improving efficiency. The project's objectives remain highly relevant to the *Plan Intérimaire de l'Éducation au Tchad* (Intermediate Education Sector Plan for Chad, PIET 2018-2020), which aims to address key access and quality challenges described above. The original financing is complementary to other external financing going towards SIPEA, namely from the Global Partnership for Education (GPE) and the Educate A Child Qatari Foundation.

19. **Project Performance.** PARSET 2 has made progress towards achievement of its PDO and related outcomes. The pace of implementation has been progressing well, despite early lags in disbursement and the difficult macroeconomic context. Implementation initially slowed due to bottlenecks caused by delayed contract approval at the presidency level in the period before, during, and just after elections (held in April 2016). However, following the elections the contracts were successfully cleared which allowed the activities to resume and implementation to pick up pace. As a result, the project is currently rated moderately satisfactory both on progress towards achievement of the PDO and implementation, although the implementation is accelerating. The disbursement rate is currently at 41.3 percent, with notable improvement in disbursement between the period of November and December 2016 (increasing from 23.4 percent to 34.5 percent). Furthermore, disbursement is expected to increase another 15 percentage points, with 53 percent disbursement expected by end of June 2017 when the textbooks, which have already been printed, are delivered to schools.

20. Since CTs stopped receiving their subsidies from the Government shortly after PARSET 2 became effective, Sub-component 1.4, which supported the mobile payment of teachers' subsidies could not be implemented and did not progress. Sub-component 1.4 will be revived under the AF given how closely linked it is to payment of CTs. There is evidence of this working effectively in the region under other projects. The GPE, UNESCO and UNICEF emergency project in the Lake region uses the mobile payment mechanism and its 327 beneficiary CTs have started to receive their payment on their mobile phones. The World Food Programme (WFP) also uses this mechanism to deliver cash to vulnerable populations including refugees in Chad's affected regions especially in the Lake region. These models will be built upon to facilitate verifiable payment of CTs' subsidies under the AF. The implementation arrangements section provides a detailed description of the mobile phone payment mechanism.

21. **Progress on achievement of PDO-level indicators has been observed**, including (i) construction of classrooms (50 percent achieved); (ii) primary completion rate (fully achieved); and (iii) textbook to student ratio (70 percent achieved). Teacher training is ongoing and a fifth PDO level indicator – “availability of impact evaluation reports” – is expected to be achieved by the project's current closing date (and will be changed to an intermediate level indicator to reflect the revised PDO). There is also steady progress on seven of the 12 intermediate level indicator targets, including gender parity index, director project beneficiaries, number of wells built, number of textbooks and teacher guides distributed, number of teachers trained on using the new material, inspectors' visits per primary school, and inspectors /pedagogical advisors trained. One additional intermediate indicator – designing pre and post-tests to gauge the level of knowledge of CTs prior to and after their teacher training – has been fully achieved. Steps to achieve the targets of three of

the remaining four indicators, which mostly pertain to improved system wide M&E measures (utilizing impact evaluations, improving education databases, and developing document resource centers) are also under implementation. The only activity that has stalled – number of CTs paid using mobile payment mechanism – because of CTs nonpayment - will be a key focus of the AF as mentioned above. Annex 2 includes more detail on the project components and AF-funded activities.

Rationale for Additional Financing.

22. CTs are the backbone of the teaching workforce and they have tremendous influence on teachers' unions. Strikes or social tensions in the primary education sector often spill over to other education sub-sectors. As CTs await their payments, the current 2016-17 school year may be deemed invalid if another teachers' strike occurs, as students will not be able to claim the minimum number of required learning hours. Chad's social cohesion also partially hinges on the Government's ability to keep schools open for the remainder of the school year and allow students to successfully complete the year. The actual payment or even credible expectation of payment of CTs' subsidies will go a long way in ensuring that new strikes will not happen. The payment of CTs may also begin to restore confidence in Government's capacity to deliver basic services. Further, additional training in competency and pedagogy to help CTs more effectively perform once back in the classroom will be critical to ensuring sustainability and longer term impacts on improved learning.

23. As described above, the proposed AF is meant as a "bridge" to support the delivery of primary education services in Chad, while the Government rebuilds its fiscal space through efforts toward (i) more efficient revenue mobilization; and (ii) more external assistance. The AF is part of the WBG's response to the fiscal crisis in Chad which also includes an emergency development policy operation (DPO) (to be delivered in June 2017) aimed at mitigating the short-term impact of the crisis and promoting fiscal stabilization. Furthermore, the International Monetary Fund (IMF) is also considering a program in Chad along with other Central African and Economic Monetary Community (CEMAC) countries. These measures are all meant to help the Government begin to move away from the current fiscal crisis and are aimed at protecting public spending in social sectors, especially education and safety nets programs. Although uncertain, the prospect of higher oil prices in the medium term may help Government's fiscal stance and its capacity to maintain spending in social sectors. The AF's objectives are fully aligned with the PIET 2018-2020 mentioned above, which aims to address key access and quality challenges, as well as the Country Partnership Framework (CPF) (2017-2020) (Report No. 95277-TD, approved December 10, 2015) which focuses on building human development capital and reducing vulnerability as one of its core themes.

24. Specifically, the AF will finance the training of 10,000 additional CTs, subsidy payments to 11,680 CTs over a period of 36 months, contractualization of 3,000 of the best performing CTs⁹ (so that they receive a monthly subsidy from the Government), and may also provide a pathway to integration into the formal teaching system (as civil servants) for the highest performing

⁹ Information on the number of CTs by type can be found in Annex 3, Table 3.3.

contractualized CT2s¹⁰. Approximately 1,500,000 pupils are expected to benefit from a more stable school year and better trained CTs. The AF is also expected to have multiple additional beneficial effects which will be to: (i) relieve the stress in the education sector and present an opportunity to salvage the remaining days of the school year; (ii) ease social tensions that can threaten the stability of the country; (iii) reduce vulnerability for a large segment of the population that depend on the subsidies directly or indirectly. Moreover, the AF will benefit 1,500,000 primary aged children through its school-based mass deworming program. Regular deworming contributes to good health and nutrition for children of school age, which in turn often leads to increased enrollment and attendance, reduced class repetition, and increased educational attainment. The most disadvantaged children – such as girls and the poor – often suffer most from ill health and malnutrition, and gain the most benefit from deworming.¹¹

25. The requirements to process an AF have been met, namely, (a) all legal covenants have been complied with; (b) there are no outstanding audit reports; and (c) the project will follow the World Bank's 'Guidelines: Procurement of Goods, Works, and Non-Consulting Services Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers' and 'Guidelines: Selection and Employment of Consultants Under IBRD Loans and IDA Credits & Grants by World Bank Borrowers' both dated January 2011 (revised July 2014),¹² as well as the World Bank's guideline on Anti-Corruption 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', dated October 15, 2006 and revised in January 2011. An exception to the requirement that the project be rated as Moderately Satisfactory on Progress toward achievement of PDO for 12 months was granted.¹³

III. PROPOSED CHANGES

Summary of Proposed Changes

Under the proposed AF, the following changes are introduced:

- (a) Change to the project development objective (PDO) to better align with the project's core emphasis on improving teaching and learning conditions;
- (b) Change to components and activities to:
 - Finance the payment of CTs subsidies (under a new component – Component 4);

¹⁰ The project does not directly finance integration itself, but rather the additional training, and rigorous evaluation of current CTs, as well as the contractualization process whereby the highest performers would be paid a monthly subsidy. Integration into the civil service, if found to be feasible, would be financed by the Government directly.

¹¹ See At-a-glance note 2003 World Bank HNP. http://www.who.int/intestinal_worms/resources/en/at_a_glance.pdf

¹² A formally approved exception to proceed with the procurement guidelines used for the original project was received on May 9, 2017.

¹³ The proposed AF for PARSET2 is consistent with paragraph 29 of OP/BP 10.00 (Investment Project Financing) under which IDA may provide AF for investment lending for scaling up the development effectiveness of a project that is performing well and/or to compensate for cost overruns. However, a formally approved exception of the requirement, as per OP 10.00 paragraph 29, that the project be assessed as Moderately Satisfactory on Progress towards achievement of the PDO and implementation progress over a 12-month period, accompanies the additional financing. There was a period in which both progress toward achievement of the PDO and implementation progress slowed due to bottlenecks caused by delayed contract approval at the presidency during elections. However, these delays have since passed and the project remains on track.

- Scale-up (i) training of community teachers to improve the quality of the teaching workforce and contractualization of CTs (under Sub-component 1.3 – teacher training and management); and (ii) mobile payment mechanism of CTs’ subsidies under Sub-component 4.2 – community teacher’s subsidies payment mechanism (formerly Sub-component 1.4 but moved under Component 4 to keep all activities pertaining to CTs payment under a single component); and
- Introduce a national school-based mass deworming program that will target enrolled as well as out-of-school children through a revised Sub-component 1.4.

Finally, the Results Framework (RF) has been revised to: (i) reflect the change in PDO (including reclassifying the PDO- level indicator tied to “strengthening the system to facilitate evidence-based decision-making in the education sector” to an intermediate indicator and introducing a PDO level indicator to measure number of days of school closures due to CT strikes from non-payment; (ii) incorporate indicators to capture progress on the additional activities; (iii) align the indicators with the revised project allocations; and (iv) adjust some of the end targets and dates as needed (to reflect the additional time for implementation/revised project closing date of October 31, 2020). No reallocation of categories of payment is necessary. RF changes are further elaborated below.

Change in Implementing Agency	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Project's Development Objectives	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Results Framework	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Safeguard Policies Triggered	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change of EA category	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Other Changes to Safeguards	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Legal Covenants	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Loan Closing Date(s)	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Cancellations Proposed	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Arrangements	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Reallocation between Disbursement Categories	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]
Change in Disbursement Estimates	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change to Components and Cost	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Institutional Arrangements	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Financial Management	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Procurement	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Change in Implementation Schedule	Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>]
Other Change(s)	Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>]

Development Objective/Results

Project’s Development Objectives

Original PDO
The proposed Project Development Objective is to (i) improve teaching and learning conditions in primary and upper secondary schools in selected areas and (ii) strengthen the system to facilitate evidence-based decision-making in the education sector.
Change in Project's Development Objectives
<p>Explanation:</p> <p>As described earlier, the PDO will be adjusted to “<i>Improve teaching and learning conditions in primary schools nationwide and upper secondary schools in selected areas</i>”, to better align with the core objectives of the project given the change in context. The change in PDO more clearly captures the project’s emphasis on improving teaching and learning conditions in schools, in terms of the majority of activities supported under the parent project and AF and in terms of total amount of resources allocated to these activities. The shift is necessary given the fiscal crisis and the need to create a stable learning environment in the context of prolonged periods of teacher absenteeism. The PDO will be achieved through the original triad of school construction, teacher training, and instructional materials, and will be further supported under the AF through the payment and training of CTs. Given the importance of strengthening the system to facilitate evidence-based decision making, the related activities will still be maintained and supported under the project.</p> <p>Primary schools “nationwide” and secondary schools “in selected areas” have been added to clearly specify where the project activities will take place. Payment of CTs in primary schools will be nationwide, while support to upper secondary schools will be restricted to the initial selected regions as envisioned under the parent project.</p>
Proposed New PDO - Additional Financing (AF)
The Project Development Objective is to improve teaching and learning conditions in primary schools nationwide and upper secondary schools in selected areas.
Change in Results Framework
<p>Explanation:</p> <p>The following modifications will be made to the RF:</p> <p>At the PDO level: (i) one new indicator is added to measure the impact of the subsidies payment of CTs supported under Component 4; and (ii) the indicator which supports evidence-based decision making “availability of Impact Evaluation (IE) reports” will be moved under intermediate indicators to correspond with the modified PDO.</p> <p>At the intermediate level: (i) two indicators are added to monitor CTs, including one on the number of CTs who have received their subsidies, and another on the number of CTs who have successfully been contractualized (gender disaggregated); and (ii) one indicator on citizen engagement – specifically on feedback from citizens in the school communities on satisfaction with the project initiatives – is included.</p> <p>The annual/end-of-project targets and dates have been adjusted where appropriate (including a considerable increase in the number of project beneficiaries) to reflect planned support under the proposed AF and the two-year extension in the project closing date. Total beneficiaries have been adjusted to reflect the additional number of pupils who will benefit from the CTs in classrooms and the beneficiaries receiving deworming. Targets have been adjusted for Sub-component 1.3 to reflect the additional number of CTs who will receive training under the AF, and for Sub-component 4.2 (community teachers’ subsidy payment mechanism) to reflect the scale up in the mobile payment of CT subsidies payment.</p>

