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IDA/R2017-0360/1

November 30, 2017

Closing Date: Tuesday, December 19, 2017 at 6:00 p.m.

FROM: Vice President and Corporate Secretary

Ethiopia - General Education Quality Improvement Program for Equity

Program Appraisal Document

Attached is the Program Appraisal Document regarding a proposed IDA grant to Ethiopia for a General Education Quality Improvement Program for Equity (IDA/R2017-0360), which is being processed on an absence-of-objection basis.

Distribution:
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DOCUMENT OF

THE WORLD BANK

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Report No: 121294-ET

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED IDA GRANT

AND

MULTI-DONOR TRUST FUND GRANT

IN THE AMOUNT OF SDR 213,600,000
(US$300 MILLION EQUIVALENT IDA GRANT)

AND

US$140 MILLION EQUIVALENT MDTF GRANT

TO THE

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

FOR THE

GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY (GEQIP-E)

Education Global Practice
Africa

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CURRENCY EQUIVALENTS

(Exchange Rate Effective October 30, 2017)

Currency Unit = Ethiopian Birr (ETB)

ETB 27.08 = US$1

US$1.41 = SDR 1

FISCAL YEAR

July 8 – July 7

ABBREVIATIONS AND ACRONYMS

ABE	Alternative Basic Education (Centre)		AEA	American Economic Association
ANFE	Adult and Non-Formal Education		AWPB	Annual Work Plan and Budget
BD	Bidding Document		BoFED	Bureau of Finance and Economic Development
CAS	Country Assistance Strategy		CCA	Continuous Classroom Assessment
CDID	Curriculum Development and Implementation Directorate		COE	Centers of Excellence
COPCD	Channel One Programs Coordination Directorate		CPD	Continuous Professional Development
CPF	Country Partnership Framework		CPS	