Compliance						
Covenants - Additional Financing (Chad Education Sector Reform Project Phase-2 Additional Financing - P163740)						
Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDAT	List of Community Teachers	The Recipient shall, no later than three (3) months after the Effective Date, or such other date as the Association may agree in writing, provide: (a) evidence, satisfactory to the Association, that a census of community teachers has been carried out, by an independent entity, all satisfactory to the Association; and (b) a list of Eligible Community Teachers, satisfactory to the Association. Schedule 2, Section I, E, 1 (a, b) of the Financing Agreement.	23-Jan-2018	<input type="checkbox"/>		New
IDAT	Staffing	The Recipient shall hire, no later than three (3) months after the Effective Date, or such other date as the Association may agree in writing, additional fiduciary staff to the PCU, including two additional financial management specialists, an internal auditor, and additional monitoring and evaluation specialists, all with qualifications, experience, and terms of reference	23-Jan-2018	<input type="checkbox"/>		New

		satisfactory to the Association. Schedule 2, Section I, A, 2(b) of the Financing Agreement.				
IDAT	Project Implementation Manual	The Recipient shall, no later than three (3) months after the Effective Date, or such other date as the Association may agree in writing, update the Project Implementation Manual in a manner satisfactory to the Association. Schedule 2, Section I, B, 1 of the Financing Agreement.	23-Jan-2018	<input type="checkbox"/>		New
IDAT	External Auditor	The Recipient shall, no later than six (6) months after the Effective Date, hire an independent external auditor, with terms of reference, experience and qualifications satisfactory to the Association. Schedule 2, Section II, B, 4 of the Financing Agreement	23-Apr-2018	<input type="checkbox"/>		New

Risk	
Risk Category	Rating (H, S, M, L)
1. Political and Governance	High
2. Macroeconomic	High
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	High
5. Institutional Capacity for Implementation and Sustainability	High
6. Fiduciary	High
7. Environment and Social	Moderate
8. Stakeholders	Moderate

9. Other									
OVERALL						High			
Finance									
Loan Closing Date - Additional Financing (Chad Education Sector Reform Project Phase-2 Additional Financing - P163740)									
Source of Funds				Proposed Additional Financing Loan Closing Date					
International Development Association (IDA)				31-Oct-2020					
Loan Closing Date(s) - Parent (Chad Education Sector Reform Project Phase 2 - P132617)									
Explanation:									
A two-year extension for the closing date from October 31, 2018 to October 31, 2020 is requested to allow for sufficient time for utilization of the AF and alignment of the parent project and AF closing dates.									
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)				
IDA-H8620	Effective	31-Oct-2018	31-Oct-2018	31-Oct-2020					
Change in Disbursement Estimates (including all sources of Financing)									
Explanation:									
The change in disbursement estimates takes into account payment of CTs and deworming (the new activities) and scale-up of ongoing activities under the proposed AF, as well as the parent project’s extended timeframe.									
Expected Disbursements (in US\$ million) (including all Sources of Financing)									
Fiscal Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Annual	0.00	0.34	1.33	1.48	2.70	22.50	24.50	7.50	4.65
Cumulative	0.00	0.34	1.67	3.15	5.85	28.35	52.85	60.35	65.00
Allocations - Additional Financing (Chad Education Sector Reform Project Phase-2 Additional Financing - P163740)									
Source of Fund	Currency	Category of Expenditure	Allocation				Disbursement %(Type Total)		
			Proposed				Proposed		
IDAT	USD	Goods, non-consulting services, and consultants’ services, Operating Costs and Training for the Project	16,300,000.00				100.00		
IDAT	USD	Subsidies	33,700,000.00				100.00		
		Total:	50,000,000.00						
Components									
Change to Components and Cost									
Explanation:									

Under the AF, the following changes are introduced:

Under Component 1, Sub-component 1.3 (Teacher Training and Management) will be scaled up to support training of CTs in all 23 regions. Specifically, the project will (i) upgrade the skills of 9,000 additional CT1s to become CT2s; and (ii) contractualize the best performing 3,000 CT2s (selected through a rigorous evaluation process) who will receive a higher subsidies payment. The contractualization process may also provide an eventual pathway to integration into the civil service for the best performing CT2s, which would be financed by the Government if found to be feasible. The number of CT2s to be integrated into the public payroll would be estimated each year by the Government.

Also under Component 1, a new Sub-component 1.5 (Deworming primary school-age children) will be added. The objective of this sub-component is to deworm an estimated 1.5 million primary school-age children, through a school-based national deworming program.

Component 3, support to Project Management and M&E, will be scaled up to take into account the increased scope of the PCU and the extension of the closing date of the project. Because of the large cash transfers and the significant scale up of the CTs training program, monitoring these activities will become more critical and more resources are also allocated to Sub-component 3.2 (monitoring and evaluation). Finally, given the critical role of school communities, the AF will include a citizen engagement mechanism. Communities will be surveyed to assess the effect of payment of CTs on parents and communities' satisfaction with respect to the functioning of the primary schools their children attend.

Lastly, Component 4 (Stabilizing Community Teachers in Schools and Classrooms) is added to the project. Under Sub-component 4.1 (Community Teachers Subsidies Payment) the project will fund payment of CTs' subsidies, and under Sub-component 4.2 (Community Teachers Subsidies Mobile Payment Mechanism) the project will fund development, monitoring and evaluation of the CT mobile payment mechanism. As described above, Sub-component 4.2 was originally Sub-component 1.2, but moved under Component 4 to ensure that all CT focused activities are housed under the same component. Sub-component 4.2 will be scaled up from the original selected regions to cover all 23 regions of the country. The project will pay the subsidies of 11,680 CT1s and CT2s. The subsidies for the current 2016-17 school year will be paid in three or four installments. Following the initial rounds of payments and to reduce the likelihood of strikes and stabilize CTs in the schools and classrooms, the AF will finance the regular (quarterly) payment of CTs subsidies for 24 more months covering the school years 2017-18 and 2018-19.

The changes to component costs are reflected in the table below.

Current Component Name	Proposed Component Name	Current Cost (US\$ million)	Proposed Cost (US\$ million)	Action
Improving teaching and learning conditions in primary schools	Improving teaching and learning conditions in primary schools	9.10	19.40	Revised
Improving teaching and learning conditions in upper secondary schools	Improving teaching and learning conditions in upper secondary schools	2.00	2.00	No Change
Project Management, Monitoring and Evaluation	Project Management, Monitoring and Evaluation	3.90	7.40	Revised
	Stabilizing Community	0.00	36.20	New

	Teachers in Schools and Classrooms			
	Total:	15.00	65.00	
Other Change(s)				
Change in Institutional Arrangements				
<p>Explanation:</p> <p>All implementation arrangements are expected to remain the same with the exception of the new deworming activity. This sub-component will be managed by the School Health Division (<i>Division Santé Scolaire</i>, DSS) under the School Feeding, Health, and Nutrition Directorate (<i>Direction Alimentation, Santé, et Nutrition Scolaires</i>, DASNS) of the MENPC. The DSS was created under the PARSET which had a School Health and Nutrition sub-component and is headed by a medical doctor from the Ministry of Public Health (<i>Ministère de la Santé Publique</i>, MSP) who is seconded to the MENPC.</p>				
Change in Financial Management				
<p>Explanation:</p> <p>FM of the AF will remain the same as that under the parent project. The PCU has experienced FM personnel (<i>Responsable Administratif et Financier</i>, RAF), who will be responsible for the financial management of the proposed AF. The PCU will maintain its financial staff, including an accountant, during project implementation and recruit additional fiduciary staff to manage the payment of subsidies: a financial assistant and an internal auditor fully dedicated to this new activity (a current part time auditor will be offered a full contract). In addition to these two staff, the PCU will also hire another financial assistant who will support the Agency for Promoting Community Initiatives in Education (<i>Agence pour la Promotion des Initiatives Communautaires en Éducation</i>, APICED) in the management of the scaled up CTs' payment.</p> <p>The existing Administrative Financial and Accounting Procedures Manual for PARSET 2 will be updated to reflect the AF, especially related to the funding of accumulated subsidies arrears (partially) and future subsidies payments for Chad's community teachers.</p> <p>A new Designated Account (DA) dedicated to the payment of CTs subsidies under Component 4, and kept separate from all other expenditures, will be opened at the "<i>Société Générale du Chad</i>", a Commercial Bank acceptable to IDA, and will be managed by the PCU. The currency of the DA will be the <i>Communauté Financière Africaine Franc</i> (West African Financial Community Franc, FCFA). All supporting documentation for expenses must be easily accessible and kept in an appropriate place for control and audit purposes. The DA will be managed according to the disbursement procedures described in the Disbursement Letter. All expenses, including taxes, will be financed by the project.</p>				
Change in Procurement				
<p>Explanation:</p> <p>There is no change in procurement, however a formal exemption was received May 9, 2017 to continue to use the Procurement Guidelines from the original project for the AF.</p>				
Change in Implementation Schedule				
<p>Explanation:</p> <p>With an additional US\$50 million, the closing date will be extended by two years to allow enough time to complete additional planned activities. A revised implementation schedule has been prepared to account for the additional activities as well as the additional implementation period.</p>				

Appraisal Summary
Economic and Financial Analysis
<p>Explanation:</p> <p>The economic analysis conducted for the parent project remains valid, except that it does not cover the new activities in Component 4. The proposed AF is expected to contribute to improving the economic conditions of the population by: (i) providing key financing to prevent further deterioration of the provision of critical education services; and (ii) improving the quality of education across the country by upgrading the teaching skills of a large number of CTs. The payment of CTs' subsidies and ramped up training is expected to have a significant economic return and most probably a significant impact on poverty reduction as well. Evidence from Chad Program for the Analysis of Education Systems (PASEC) results suggests that teacher performance appears to be a statistically and economically important predictor of both test scores and primary school testing completion. Further, several studies have shown that a student's exposure to consecutive years of strong teaching can offset learning deficits associated with disadvantaged students. Thus, despite the poor quality of education delivery in Chad, an adequate reform package with an emphasis on teaching can expect to have an impact on student performance and cognitive development, which studies show has a positive impact on earnings. Deworming as a complementary intervention, has been shown to improve school attendance and primary completion as described below. Further, the new subsidy structure when compared to the existing flat fee structure, is expected to generate savings. The analysis concludes that the proposed investment is justified economically. See Annex 5 for a more detailed economic analysis.</p>
<p><i>Rationale for Public Sector Provision</i></p> <p>CTs were originally paid by communities until 2012 when the Government decided to take over. After public revenues started to dwindle due to sharp and sustained drop in oil prices, the Government stopped paying CTs and communities also struggled to reinstate CTs' payment as the economy overall started to deteriorate and household income stagnated or declined in real terms. Although some communities managed to continue paying their CTs, mostly in-kind, the overwhelming majority of communities could not continue CT payment. Given the current economic situation, there is no viable alternative for the payment of CTs in the short term other than public provision via donor financing.</p>
<p><i>World Bank's Value Added</i></p> <p>The World Bank is a key supporter of Chad's education sector through the PARSET 2 operation and earlier education operations, and has a well-established, constructive dialogue with the Government. Building on the lessons of past investments and studies, the proposed project would continue to deepen the World Bank's engagement in the sector for better results. The project will provide targeted funding to CT salaries at a critical time for the education sector, given the extremely limited funding available for paying community teachers. The current Emergency Basic Education Project (<i>Projet d'Urgence de l'Éducation de Base au Tchad</i> - PUEBT), financed by GPE and implemented by UNESCO and UNICEF, has a CT payment component but focuses on the Lake region and only compensates 327 CTs. The project will continue to focus on the quality of education, especially teachers' training and restoring incentives for teachers to perform. With its regional and global experiences in supporting client countries in education, the World Bank is in a good position to assist the Government at this critical juncture.</p>
Technical Analysis
<p>Explanation:</p> <p>The Appraisal Summary developed for the parent project remains largely relevant, with the exception of the new sub-components on community teachers' subsidies payment and deworming. The payment of CTs'</p>

subsidies will work as a large-scale cash transfer program. These programs have positive impacts on consumption, employment, psychological well-being, health outcomes, educational outcomes, and on the overall welfare of recipients and their households. The IE that will be conducted on the CT payment will generate additional evidence on the impact of the mobile payment mechanism on the quantity and quality of education services delivered.

Studies in low-income countries of Africa, South America and Asia confirm that children with intense worm infections perform poorly in learning ability tests, and demonstrate low cognitive function and educational achievement. Differences in test performance equivalent to a six-month delay in development can typically be attributed to more serious infections. Research shows absenteeism is more frequent among infected than uninfected children: the heavier the intensity of infection, the greater the absenteeism. In fact, some infected children are shown to attend school half as much as their uninfected peers. Deworming can benefit children's learning, increase primary school attendance, and improve a child's ability to learn in school.

Social Analysis

Explanation:

The proposed project is expected to have a large positive social impact, benefiting the CTs and their households, schools, their communities, and most critically the students. The MENPC is the single largest employer in the Government. Within MENPC, CTs are by far the single largest group of workers representing more than 60 percent of the primary school teaching workforce. The large majority of primary public schools in Chad have at least one CT. Paying CTs on a large-scale will contribute to alleviating social tensions in the country as CTs will be less likely to go on strike.

Because of the sheer size of the teaching workforce, teachers' strikes strongly contribute to social tensions and in a fragile context, stability can quickly deteriorate. The payment of CTs across the country will help dampen this risk and contribute to improved social cohesion.

Environmental Analysis

Explanation:

No additional safeguards are triggered under the AF and the classification will remain Category B. Project location will be nationwide and will include both rural and urban areas in all 23 regions of Chad.

The safeguard arrangements for the activities scaled up under the proposed AF (those which correspond to Components 1 and 3) do not trigger any safeguard policies. Furthermore, neither do the new activities, namely CT subsidies under the new component – Component 4, as well as deworming under Sub-component 1.5. Safeguard arrangements will remain identical to those used by the PCU for the implementation of the parent project. The following safeguard policies were triggered for the parent project: Environmental Assessment (OP/BP 4.01), and Cultural Resources (OP/BP 4.11). The AF will trigger no safeguards policies and would comply with the mitigation measures outlined in the Environment and Social Management Framework (ESMF).

With the exception of one two-month period, when it was downgraded to moderately satisfactory, the parent project's safeguards have consistently been rated Satisfactory. Following proactivity on the part of PCU, an action plan was developed by the team to adequately ensure compliance with safeguards policies as well as the consistent implementation of mitigation measures related to school construction. With this reinforcement the team has the institutional capacity to adequately manage the safeguards aspects of the parent project and the AF.

Risk
<p data-bbox="196 254 347 285">Explanation:</p> <p data-bbox="196 302 1445 432">The overall risk associated with the project is adjusted to High under the AF to reflect the unstable financial context. Furthermore, the risk rating for technical capacity has been upgraded to high to reflect inherently more complex project design with the addition of CT payment. All other risks remain the same as under the latest implementation status and results report for the parent project.</p> <p data-bbox="196 470 1445 768">Weak capacity and resource constraints of the Recipient and its technical departments may hamper the timeliness of project implementation and constitute a risk. In addition, ensuring transparency and viability of the teacher payment mechanism is critical under the AF to avoid risks associated with weak fiduciary management, and the complexity of design which includes launching and closely monitoring a mobile payment system for teachers. This is further exacerbated by the current lack of a validated census of community teachers, which is required by the Government through a dated legal covenant and will be carried out by an independent entity (either the National Institute of Statistics, and Demographic and Economic Studies (INSEED, <i>Institut National de la Statistique, des Etudes Economiques et Démographiques</i>) or a private firm.</p> <p data-bbox="196 806 1445 1136">Risks associated with the added complexity of the new AF activities are partially mitigated by the presence of an experienced PCU which will be further strengthened through the hiring of additional fiduciary staff, and additional hands-on training to the implementation team. In addition to capacity constraints there are potential risks related to the misuse of teacher payment funds as they are channeled to the local level. Training and technical support as well as piloting of the mobile payment program and close supervision will be carried out to ensure achievement of the activities supported under the AF. As already mentioned, during project preparation, due consideration was given to the fiduciary risks involved with the implementation of this new component. The mobile payment mechanism will also allow the monitoring of CTs presence as they will receive their payment only after the school director and the president of the parents-teacher association both confirm via SMS that the CT actually shows up to school, and class.</p> <p data-bbox="196 1173 1445 1400">Finally, sustainability risks, which are inherent to payment of subsidies to teachers, pose a challenge. Chad's macroeconomic and fiscal outlook strongly hinges on oil price recovery, favorable climate for agriculture, and staving off additional security risks. If these three conditions are met, the Government may well be in a position to continue the payment of CTs' subsidies after the AF runs its course. While Government will to take over the payments is strong, an unstable outlook makes it difficult to assess how quickly the Government will be able to fully take over CT payment. A full description of risks and their mitigation measures is outlined in Annex 6 through the Systematic Operations Risk-Rating Tool (SORT).</p>

V. WORLD BANK GRIEVANCE REDRESS

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project 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

CHAD: Additional Financing Education Sector Reform Project Phase 2 (P163740)

Project Development Objectives							
Original Project Development Objective - Parent:							
The proposed Project Development Objective are to (i) improve teaching and learning conditions in primary and upper secondary schools in selected areas and (ii) strengthen the system to facilitate evidence-based decision-making in the education sector.							
Proposed Project Development Objective - Additional Financing (AF):							
The Project Development Objective is to improve teaching and learning conditions in primary schools nationwide and upper secondary schools in selected areas.							
Results							
Core sector indicators are considered: Yes				Results reporting level: Project Level			
Project Development Objective Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Number of additional classrooms built or rehabilitated at the primary level resulting from project interventions.	<input type="checkbox"/>	Number	Value	0.00	35.00	70.00
				Date	31-Oct-2013	28-Oct-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Primary completion rates (selected areas)	<input type="checkbox"/>	Percentage	Value	37.00	41.40	43.00
				Date	30-Jun-2011	30-Jun-2016	31-Oct-2020
				Comment			As the project is extended for two years and it is expected that CTs will receive their salary on a

							regular basis and be motivated, one can expect improvement in primary completion rates. End target date revised.
Marked for Deletion	Availability of impact evaluation reports	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
				Date	31-Oct-2013	16-Dec-2016	31-Oct-2018
				Comment			This indicator has been reclassified as an intermediate indicator to reflect the change in PDO.
Revised	Textbooks-to-student ratio (reading and math, project areas)	<input type="checkbox"/>	Percentage	Value	25.00	35.00	50.00
				Date	31-Oct-2013	16-Dec-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Number of additional qualified teachers resulting from project interventions	<input type="checkbox"/>	Number	Value	0.00	1560.00	9000.00
				Date	31-Oct-2013	30-Jun-2016	31-Oct-2020
				Comment			Training of teachers is being significantly expanded across all regions of the country and over time for two more years. Only

							CT1s and CT2s will be part of the training financed by the AF.
New	Number of days that the majority of schools throughout the country are closed due to CT strikes related to non-payment of CT subsidies	<input type="checkbox"/>	Number	Value	90.00	90.00	30.00
				Date	10-Apr-2017	10-Apr-2017	31-Oct-2020
				Comment	This is the average number of days of school lost due to strike over the last five years.	The same number is used although with the school year starting very late because of strikes due to non-payment of subsidies it may be higher.	With the AF it is expected that there will be substantially reduced strikes due to non-payment.
Intermediate Results Indicators							
Status	Indicator Name	Corporate	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Direct project beneficiaries	<input type="checkbox"/>	Number	Value	0.00	5000.00	1500000.00
				Date	31-Oct-2013	11-Nov-2016	31-Oct-2020
				Comment			With the expansion of the CT payment across the country primary pupils will benefit from more teacher presence and better teacher motivation. 1.5 million students will also benefit from deworming.

							Also, end target date adjusted to reflect revised project closing date.
No Change	Female beneficiaries	<input type="checkbox"/>	Percentage	Value	30.00	30.00	30.00
			Sub Type				
			Supplemental				
New	Number of contractualized CTs	<input type="checkbox"/>	Number	Value	0.00	0.00	3000.00
				Date	03-Apr-2017	24-Apr-2017	31-Oct-2020
				Comment		No CT2 has been contractualized.	Total number of CT2s who are part of the contractualization process as a result of the project.
New	Female CT2s contractualized	<input type="checkbox"/>	Percentage	Value	0.00	0.00	25.00
			Sub Type				
			Supplemental				
Revised	Number of water wells built (selected primary schools)	<input type="checkbox"/>	Number	Value	0.00	1.00	5.00
				Date	31-Oct-2013	11-Nov-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Pre-test and Post-test for level I and II training designed and validated	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	31-Oct-2013	11-Nov-2016	31-Oct-2020
				Comment			End target date adjusted to reflect

							revised project closing date.
Revised	Number of textbooks and teacher guides distributed	<input type="checkbox"/>	Number	Value	0.00	0.00	415000.00
				Date	31-Oct-2013	26-Dec-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Number of teachers trained on using the new material	<input type="checkbox"/>	Number	Value	0.00	2000.00	10000.00
				Date	31-Oct-2013	11-Nov-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Number of visits by inspectors or advisors per schools, per year (targeted regions)	<input type="checkbox"/>	Number	Value	0.00	1.00	3.00
				Date	31-Oct-2013	11-Nov-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Number of community teachers receiving their subsidies payment regularly	<input type="checkbox"/>	Number	Value	0.00	0.00	11000.00
				Date	31-Oct-2013	26-Dec-2016	31-Oct-2020
				Comment			Given the expansion of CT payment and the use of the mobile payment mechanism it is expected that most teachers will be paid by this means. Some

							teachers will still not have a mobile phone or may not want to be paid via mobile phone. Regular refers to quarterly payments. Also, end target date adjusted to reflect revised project closing date.
New	Number of CTs receiving their subsidies payment by mobile payment mechanism.	<input type="checkbox"/>	Number	Value	0.00	0.00	7000.00
			Sub Type	Date	18-May-2017	18-May-2017	31-Oct-2020
			Breakdown	Comment			
Revised	Number of upper secondary teachers and inspectors/advisers trained	<input type="checkbox"/>	Number	Value	0.00	0.00	390.00
				Date	31-Oct-2013	26-Dec-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Number of Document Resource Centers created and equipped	<input type="checkbox"/>	Number	Value	0.00	0.00	30.00
				Date	31-Oct-2013	26-Dec-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.
Revised	Improved databases with linkages across units and enhanced updating and control protocols	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	31-Oct-2013	26-Dec-2016	31-Oct-2020
				Comment			Because of the extension and the

							importance of revising the census of community teachers and all schools on a regular basis, the linkages between the different databases can operate through the census and therefore the extension of this activity. Also end target date adjusted to reflect revised project closing date.
Revised	Survey completed (representative sample of targeted schools)	<input type="checkbox"/>	Number	Value	0.00	0.00	2.00
				Date	30-Apr-2013	26-Dec-2016	31-Oct-2020
				Comment			Extension of the end date to allow sufficient time to field the school surveys and to align with the revised project closing date.
Revised	Gender parity index	<input type="checkbox"/>	Percentage	Value	74.00	79.40	77.00
				Date	31-Oct-2013	26-Dec-2016	31-Oct-2020
				Comment			End target date adjusted to reflect revised project closing date.

New	Community engagement - satisfaction with payment of CTs.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
				Date	10-Apr-2017	10-Apr-2017	31-Oct-2020
				Comment	No citizen feedback included in parent project	No citizen feedback available	At least the results of one survey collecting citizen's feedback of the impact of the project on them available.
New	Availability of impact evaluation reports	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
				Date	31-Oct-2013	10-Apr-2017	31-Oct-2020
				Comment			This was originally a PDO indicator but has been moved to intermediate level to reflect the change in PDO.

Table 1.2. Additional Financing Results Framework Detail

Project Development Objective Indicators					
Indicator Name	Unit of Measure	Frequency	Status	Data Source/Methodology	Responsibility for Data Collection
Number of additional primary classrooms built or rehabilitated resulting from project interventions (regions of MKE, MKO, T, M)	Number	Biannual	Revised (end target date only)	M&E reports	PCU (technical team)
Primary completion rates (regions of MKE, MKO, T, M, and HL)	Rate	Annual	Revised (end target date only)	M&E reports EMIS	DREN>IDEN DSCS
Textbook to student ratio (regions of MKE, MKO, T, M: grades 3 to 6). Disaggregated by reading and math.	Ratio	Annual	Revised (end target date only)	M&E reports EMIS	DREN>IDEN DSCS
Number of additional qualified teachers resulting from project interventions. Disaggregated by primary (all 23 regions) and Upper secondary (region of N)	Number	Biannual	Revised (regions and end target date)	Training reports EMIS/DRH Statistical bulletin	DFE DSCS/DRH
Number of days that the majority of schools throughout the country are closed due to CT strikes related to non-payment of CT subsidies	Number	Annual	NEW	M&E reports. The PCU will monitor and record the number of days of national strike due to CTs non-payment of subsidies	PCU
Availability of the IE Report	DROPPED (changed to an intermediate indicator)				

* The region abbreviations are as follows: Tandjile (T), Mayo-Kebbi East (MKE), Hadjer-Lamis (HL), Mandoul (M), Mayo-Kebbi West (MKW), and Ville de N'Djamena (N).

Intermediate Results Indicators					
Indicator Name	Unit of Measure	Frequency	Status	Data Source/Methodology	Responsibility for Data Collection
Gender parity index (primary enrollment, regions of MKE, MKO, T, M and HI)	Percentage	Annual	Revised (end target date only)	EMIS	DSCS
Direct project beneficiaries	Number	Annual	Revised (beneficiaries added including students who will benefit from CTs under Component 4 and deworming beneficiaries under sub0component 1.4)	M&E reports	PCU
Of which, female beneficiaries	Percentage				
Sub-component 1.1: Quality Infrastructure and School Furniture (primary, selected areas)					
Number of water wells built (selected schools, regions of MKE, MKO, T, M)	Number	Biannual	Revised (end target date only)	M&E reports	PCU (technical team)
Sub-component 1.2: Teaching and Learning Material (primary, selected areas)					
Number of textbooks and teacher guides distributed (grade 3 to 6; regions of MKE, MKO, T, M)	Number	Annual	Revised (end target date only)	Inspection reports M&E reports	DREN>IDEN PCU
Number of teachers trained on using the new material (grade 3 to 6; regions of MKE, MKO, T, M)	Number	Annual	Revised (end target date only)	SAP reports M&E reports	DREN/SAP PCU
Sub-component 1.3: Teacher Training and Management (primary)					
Pre-test and Post-test for level I and II training for primary CTs designed and validated	Yes/No	Annual	Revised (end target only)	DFE reports M&E reports	DFE PCU
Number of yearly inspectors’ visits per primary school (non-cumulative; regions of MKE, MKO, T, M)	Number	Quarterly	Revised (end target date only)	Inspection reports	DREN>IDEN
Sub-component 1.4: NEW: Deworming Primary School-age Children (Nationwide)					
Total number primary school-age children dewormed is captured under direct project beneficiaries					
Sub-component 2.1: Teacher Training and Subsector Strategy (upper secondary, selected areas)					
Number of upper secondary teachers and inspectors/pedagogical advisers trained	Number	Annual	Revised (end target date only)	ENS reports	CNC/ENS

(region of N) (disaggregated by teachers; and inspectors/pedagogical advisers)					
Sub-component 2.2: Teaching and Learning Material (upper secondary, selected areas)					
Number of Document Resource Centers (DRCs) created and equipped (region of N)	Number	Annual	Revised (end target date only)	M&E Reports	PCU
Sub-component 3.1: Project Management					
Progress in project management captured through implementation progress as measured by indicators under components 1, 2, and 4.					
Sub-component 3.2: Monitoring and Evaluation					
Improved databases with linkages across units and enhanced updating and control protocols	Yes/No	Annual	Revised (end target date only)	DGAPR reports	DGAPR
Sample-based survey on service delivery completed (representative sample of teachers; regions of MKE, MKO, T, M, HL, and N)	Number	Annual	Revised (end target date only)	DGPE reports	DSCS
Availability of the IE report	Number	Annual	Revised (now an intermediate indicator instead of PDO level)	M&E reports	PCU
Sub-component 4.1: (NEW) Community Teachers Subsidy Payment; and Sub-component 4.2: Community Teachers' Subsidy Payment Mechanism (nationwide) (formerly Sub-component 1.4)					
Number of "contractualized" CTs (having entered into a contract with the Government for monthly subsidy payment) Of which, female	Number Percentage	Annual	NEW	M&E reports DRH reports	DRH, DGAPR
Number of CTs receiving their subsidy payment regularly (on a quarterly basis - 3 times per school year). Of which number of CTs receiving their subsidy payment by mobile payment mechanism	Number	Biannual	NEW	M&E reports APICED reports	PCU, APICED

Results collected from citizen feedback survey on CT payment	Number	Annual	NEW	M&E reports	PCU
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* The region abbreviations are as follows: Tandjile (T), Mayo-Kebbi East (MKE), Hadjer-Lamis (HL), Mandoul (M), Mayo-Kebbi West (MKW), and Ville de N'Djamena (N).

Annex 2: Detailed Description of Modified or New Project Activities

CHAD: Additional Financing Education Sector Reform Project Phase 2 (P163740)

1. The proposed AF is designed to finance (a) the payment of CTs subsidies; (b) the scale up of the training of community teachers to improve the quality of the teaching workforce; (c) proper implementation of the scale up of the mobile payment mechanism; and (d) introduction of a school-based deworming program.
2. **Component 1: Improving teaching and learning conditions in primary schools (Original Financing US\$9.1 million; AF US\$10.3 million; Total US\$19.4 million)**
3. Component 1 of the parent project has four subcomponents focused on: (i) school construction and provision of furniture; (ii) teaching and learning material; (iii) teacher training and management; and (iv) mobile payment mechanism. The AF is proposing the following changes to the original sub-components.
4. **Subcomponent 1.1: Quality Infrastructure and School Furniture (Original Financing US\$3.1 million; AF US\$0; Total US\$3.1 million). [NO CHANGE]** The sub-component supports construction of 70 classrooms, rehabilitation of five classrooms, and construction of latrines (divided by gender) for the newly constructed classrooms in the four regions of Mayo-Kebi East (MKE), Mayo-Kebi West (MKO), Mandoul (M), and Tandjile (T).
5. **Subcomponent 1.2: Teaching and Learning Material: (Original Financing US\$2.7 million; AF US\$0 million; Total US\$2.7 million). [NO CHANGE]** The sub-component concerns the four regions of MKE, MKO, T, and M. It aims to (i) reduce the textbook to student ratio for French and mathematics; (ii) put a teacher's guide in the hands on every teacher; and (iii) improve textbook management and utilization by equipping every school with textbook management guides and training directors and teachers on how to use them. It includes provision of over 405,000 textbooks, 10,000 teacher guides, and 10,000 textbook management guides.
6. **Subcomponent 1.3: Teacher Training and Management: (Original Financing US\$2.1 million; AF: US\$9.5 million; Total US\$11.6 million).** Scale up of teacher training and management is proposed to upgrade the skills of CTs. The parent project provided training to CTs in the four regions of MKE, MKO, T, and M. In the AF this will be expanded to train CTs in all 23 regions of the country.
7. According to the most recent 2014-15 statistical yearbook, there were 13,019 CT0s, 8,998 CT1s, and 2,682 CT2s in the country. CT0s will be ineligible for the training as the Government has urged communities not to hire unskilled CT0s and issued a requirement that technical partners focus their efforts on CT1s and CT2s instead of CT0s¹⁴. The AF will therefore focus on upgrading the teaching skills of the 11,680 CT1s and CT2s.
8. Within the framework of the parent project, 856 CT0s have already been trained to become CT1s, and 360 CT1s are currently being trained in the Teacher Training College / *École Normale*

¹⁴ See the 2015 Arrêté N° 118/PR/PM/MEN/SEENCEFA/SG/DGETFP/DFE/2015. Note that PARSET2 has trained CT0 to become CT1s because it was effective before the Arrêté.

d'Instituteur - ENIs to become CT2s. To be eligible for the training the CTs have to demonstrate that they have a minimum ability that will allow them to benefit from the training. For that purpose, a bank of pre- and post-tests items developed by the Teacher Training Department (DFE - *Direction de la Formation des Enseignants*) under the parent project will be used for the selection of CTs into the training program. Test items have been designed on the basis of a precise skills frame expected of CT1 and CT2 and have already been empirically validated on a small sample of teachers in PARSET2's target regions. The pre-test is used to rank CTs according to baseline proficiency (the level of "trainability") in literacy (written and oral French) and numeracy, and to select those who possess the minimum necessary qualifications¹⁵. The post-test is used to assess which skills were successfully transferred to teachers as a result of the training and will include an in-classroom practice and observation component. The same selection process will be used under the AF for training of the CT1s.

9. The objective of the sub-component is to train about 9,000 of the best performing CT1s in Chad's primary schools over the life of the project. It is likely that more CT1s will emerge as was the case during the PARSET2 training in some districts. Therefore, the final expected number of trainees may be closer to 10,000. For the teachers that will come after the census is finalized and the program has started, it is expected that the Government will include them in its regular in-service training along with the teachers financed under the AF. Under the original financing, 360 CT1s are receiving training along with 3,000 CT1s financed by the Government.

10. Training of CT1s will take place in three waves. After the administration of the pre-test, the best 3,000 teachers will be selected¹⁶ to be in the first cohort of trainees. The training will happen in the 22 ENIs across the country. After becoming CT2s, the trainees will see their salary double from 30,000 FCFA to 60,000 FCFA. This will serve as an incentive for CT1s to work hard and enter the training program. Each year a new test will be administered to CT1s for the selection of the top 3,000 performers who will then be selected for the training.

11. During their training at the ENI, a CT receives a scholarship of 15,000 FCFA per month. They also receive a stipend for equipment which is equivalent to three-months of scholarship. The AF will cover the full cost of the training for all selected CTs. Because the training is for 18 months the unit cost to train one CT is roughly US\$525, excluding the cost of trainers and overhead of the ENIs. The overall stipend cost for training 9,000 additional CTs is therefore US\$4.7 million. The AF will also finance support to the DFE, the ENIs, and the In-Service Training Center (CFCs - *Centre de Formation Continue*) to continually improve the training programs.

12. The implementation of this sub-component will not change under the AF with the exception of expanding across the regions. As before, the DFE will lead the implementation, and monitoring (including, but not limited to, collecting data on candidates and pre- and post-tests results) of the activities. It will work in collaboration with (i) the DFE and the APICED to identify CTs in strict compliance with the eligibility criteria and procedures; (ii) the National Curriculum Center (CNC

¹⁵ Under the parent project, DFE sensitizes communities and APEs to consider success on this pre-test as a criterion for recruitment of CT0. Even though CT0 are not considered under the additional financing they are still teaching in schools across the country and the DFE will be encouraged to continue the sensitization of communities included in the additional financing. There is already anecdotal evidence that some communities have fired CTs who took the pre-test but did not qualify.

¹⁶ This is provided they all score at least 50 percent on the test which is the minimum level of trainability. The lowest of 3,000 and the number of CT1 who scored 50 percent or more will be chosen for the training program.

- *Centre National des Curricula*) to review the bank of test items, on the basis of yearly tests results, training needs and curricula for the training; and (iii) the decentralized administrative, pedagogical and training structures (DREN, IDEN, IPEP - Primary Education Pedagogical Inspection, ENI and CFCs) to schedule training sessions, provide guidance and collect monitoring data.

13. Subcomponent 1.4: Community Teachers Subsidies Payment Mechanism: (Original Financing US\$1.2 million; AF US\$0; Total US\$0). This sub-component is moved under Component 4 (newly renamed Component 4.2) for the overall coherence of the project.

14. (NEW) Subcomponent 1.4: Deworming all primary school-age children: (Original Financing US\$0 million; AF US\$2.0 million; Total US\$2.0 million). This new sub-component focuses on deworming school-age children. In a country with a stunting rate of 39.9 percent in 2014-15, barely down from 44.5 percent in 1996 and 44.6 percent in 2004, the deworming program can provide a critically needed health intervention. Worms in children play a role in the high malnutrition rate as is the case in the majority of developing countries.¹⁷ There is also extensive evidence that deworming has a strong positive impact on a number of dimensions such as school attendance, future earnings, or nutrition and cognition. Importantly, deworming programs are also very cost effective with an estimated unit cost per child as low as US\$0.02 in a large-scale program in Bihar, to US\$0.56 in a Kenyan program. The average unit cost across several programs across countries and continents is estimated at US\$0.13 per child. The unit cost includes the pills, transport costs, training of teachers, printing of public awareness materials, and collaboration with local health facilities, among others.

15. Based on the above, the AF will finance a school-based deworming program. The World Health Organization (WHO) recommends periodic mass treatment of all school-age children where there is prevalence above 20 percent. Mass drug administration (MDA) is safe even when tablets are taken by uninfected individuals. It is also cheaper to perform MDA rather than screen and treat children individually. The frequency of school-based deworming depends on the prevalence of worm infections in the area, with once every six months being the maximum recommended frequency. The simple and safe nature of this procedure also means that teachers, in a few hours, can be trained to deworm children. Delivering the drugs in schools, as well as training teachers and incorporating health education into the school curriculum, takes advantage of existing school infrastructure, making deworming practical, cost-effective and sustainable.¹⁸

16. The AF will target the 1.5 million children in the primary schools through partnership with the services of the MPH and local communities. The AF will use a conservative unit cost of US\$0.85 for each of the targeted 1.5 million children, for a total expected cost of US\$1.275 million. The remaining US\$725,000 will finance a preliminary survey to establish the prevalence rate in different Regional Education Department / *Direction Régionale de l'Éducation Nationale*

¹⁷ According to the School and Health Database, 22.3 percent of school-aged children had at least one soil-transmitted helminth in 2012. The prevalence of soil-transmitted helminths and schistosomiasis in schoolchildren in three southern ecological zones was estimated as follows Hookworm: 32.7 percent; *Schistosoma haematobium*: 22.5 percent. Prevalence of soil-transmitted helminths in total population (de Silva et al. 2003).

¹⁸ See "School-based deworming: A clear role for the European commission" Partnership for Child Development, October 2014.

- DREN and serve as a contingency fund in case the program attracts more children or potential higher real unit cost given the varied geography of Chad.

Component 2: Improving Teaching and Learning in Upper Secondary Schools (Original Financing US\$2.0 million; AF US\$0 million; Total US\$ 2.0 million). [NO CHANGE]

17. This component aims to: (i) support improvements in the teaching and learning conditions of upper secondary schools through the provision of teaching and learning materials and in-service training of teachers, with a specific focus on the scientific disciplines; (ii) assess the cost effectiveness of the interventions; and (iii) inform the development of a strong subsector strategy. It will not change under the AF. No changes are expected under the AF.

18. **Subcomponent 2.1: Teacher Training and Subsector Strategy: (Original Financing US\$0.8 million; AF US\$0 million; Total US\$0.8 million).** This sub-component aims to upgrade the pedagogical and didactic skills of 300 science teachers in upper secondary schools of the region of N'Djamena and 90 inspectors through the design and delivery of an in-service training program and the distribution of science kits. The targeted disciplines include math, physics, chemistry, and natural sciences. The subcomponent will also support the MEFPS in the development of a medium-term upper secondary education strategy, support prioritizing needs and potential cost-effective interventions. The sub-component finances (i) consultant fees to design the training program and materials; and to deliver the in-service training; (ii) goods and equipment; (iii) consultant fees to develop standardized tests; and (iv) operating costs.

19. **Subcomponent 2.2: Teaching and Learning Material: (Total: US\$1.2 million; Current US\$1.2 million; AF: US\$0 million).** This sub-component aims to enhance teachers' access to a range of resources to allow for improvements in teachers' general and specific knowledge, planning, and delivery of lessons, through the establishment of documentary resource centers (DRCs) for teachers in 30 upper secondary schools. The DRCs will consist of two types: 15 conventional ones, endowed with books (paper) and 15 digital ones, endowed with tables (digital). The subcomponent finances (i) the rehabilitation, reorganization and/or cleaning of rooms to serve as DRCs, (ii) goods and equipment; (iii) internet connections; (iv) consultant fees for the identification and digitization of the content; (v) training of the focal points and teachers; and (vi) operating costs.

20. Component 3: Project Management, Monitoring and Evaluation (Total: US\$7.4 million; Original Financing US\$3.9 million; AF US\$3.5 million, Total US\$7 million).

21. Component 3 consists of two subcomponents: (i) project management; and (ii) monitoring and evaluation. This AF is proposing the following changes to the original sub-components.

22. **Subcomponent 3.1: Project Management: (Original Financing US\$2.2 million; AF US\$1.5 million; Total US\$3.7 million).** This sub-component finances necessary project management, operations and human resources costs for the proper functioning of the PCU. With the extension of the project's life by two years and the hiring of additional staff who will mainly focus on the management of the payment of CTs' subsidies there is a need to expand the resources of the PCU. To mitigate the fiduciary risks associated with the payment of subsidies, frequent

supervision trips will be carried out by the PCU to verify that the money reached its intended beneficiaries. The additional funding will support the intensified supervision approach for the AF.

23. Alternative measures of monitoring the delivery of subsidies may include calls or SMS to a large number of recipients in addition to the data that mobile companies will provide to the PCU. After each payment cycle, the mobile phone companies will provide the PCU with the list of payees, the amounts paid, the amounts withdrawn, the date and location of each withdrawal, as well as the accounts' balances. The PCU will do a thorough analysis of the data to monitor any potential issues. The data will also serve as a basis for the eventual field trips that will help ensure the transactions are legitimate and the recipients are not only "real" community teachers but that they also are in the schools and classrooms.

24. Subcomponent 3.2: Monitoring and Evaluation: (Original Financing US\$1.7 million; AF US\$2.0 million; Total US\$US3.7 million). The parent project has a robust M&E sub-component which will be further reinforced with the AF to support the expanded activities. Sub-components 1.3 and 4.1 are the main drivers for the increased funding for monitoring. The AF will invest in gathering information on all teachers trained, from their initial scores during the pre-tests to their performance during training, and ultimately in the classroom. The analysis of this information will provide valuable feedback so that results will inform improvements in the project as it moves forward.

25. As the payment of CTs absorbs a large majority of the AF resources, it is critical to closely monitor this sub-component and make sure the subsidies are reaching their intended beneficiaries. As a starting point, a validated census will be undertaken by an independent entity, either the National Institute of Statistics, and Demographic and Economic Studies (INSEED, *Institut National de la Statistique, des Etudes Economiques et Démographiques*) or a private firm, to verify the list of intended payees and their identifiers. Once payment begins the mobile companies will provide information on the amounts sent to each recipient, the amount withdrawn, the location where the money has been withdrawn, as well identifiers of the person that made the transaction.

26. At the same time given the importance of paying CTs for the functioning of the schools, a citizen engagement survey will be included. Communities will be surveyed and their level of satisfaction with respect to the education of their children and their perceived impact of the AF will be assessed. Citizen engagement will be done via mobile phone surveys or via more traditional paper based surveys.

27. The IE of the mobile payment mechanism, as planned under the original project, will be maintained in the additional financing. The IE will evaluate the impact on the quantity and quality of education services delivered (and ultimately student learning outcomes) of different teacher contractual arrangements and payment mechanisms. It is designed to answer four main research questions: (i) what is the impact on teachers' behavior and student outcomes (and cost-effectiveness) of transferring the responsibility to the Government?; (ii) what is the impact on teachers' behaviors and student outcomes (and cost effectiveness) of paying the CT subsidy through mobile phone rather than through the regular in-person system?; (iii) what is the impact on teachers' behaviors and student outcomes (and cost effectiveness) of monitoring, reporting, and rewarding (or punish) the attendance level of CTs?; and (iv) does the payment mechanism used (in-person or mobile) influence the level of impact and cost-effectiveness of transferring the

responsibility of paying CTs from the community to the Government? The IE will be scaled up and will concern the large majority of schools, the results of which will provide a nationally representative impact of using such schemes. The main source of randomization will come from CT0s who are not included in the AF and will continue to receive their subsidy from the community. A second important source of randomization will be the community teachers who serve in areas which are not covered by the mobile network and will receive their payment via local NGOs, and the third source will be the civil servants.

28. Component 4: Stabilizing Community Teachers in Schools and Classrooms (Original Financing US\$1.2 million under Sub-component 1.4; AF US\$35.0 million; Total US\$36.2 million)

29. This component is new but for the overall coherence of the project, it has absorbed Sub-component 1.4 of the parent project. It has two subcomponents: (i) paying CTs subsidies; and (ii) the mobile payment mechanism used for paying subsidies.

30. Sub-component 4.1: Community Teachers' Subsidies Payment: (Original Financing US\$0 million; AF US\$33.7 million; Total US\$33.7 million). This is a new activity meant to pay CT subsidies. Chad's public primary education sector's teaching workforce is dominated by CTs who account for up to 60 percent of primary school teachers according to some estimates. There are three types of CTs, namely CT0, CT1, and CT2. CT0 are solely supported by the community while CT1 and CT2 receive state subsidies. Table 2.1 shows the current situation of teachers in Chad including the three types of CTs and two types of civil servants.

Table 2.1. Overview of the categories of teachers in Chad as of May 2015

	CT0	CT1	CT2	Assistant teachers	Teachers
Recruitment criteria	None except from proven ability to read and write	BEF + French and mathematic test (elementary level)	Level 1 training and 2 year in-school practicum	Level 1 + examination; BEF + examination	Bac + examination
Training	NA	Level I: 45 days of training during school holidays, not sanctioned by a certification exam.	Level II: 2 x 75 days of training delivered by an ENI and 1 year of school practice regularly assessed by IPEP.	Assistant teaching degree: Obtained after level II and examination or after regular 2 years of teacher training	Teaching degree: Obtained after 1 year of teacher training after BAC
Training Structure	NA	CFC	ENI	ENI	ENI
Contract	Community	Community	Community (until financed by the Ministry, then recruited under public contract)	Civil Servant	Civil Servant
Subsidies/Subsidies (FCFA/month)	Variable, depending on community (average around 7,000)	60000, State-funded, paid through APICED	60000, State-funded, paid through APICED	196,0000	252,000
Numbers (estimate)	13,019	8,998	2,682	1,923	14,250
Share in teaching force	32%	22%	7%	5%	34%

Notes : BEF is Brevet d'Études Fondamentales / BPEC; CEFEN is Certificat élémentaire de Fin d'Etudes Normales; CFEN is Certificat de Fin d'études Normales

31. The objective of this component is to support the payment of CTs' subsidies for the school year 2016-17 and two additional school years while the Government rebuilds its fiscal space and resumes its support to the education sector. The announcement that subsidies for 2016-17 will be paid may help ensure the current school year and continuation of payment for two more years will likely stabilize the CTs and help primary schools focus again on providing teaching and learning.

32. According to the 2014-15 statistical yearbook there were 13,019 CT0s, 8,998 CT1s, and 2,682 CT2s in public and community primary schools in Chad. In total CTs numbered 24,699 CTs (60 percent of the teaching workforce) and outnumbered the 16,173 civil servant teachers. To be consistent with the Government's policy the AF will focus on the 11,680 CT1s and CT2s. Under the AF CT1s will receive monthly subsidies of 30,000 FCFA whereas CT2s will receive 60,000 FCFA monthly. The subsidies will be paid for 12 months. Although the 30,000 FCFA is lower than the 60,000 FCFA that the CT1s were getting for the two years the Government took over, the subsidy is higher than the 24,000 FCFA communities were paying them. Importantly, to improve the quality of education, it is fundamental that CTs evolve in an environment that provides incentives to grow and perform. Differentiated payment based on type of CT category is designed

to incentivize CTs. Under Sub-component 1.3, CT1s will be given the opportunity to become CT2s and double their subsidies by competing to join the in-service training in one of the 22 ENIs in the country. The highest performing CT1s will be selected for the training and a path to CT2 status.

33. Another incentive mechanism that will foster the quality of education is the introduction of contractualization for CT2s. This is a policy that the Government has wanted to introduced in the SIPEA and then in the (now defunct) PDDEA. Under the AF, a select number of CT2s will be contractualized and receive monthly subsidies of 75,000 FCFA. Contractualization does not just entail a higher income, it also opens the doors for CT2s to become assistant teacher or a full teacher. The CT2s will be chosen through a rigorous selection process and the highest performing will be contractualized and put on a “priority” list for integration into the civil service to become contractualized community teachers (CCTs). The list should be publicly accessible and every CT2 should know his/her ranking on the list. This process will introduce transparency in the integration process and is likely to provide confidence to CT2s that they will be integrated if they perform well and positions are available¹⁹.

34. For the contractualization process, the AF will have a specific focus on the gender aspect and will strive to provide women a fair chance of becoming contractualized teachers. Unlike many countries in sub-Saharan Africa, Chad’s primary teaching workforce is male-dominated. According to the 2014-15 statistical yearbook, women constituted only 17.9 percent of teachers in Chad’s primary schools or 7,318 out of a total 40,872. The gender imbalance is even worse in the group of CTs as the share of women was 9.6 percent, 10.4 percent, and 15.2 percent for CT0s, CT1s, and CT2s respectively. The AF will require that at least 25 percent of the contractualized teachers be women.

35. Cost estimates are based on the initial numbers provided by the 2014-15 statistical yearbook. These estimates will be revised when the new census becomes available. The table below provides the estimated number of CTs who will receive subsidies. For the school year 2016-17 all 8,998 CT1s and 2,682 CT2s will receive their full subsidies, which will likely be paid in two or three installments following receipt of the validated census to disburse the owed payments and avoid large sums of payments at once.

Table 2.2. Evolution of the number of community teachers over the AF

	Number of CTs					Amount of subsidies
	Additional Financing			Government		In FCFA
	2016-17	2017-18	2018-19	2019-20	2020-21	
CT2 becoming CCT	0	1,500	3,000	3,750	4,500	75,000
Number of subsidized CT2s	2,682	3,000	3,750	5,000	6,000	60,000
Number of subsidized CT1s	8,998	7,500	6,000	5,500	5,000	30,000

36. The AF will then cover 36 months of subsidies payment for all 11,680 CT1s and CT2s. The 36 months correspond to the three school years from the current 2016-17 to 2018-19. The total

¹⁹ The project does not directly finance integration itself, but rather the additional training, and rigorous evaluation of current CTs, as well as the contractualization process whereby the highest performers would be paid a monthly subvention.

expected cost of CTs subsidies payment is shown in Table . It is expected that the Government will be able to take over from that point onward. Paying subsidies fully for the current school year aims at securing that CTs will remain in the classroom and ensuring students have enough hours of learning for the school year to be validated. The subsequent two school-years, 2017-19, are fully covered under the AF and therefore little disruption related to CTs' lack of payment is expected.

37. All 11,680 CTs will be paid their 2016-17 subsidies. In 2017-18 it is expected that 3,000 CT2s will be contractualized after a rigorous selection using PARSET2's developed bank of items to construct a test for CT2s. A number of CT1s will also be promoted to CT2s and take the in-service training in one of the 22 ENIs. Over time the number of CCTs will increase and the AF plans to upgrade 3,000 of CT2s to the CCT status. From 2,682 CT2s in 2016-17 it is expected that the AF will include 3,750 CT2s during its last year after the training of former CT1s. On the other hand, the number of CT1s to be financed by the project will drop from 8,998 to an estimated 6,000 in 2018-19 because many of them will become CT2s. Although some CT0s might become CT1s, they will not be covered under the AF and it is expected that the Government will have to pay for those CT1s subsidies. This will contribute to making the transition easier at the end of the project.

38. Table shows the total cost for the payment of CTs subsidies for the three school years 2016-17 to 2018-19 which is estimated at 18.9 billion FCFA or roughly US\$31.6 million at the current exchange rate. The payment to CTs of the 2016-17 school year subsidies will be made in two or three installments after the validated census is received within three months of project effectiveness. After the initial rounds of payments, CTs will receive their subsidies on a quarterly basis.

Table 2.3. Cost of Community Teachers Payment

	Annual Costs (millions of FCFA)				
	Additional Financing			Government	
	2016-17	2017-18	2018-19	2019-20	2020-21
Cost for CT2 becoming CCT	0	675	1,350	1,800	2,250
Cost for subsidized CT2s	1,931	2,160	2,700	3,600	4,320
Cost for subsidized CT1s	3,239	2,700	2,160	1,980	1,800
Total Cost	5,170	6,210	7,560	8,955	10,170
<i>Total Cost in millions of US\$</i>	<i>8.6</i>	<i>10.4</i>	<i>12.6</i>	<i>14.9</i>	<i>17.0</i>

Note: CCT stands for contractualized community teacher

39. **Sub-component 4.2: Community Teachers Subsidies Payment Mechanism (Original Financing US\$1.2 million; AF US\$1.3 million, Total US\$2.5 million).** This sub-component is scaled up to accommodate the expansion of the subsidies payment to all CT1s and CT2s in the national territory using mobile money. It supports the development and implementation of an innovative payment mechanism of CT subsidies through mobile phones which is meant to improve upon the traditional payment mechanism which has faced challenges of long delays, abuse and weak controls. The subcomponent finances (i) a share of transfer and SMS fees; (ii) the rehabilitation of a room to accommodate the payment control centers; (iii) goods and equipment; (iv) consultant fees for the design of a CT payment database and monitoring procedures; (v) training costs for beneficiary teachers, principals, and Parents Association / *Association des Parents d'Élèves* - APEs; and (vi) operating costs.

40. During the implementation of the parent project, APICED had negotiated a contract with Tigo, the winner of the bid against Airtel, to manage the payment of CTs subsidies. The contract with Tigo may be renegotiated to take into account the larger scope of the work. Tigo has considerable experience working with other institutions for paying people with mobile money. They manage a large program with WFP to pay refugees, and with United Nations Children's Fund (UNICEF) and United Nations Educational, Scientific and Cultural Organization (UNESCO) to pay 327 CTs in the Lake region.

41. In the areas not covered by the mobile phone companies or for CTs who do not own a phone or do not want to own one, the CTs will receive their payment through more traditional means such as local non-governmental organizations (NGOs). The project will strive to keep the number of such cases as low as possible, and by no means higher than 5 percent of the CTs.

42. As envisioned in the parent project, the APICED will be responsible for implementation of this subcomponent and will be responsible for launching SMS request of confirmation, and initiating payment orders using the new census data. Prior to ordering payment, APICED will check the legitimacy of paying the CT by sending a request for confirmation of services rendered, a cluster of three SMSs, to the CT, the school director and the president of the APE. CTs will collect their subsidies from any representative of the company established in their locality. Ranges of consecutive phone numbers will be created and assigned to CTs by the mobile companies to facilitate follow-up and monitoring of payment transactions.

Annex 3: Revised Project Cost
CHAD: Additional Financing Education Sector Reform Project Phase 2 (P163740)

Table 3.1. AF activities and their estimated costs

Components/sub-components/activities	Type of Activity	Additional Cost (US\$ million)
1. Improving Teaching and Learning Conditions in Primary Schools		
<i>1.1 Quality Infrastructure and School Furniture</i>	No change	
<i>1.2 Teaching and Learning Material</i>	No change	
<i>1.3 Teacher Training and Management</i>	Scale up	9.5
<i>1.4 Community Teachers Subsidies Payment Mechanism</i>	Moved under Component 4	
<i>1.4 Deworming All Primary School-age Children</i>	New	2.0
2. Improving Teaching and Learning Conditions in Upper Secondary Schools		
<i>2.1 Teacher Training and Subsector Strategy</i>	No change	
<i>2.2 Teaching and Learning Materials</i>	No change	
3. Project Management, Monitoring and Evaluation		
<i>3.1 Project Management</i>	Scale up	1.5
<i>3.2 Monitoring and Evaluation</i>	Scale up	2.0
4. Stabilizing Community Teachers in Schools and Classrooms		
<i>4.1 Community Teacher Payment</i>	New	33.7
<i>4.2 Community Teachers Subsidies Payment Mechanism</i>	Formerly Sub-component 1.4. Scale-up.	1.3
TOTAL		50.0

*The original funding allocated US\$1.2 million will also be included for a total of US\$1.3 million

Table 3.2. Project Cost by Component (US\$ million)

Component	Original Cost	Revised Amount of Original Financing (Reallocation)	Additional Financing	Total Cost
1. Improving teaching and learning conditions in primary schools	9.1	7.9	11.5	19.40
2. Improving teaching and learning conditions in upper secondary schools	2.0	2.0	0	2.0
3. Project management, monitoring and evaluation	3.9	3.9	3.5	7.4
4. Stabilizing Community Teachers in Schools and Classrooms	0	1.2*	35.0	36.2
TOTAL	15.0	15.0	50.0	65.0

*US\$1.2 million reallocated from Component 1 to Component 4 to correspond to the change of Sub-component 1.4 community teachers' subsidies payment mechanism to Sub-component 4.2.

Annex 4: Revised Implementation Arrangements
CHAD: Additional Financing Education Sector Reform Project Phase 2 (P163740)

1. The implementation arrangements under the AF are expected to remain largely the same as those under the original financing. As under the original financing, the AF will also be administered by the current PCU overseen by the Education Project Department (DPE - *Direction des Projets Éducation*) located on the grounds of the Ministry of National Education and Civics Promotion (MENPC). The PCU will continue to be responsible for project coordination and supervision of the civil works component, procurement, FM, communication, compliance with safeguards policies, and M&E. The DREN will be responsible for the regular supervision of the project in the field and will submit quarterly reports to the PCU as before. The PCU was created in 2002 within MENPC (then MEFA) to manage World Bank's funded education projects. Since its inception, it has implemented several projects e.g. the 2002 Education Sector Reform Project (PARSET, PE000527) financed by a US\$41.8 million grant from IDA. As such, it has an accomplished record of implementing World Bank's projects, working with local communities, and the CT landscape.
2. The only change in the implementation arrangements is the inclusion of the School Health Division (*Division Santé Scolaire*, DSS) under the School Feeding, Health, and Nutrition Directorate (Direction Alimentation, Santé, et Nutrition Scolaires, DASNS) of the MENPC. Under the AF, the DSS will implement the deworming sub-component. The DSS was created under the PARSET which had a School Health and Nutrition sub-component; it is headed by a doctor from the Ministry of Public Health (MSP) who is seconded to the MENPC.
3. As stated earlier, under the parent project, Sub-component 1.4 (Community Teachers Subsidies Payment Mechanism) was designed to support the implementation, on a pilot basis, of an innovative payment mechanism of CT subsidies through mobile phones with the aim of lessening problems encountered with the current payment mechanism (including long delays, abuses, and weak controls) and consequently leading to improved teacher motivation, reduced absenteeism, and overall greater cost-efficiency of the system. The current model for subsidies payment to CTs is coordinated by APICED through a payment committee comprising representatives of MENPC, trade unions, etc. Even prior to the fiscal crisis described above due to declining oil prices, the payment mechanism faced limitations which were the impetus for the mobile payment component in the original financing. These challenges include: (i) significant delays in making payment; (ii) difficulties in reaching teachers in remote communities; (iii) financial losses as a result of mismanagement by some NGOs; (iv) abuse by intermediaries (amounts deducted from payments); (v) error in the identification of teachers and inability to efficiently update the payment list; and (vi) long distances CTs often need to travel to collect their payment. Following the fiscal crises payment of community teachers has been halted entirely and community teachers who form more than 60 percent of the teaching workforce have not received their subsidies since July 2014.
4. Sub-component 1.4 will become Sub-component 4.2 under the AF. Given that the sub-component was originally envisioned as targeting selected territories but will be scaled up nationally under the AF. An accurate, revalidated census of community teachers will be required within three months of project approval. To ensure the credibility of the new census of CTs, it will

be carried out by an independent entity either in the Government e.g. INSEED or a firm in the private sector.

5. Under the AF, the CT subsidies payment mechanism would be developed as in the parent project and, in addition to financing the mechanism itself, the accompanying payment of CTs would also be financed through the project. The mechanism, as originally designed, would pay CT subsidies through mobile phones aimed at lessening the problems outlined above, and meant to make payment notice instantaneous, as well as reduction in travel and payment duration given the presence of mobile networks beyond the capital. The approach will make use of cash transfer services already offered by the two major mobile phone companies in Chad (Tigo and Airtel) to users across the country. Even though the sub-component of the project had been delayed under the parent project due to the uncertainty of CT subsidies which the AF now seeks to address, the PARSET 2 PCU and APICED have already negotiated the payment of CTs by mobile phone with the above mentioned telephone companies. The telephone companies are on board, the secure payment interface exists and is flexible enough, company representatives are present through the national territory and the mobile networks cover more than 85 percent of the population of Chad.

6. The APICED will be responsible for implementation of this subcomponent and will be responsible for launching SMS request of confirmation, and initiating payment orders using the new census data. While APICED will not directly handle the payment to community teachers, which will be done between the PCU and the mobile company(ies), they will still be tasked to manage the interface between community teachers and mobile companies to make sure the SMS are sent and that the phone company pays community teachers who have been confirmed being in school and class. Prior to ordering payment, APICED will check the legitimacy of paying the CT by sending a request for confirmation of services rendered, a cluster of three SMSs, to the CT, the school director and the president of the APE. CTs will collect their subsidies from any representative of the company established in their locality. Ranges of consecutive phone numbers will be created and assigned to CTs by the mobile companies to facilitate follow-up and monitoring of payment transactions.

Financial Management

7. The financial management arrangements for the AF will be based on the existing arrangements in place under the ongoing Chad Education Sector Reform Project Phase 2 (PARSET II). The existing PCU overseen by the DPE located on the grounds of the MENPC will handle additional activities.

8. Staffing has remained adequate to handle additional activities; the auditors have issued an unqualified opinion on the 2015 financial statements of the project. The audits reports were delayed due to the delay in contracting the external auditor. The interim un-audited financial reports (IFRs) for the on-going project have been submitted on time and the quality of the reports was satisfactory. An improvement in preparation and approval of the Annual Work Plan and Budget was recommended to allow for satisfactory implementation of the additional activities identified.

9. The overall risk for the AF is rated **Substantial**. It is considered that the financial management arrangements satisfy the World Bank's minimum requirements under OP/BP 10.00, and therefore is adequate to provide, with reasonable assurance, accurate and timely financial management information on the status of the project required by World Bank.

Overall Fiduciary Implementation Arrangements staffing.

10. MENPC PCU will be responsible for the overall coordination and consolidation of financial management and disbursement information. The MENPC managed projects from several donors including the World Bank, the African Development Bank, the Global Partnership for Education (GPE) project managed by UNESCO and UNICEF, WFP, the Educate A Child foundation, the Swiss Cooperation, EU, and the AFD. It has a long experience of managing projects. Two additional financial management specialists, and an internal auditor will be hired by the project within three months of effectiveness, as stipulated in the dated covenant, to further support the work of the preexisting Senior Financial Officer and Accountant in the PCU.

11. **Accounting:** The current accounting standards in use in Chad for on-going World Bank-financed projects would be applied. The PARSETII PCU will use the existing computerized and integrated TOM2PRO financial management system, the existing accounting system of the PARSETII needs to be up dated to operate satisfactorily.

12. **Internal Control:** The existing Administrative Financial and Accounting Procedures Manual for PARSET 2 is adequate for additional activities. However, due to the new component under the AF, the existing Administrative, Financial and Accounting Procedures Manual will be updated to reflect the aspects related to the funding of accumulated subsidies arrears (partially) and future subsidies payments for Chad's community teachers. The terms of reference (ToR) of the part time basis internal auditor will be extended to additional activities.

13. **Reporting and Monitoring:** The un-audited Interim Financial Report (IFR) format will be updated by including the additional financial activities. It will include sources and uses of funds by project expenditures classification, a comparison of budgeted and actual project expenditures (commitments and disbursements) to date and for the quarter. MENPC PCU will submit the financial reports to the World Bank within forty-five (45) days following the end of each calendar quarter.

14. MENPC PCU will produce the project's annual financial statements, which will comply with IFAC and World Bank requirements. These financial statements will include: (a) a statement of sources and uses of funds; (b) a statement on subsidies paid to community teachers; (c) a statement of commitments; (d) accounting policies adopted and explanatory notes; and (e) a list of the fixed assets acquired by the project's proceeds.

15. **External Auditing:** The audit report should reflect all the activities of the project and be submitted to IDA within six (6) months after the end of each fiscal year. The selection of an external auditor of project financial statements should be presented to IDA for non-objection. Appropriate ToRs for the external auditor will be provided to the project team and the hiring

process completed by MENPC no later than six (6) months after project effectiveness. A single Auditor will audit the consolidated Financial Statements.

16. The audit reports that would be required to be submitted by MENPC and the due dates for submission are:

<i>Audit Report</i>	<i>Due Date</i>
Project financial statements i.e. annual audited financial statements (including Statements of Sources and Uses of Funds with appropriate notes and disclosures) and Management Letter.	Submitted within six (6) months after the end of each fiscal year.

17. **Flow of Funds and Disbursement Arrangement:** Two DAs for the AF will be opened in a commercial bank satisfactory to the World Bank. One of the DA dedicated to the payment of CTs subsidies will be opened at the “*Société Générale du Chad*”, a Commercial Bank acceptable to the IDA, and will be managed by the PCU. The currency of the DA will be the FCFA. All supporting documentation for expenses must be easily accessible and kept in an appropriate place for control and audit purposes. The DA will be managed according to the disbursement procedures described in the Disbursement Letter. All expenses, including taxes, will be financed 100 percent by the project.

18. Advance under the DA dedicated to payment of the CTs subsidies will be done base on the forecast of six months of eligible expenditures as approved in the Annual Work Plan. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each component, and the percentage of expenditures to be financed for Eligible Expenditures in each component:

Table 4.1. Expenditure categories and funding percentages

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed
IDA	US\$	Goods, non-consulting services, and consultants’ services, Operating Costs and Training for the Project	16,300,000.00	100.00
IDA	US\$	Subsidies ²⁰	33,700,000.00	100.00
		Total:	50,000,000.00	

²⁰ “Subsidies” means the Recipient’s subsidies for community teachers set forth in the letter of the Secretary General of the Presidency No 05/PR/SGP/CEPEC/12, which will be financed under Part D.1. of the Project for Eligible Community Teachers, as specified in the Financing Agreement.

Annex 5: Economic Analysis

CHAD: Additional Financing Education Sector Reform Project Phase 2 (P163740)

1. The economic analysis of the parent project remains largely valid and is further reinforced by the AF. The parent project estimated a Net Present Value (NPV) of US\$45 million and a corresponding estimated internal rate of return (IRR) of 18.9 percent. The analysis did not include the benefits from Component 2 due to the lack of reliable estimates and only considered (i) higher completion rates; and (ii) better learning outcomes to compute the expected economic benefit of PARSET 2.

2. With CTs not receiving their payment, however, many of these benefits were in jeopardy. Indeed, improved primary completion rates and learning outcomes depend on better trained CTs but also their presence in classrooms. As CTs were not paid, they engaged in strikes reducing teaching time and likely unmotivated to teach. The current AF is likely to help change these current negative dynamics. Once CTs receive their current school-year subsidies in full and expect to receive their future subsidies it is highly likely that strikes will lessen and CTs will show up more regularly in school and classrooms, especially given the strong monitoring mechanism put in place to ensure their presence which also condition the receipt of their subsidies.

3. There AF provides two major additional economic benefits compared to the parent project. First, the AF is a nationwide scale up (from 5 to 23 regions) of the activities that pertain to CTs' quality (training) and CTs' motivation (payment) – two critical ingredients for improving learning outcomes. Second, the AF will provide relatively large cash transfers on an extensive scale which is likely to have strong direct impacts on the consumption and poverty of the Recipients' households but also knock-on effects on the local economies.

4. The analysis contained in this annex discusses the economic rationale for the project, its estimated costs, and the benefits projected to be derived from the project. The analysis commences with a review of evidence focused on the impact of improved education quality on economic growth, and the impact of quality education on returns accruing to individuals. Thereafter, the expected benefits associated with the project are estimated using the parent project's assumptions. The project is expected to contribute to improved economic performance in three ways: (i) an improved primary completion rate; (ii) improved quality of education leading to better learning outcomes; and (iii) the impact of cash transfers to CTs on poverty and local economies.

The Impact of Quality of Education on Individual Incomes and Economic Growth

5. Jacob Mincer's seminal research (1970, 1974) demonstrated that an individual's future earnings prospects improve with each additional year of schooling completed by that individual. More recent evidence demonstrates that, in addition to the quantity of education received, the quality of education delivered to the individual plays an even more critical role in influencing future earnings outcomes. A number of studies from the United States, utilizing data derived from standardized testing, demonstrates the impact of improved cognitive skills (test scores) on earnings. The evidence suggests that one standard deviation increase in test scores is associated

with a 12 percent increase in annual income.²¹ In the sub-Saharan African countries (Ghana, Kenya, South Africa, and Tanzania) for which equivalent data is available, earnings outcomes accruing to individuals demonstrating improved cognitive skills are larger than those evident in the United States.²² Evidence collected in Brazil and Egypt suggests that higher test scores are directly related to lower repetition and dropout rates.²³ Importantly, a large body of literature demonstrates that these microeconomic outcomes accrue at the macro level. Barro and Lee (1993, 2001) demonstrated a positive relationship between the average years of schooling of a country's population and that country's economic growth. Moreover, Hanushek *et al.* found a strong association between average performance on internationally standardized tests and economic growth.²⁴ Using international test data for fifty countries over fifty years, Hanushek and Woessman (2008) estimate that an increase of one standard deviation in average performance on the Programme for International Student Assessment (PISA) is associated with an increase in annual GDP growth of 1 to 2 percent. Hanushek and Woessman also suggest that returns to quality in developing countries may be even larger than those observed in developed countries.

6. Several studies have also shown that a student's exposure to consecutive years of outstanding teaching can offset learning deficits associated with disadvantaged students (Hanushek & Rivkin, 2010; Hanushek, Kain, O'Brien & Rivkin, 2005; Rockoff, 2004; Sanders & Rivers, 1996).²⁵ Chetty *et al.*²⁶ (2014) not only demonstrate that high quality teachers have a significant and positive impact on Grade 4 to 8 student test scores, but, moreover, that these effects are evident in earnings (wage or self-employed) fifteen years later when former pupils are twenty-eight years old. As a consequence, despite the poor quality of education delivery in Chad, there is hope that with an adequate reform package, learning outcomes for current pupils can be positively impacted. One can moreover reasonably expect that future students who enter an improved education system will also benefit from improved learning outcomes. However, for the purposes of estimating benefits associated with this aspect of the project, we will be conservative and assume that the project's benefits will erode quickly in the aftermath of implementation and only children who are exposed to the project will be impacted.

7. Analysis on Chad's limited data yields similar results both on teacher's performance on students' outcomes and on returns to schooling. Indeed, evidence from Chad's Program for the Analysis of Education Systems (PASEC) surveys suggests that conditioning on school socioeconomic status, and teacher and student characteristics, teacher performance appears to be

²¹ See among others Mulligan, Casey B. 1999. "Galton versus the human capital approach to inheritance." *Journal of Political Economy* 107, no. 6, pt. 2 (December): S184-S224. Murnane, Richard J., John B. Willett, Yves Duhaldeborde, and John H. Tyler. 2000. "How important are the cognitive skills of teenagers in predicting subsequent earnings?" *Journal of Policy Analysis and Management* 19, no. 4 (Fall):547-568. Lazear, Edward P. 2003. "Teacher incentives." *Swedish Economic Policy Review* 10, no. 3:179-214.

²² See Hanushek, E., and L. Woessman. (2008) "The role of cognitive skills in economic development". *Journal of Economic Literature*, 46:3, 607-668.

²³ See Harbison, R. W., and E. A. Hanushek. 1992. *Educational Performance of the Poor: Lessons from Rural Northeast Brazil*. Oxford; New York and Melbourne: Oxford University Press; and Hanushek, E. A., V. Lavy, and K. Hitomi. 2008. "Do students care about school quality? Determinants of dropout behavior in developing countries." *Journal of Human Capital*, 2(1): 69-105.

²⁴ Hanushek, et al. *Op Cit.*

²⁵ Cited in SABER – What Matters Most for Teacher Policies Working Paper No. 4 April 2013 - World Bank

²⁶ Chetty, R., J. N. Friedman, and J. E. Rockoff. (2014). "Measuring the impacts of teachers II: Teacher value-added and student outcomes in adulthood." *American Economic Review*, vol. 104(9), pp. 2633-79.

a statistically and economically important predictor of both test scores and primary school test completion. Teacher absence on the other hand is negatively correlated with student performance. Pedagogical training in particular appears to be strongly related to test scores, representing a near one standard deviation increase in the test score distribution. These results were also supported by findings from Public Expenditure Tracking Survey (PETS) test score analysis. The AF's focus of paying CTs thereby increasing their likelihood to be in the classroom and at the same time training CTs by providing them with the content and pedagogical knowledge necessary is likely to have a sizeable impact on students' test scores.

8. In turn, test scores improvements have a significant impact on school completion and future earnings. Running a fixed-effects regression using quasi-panel data from the ECOSIT 3 survey, the analysis in PARSET 2 showed that an additional year of education is associated with a 943.5 FCFA increase in monthly income, or approximately US\$22.5 per year over the period a student is projected to be active in the labor force. The same analysis also found that a one-standard deviation improvement in test scores results in a 10 percent premium to the labor market returns estimated above.

9. In order to calculate the return to additional years of education and better learning outcomes associated with the project, we use the conservative estimate that the project will have a real impact on only one quarter of the students exposed to the project. The beneficiaries are estimated to stay roughly active for 30 years in the labor market. The benefits of the project are computed as the difference of the estimated future earnings with and without the project. The total benefit is estimated at US\$253 million. As expected the impact on future earnings of paying teachers so they are at school and in the classroom and training them far outweighs the costs and makes the project economically viable.

Estimated Savings from the New Subsidy Structure

10. The project introduces the difference of treatment between community teachers to eliminate the bad incentive regime where all CTs are paid the same monthly amount (60,000 FCFA). The AF proposes that CT1s receive 30,000 FCFA, whereas CT2s are paid 60,000 FCFA, and contractualized teachers 75,000 FCFA. This restores incentive to performance in the system as CT1s will strive to become CT2s to earn a higher salary whereas CT2 will strive to become CCT and maybe civil servants. Interestingly, in fiscal terms, this high-powered incentive mechanism will be less costly to Government than the flat-incentive scheme which also is likely to generate poorer performance from teachers as CT1s have no incentive to exert effort since they earn the same as CT2s and CT2s are demotivated because their extra training and education do not allow them to separate from the CT1s.

11. A simple simulation model over 10 years shows the savings the Government will make with this scheme. The model assumes that a number of CT0s who are not eligible to receive subsidy but are teaching in schools will be incentivized to become CT1s and CT2s. Overall, the group of CT1 is expected to grow by an annual average of 5 percent whereas the group of CT2 will grow on average by 2.5 percent. In addition, the Government controls the number of CT2s who are going to become contractualized teachers. We assume that the AF will create up to 3,000 CCTs but that the Government will eventually slow down the process and offer a contract to 500 new CT2s every

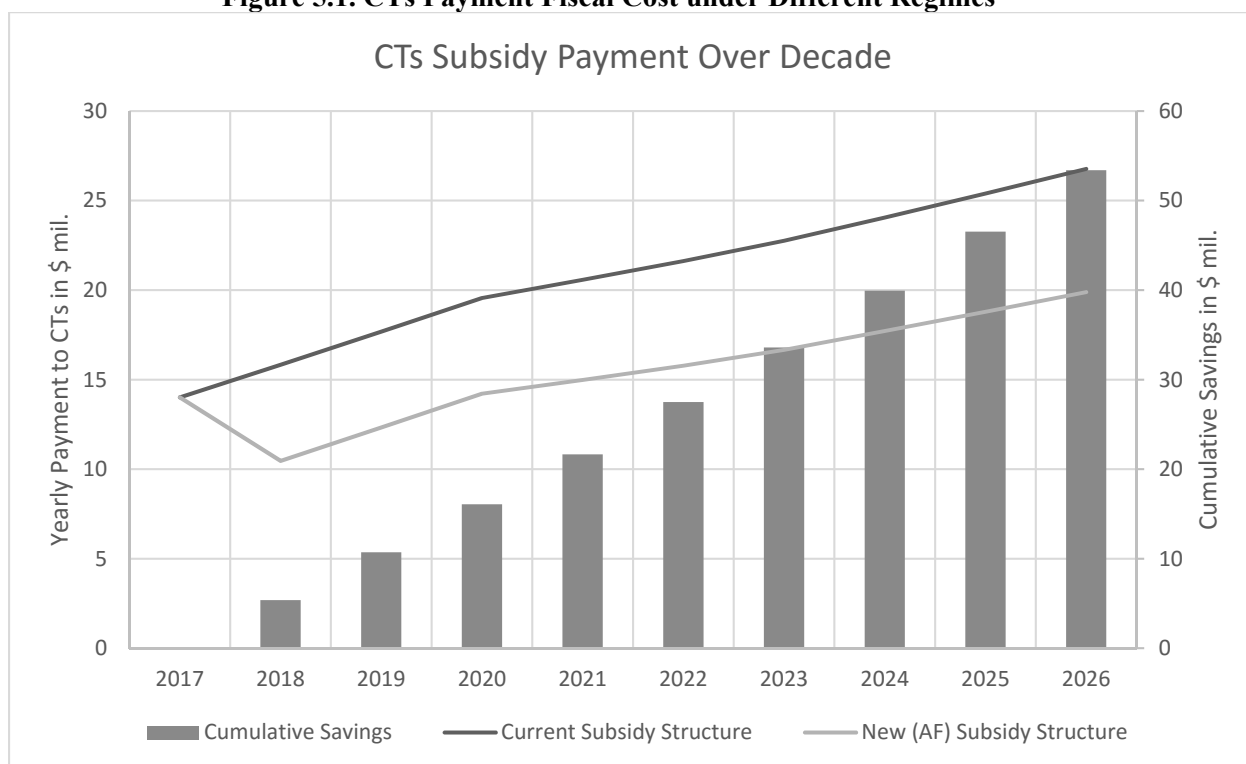
year.

Table 5.1. Evolution of the Population of Community Teachers

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
CT1	8,998	9,448	9,920	10,416	10,937	11,484	12,058	12,661	13,294	13,959
CT2	2,682	2,749	2,818	2,888	2,960	3,034	3,110	3,188	3,268	3,349
CCT	0	1,000	2,000	3,000	3,500	4,000	4,500	5,000	5,500	6,000
Total	11,680	13,197	14,738	16,305	17,398	18,518	19,668	20,849	22,062	23,308

12. Under the current regime where all CTs are paid for 60,000 the Government will cover a much higher cost and the cost will grow over time. In contrast, separating out the CTs and paying them different amount depending on their qualification and performance requires less fiscal space. Over the decade, the new structure could save the Government more than US\$53 million. It must, however, be noted that the new subsidy structure is a serious reform and is likely to generate some discontent especially among the CT1s although they have not received their subsidy for more than 36 months.

Figure 5.1. CTs Payment Fiscal Cost under Different Regimes



The Impact of Large Cash Transfers on Local Economies

13. The payment of CT subsidies in the context of the AF will have an impact similar to that of a cash transfer program. There is now extensive literature on cash transfers in different regions like Latin America, where they are prominent, but also increasingly popular in Africa. Cash transfers have positive impact on several dimensions *inter alia* consumption, employment,

psychological well-being, health outcomes, and children's educational outcomes. The size of the cash transfers also has an impact with large transfers more likely to lead to the purchase of productive assets whereas small transfers mostly translate into consumption. The payment of CTs subsidies in the AF is closer to a large-scale cash transfer program with relatively large transfers. The transfers are also unconditional in that the recipients are not required to fulfill any specific condition except being at school and in the classroom.

14. In a cash transfer program in Uganda, the transfers produced a temporary inflation of prices at local level. This was mainly attributed to the inelasticity of supply, caused by high transaction costs and incomplete information. The inflation was also the result of inelastic demand. In fact, participants' preferences were directed towards few local products and this crowded local markets.

15. Cash transfers have also a multiplier effect that translate into the local economy. For instance, a study in Uganda showed that medium scale farmers were the main secondary beneficiaries. They invested the additional income in productive assets and livelihoods' diversification. This contributed to creating additional goods and production. The comparative analysis with other case studies shows that medium scale farmers and local traders are the two groups that benefited more from the multiplier effects of cash transfers. Beneficiaries of projects usually purchase basic commodities from these groups because they are reachable and trusted. However, while local traders seem to be able to supply basic commodities (if informed in advance), the Northern Uganda experience shows that they can find it difficult to increase the supply of high valued commodities. The short-term multiplier effects analysis, however, overlooks the important long-term effects that investment on productive assets and human capital (health, education) produce.²⁷

16. Taking the parameters from the parent project's analysis and the additional effective payment of CTs subsidies. The AF has a large positive economic return and is worth undertaking in economic terms.

²⁷ See the following papers and the references therein for more on the impacts of various cash transfer schemes. Haushofer, J., and J. Shapiro. "The Short-Term Impact of Unconditional Cash Transfers to the Poor: Evidence from Kenya". *Quarterly Journal of Economics* 131(4) (2016), 1973–2042. Baird, S. J., J. De Hoop, and B. Ozler. "Income Shocks and Adolescent Mental Health," *Journal of Human Resources*, 48 (2013), 370–403. Baird, S. J., R. S. Garfein, C. T. McIntosh, and B. Ozler, "Effect of a Cash Transfer Programme for Schooling on Prevalence of HIV and Herpes Simplex Type 2 in Malawi: A Cluster Randomised Trial," *Lancet*, 379 (2012), 1320–1329. Baird, S. J., C McIntosh, and B Ozler, "Cash or Condition? Evidence from a Cash Transfer Experiment," *Quarterly Journal of Economics*, 126 (2011), 1709–1753. Blattman, C., N. Fiala, and S. Martinez, "Generating Skilled Employment in Developing Countries: Experimental Evidence from Uganda," *Quarterly Journal of Economics*, 129 (2014), 697–752. Paxson, C., and N. Schady, "Does Money Matter? The Effects of Cash Transfers on Child Development in Rural Ecuador," *Economic Development and Cultural Change*, 59 (2010), 187–229.

Annex 6. Systematic Operations Risk-Rating Tool (SORT)
CHAD: Additional Financing Education Sector Reform Project Phase 2 (P163740)

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	High
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	High
5. Institutional Capacity for Implementation and Sustainability	High
6. Fiduciary	High
7. Environment and Social	Moderate
8. Stakeholders	Moderate
OVERALL	High

1. **Political and Governance.** Political and governance risks remain high for Chad. Political instability, vulnerability to terrorist attacks, security risks, and limited governance mechanisms are all challenges. Close monitoring of project implementation, and clear reporting arrangements, as well as compliance with all security procedures will be applied. A validated census of community teachers is not currently available and constitutes a risk. A validated census is required through a dated covenant. Furthermore, it will be critical to monitor teacher absenteeism in the project through the mobile payment mechanism. CTs will receive their payment only once the school director and the president of the parent-teacher association confirm via SMS that the teacher is present in school and the classroom.

2. **Macroeconomic.** The macroeconomic environment in Chad is highly unstable and therefore assessed at a high risk rating. The environment is volatile and vulnerable due to the steep decline of oil prices, which have only just started to marginally recover. As such, limited fiscal space in the education sector has resulted in failure to pay teachers who are civil servants as well as community teachers, both of which represent a serious risk to the project outcomes. While some recovery is possible in future years, it will likely still be highly unstable. The World Bank is providing support through a DPO to support Chad's economic recovery. There is also a new three-year Extended Credit Facility (ECF) currently under preparation to replace the existing IMF program and provide increased access to financing of 160 percent of quota. The consistency of the policy framework under the ECF program will help establish necessary conditions for the World Bank's proposed DPO to achieve its objectives. At the same time, the Government has shown strong commitment to fiscal consolidation and discipline where two thirds of the overall fiscal adjustment in 2015 and 2016 was achieved through consolidation and only one third through financing. The authorities continue with the implementation of austerity measures, the reduction of the non-oil primary deficit, the management of arrears and the strengthening of budget management. The Government has also announced a plan to reduce the burden of commercial debt through renegotiations of the oil collateralized loan with an international company, a central step

towards stability. Overall success will hinge on sustaining these efforts, and the mobilization of substantial support to ease the adjustment path.

3. **Sector Strategies and Policies.** After the SIPEA which was an interim strategy covering 2013-2015, the Government prepared the Plan for the Development of Education and Literacy (PDDEA), its education 10-year plan, to cover 2017-2026. Unfortunately, the PDDEA used overly optimistic assumptions, maintaining high oil prices. Once the crisis hit, the macroeconomic framework for the strategy was not realistic and the simulation model was considered unsustainable. Because of these flaws, the PDDEA was not endorsed by technical partners and the Government is currently drafting another interim strategy to cover the next three years 2017-2019 the *Plan Intérimaire de l'Education au Tchad* (PIET). As was done with the SIPEA and the PDDEA, a new ten-year strategy will be drafted when the PIET will reach its mid-term and the macroeconomic situation is hopefully less volatile.

4. **Technical Design of Project or Program; Institutional Capacity for Implementation and Sustainability.** The inclusion of CT payment makes the project design, particularly monitoring and evaluation, inherently more complex. That being said, given how a lag in CT payments has crippled the education sector in recent months, there is strong commitment by the Government to quickly move forward in developing and implementing a transparent mechanism to assure more timely payment to CTs through a mobile based platform. Weak capacity and resource constraints for the implementing agency, MENPC, and technical departments within MENPC and MEFPS may hamper timeliness of project implementation and constitute a risk. Turnover also tends to be high in ministries and posts can sometimes remain vacant for long periods of time. This is partially mitigated by the presence of a strong PCU and strong implementation support, clearly defined roles and responsibilities under the parent project, and hands-on training to the implementation team. Furthermore, strengthening of the PCU will be critical to the implementation of the AF, in particular recruitment of additional fiduciary staff, an internal auditor, as articulated in the dated covenant.

5. **Fiduciary.** Weak fiduciary controls, high susceptibility of fraud and corruption, and low capacity of implementing entities at regional levels constitute high fiduciary risks in Chad. Under the parent project a Chief Finance Officer and Accountant have been recruited to handle the FM work. Challenges with the first accountant and some inconsistencies in financial management resulted in proactive response of the Government which included firing of the accountant and replacement with a new accountant. During project preparation, consideration was given to the fiduciary risks involved with the payment of community teachers' subsidies. As a dated covenant after project effectiveness, the Government must carry out a credible census of community teachers and present a complete list of CTs whose subsidies would be financed under the proposed grant. Each CT must also have a unique identifier and a cell phone number (or he or she will be provided with one). As discussed with the mobile phone companies, only a SIM card – not a cellphone - is required to receive mobile money and both companies have offered to provide SIM cards for free to all eligible CTs. As a second dated covenant, as mentioned above additional fiduciary staff will be recruited to support the PCU and APICED manage the payment of CT subsidies. These payments would consist of direct transfers of funds from the PCU DA into the mobile phone companies' account that would then trigger the payment of mobile money into individual community teachers' mobile money accounts based on the cell phone numbers provided

in the census or appended to the census afterwards. As a third dated covenant, the PCU will update the Project Implementation Manual to account for the changes in the project and new activities.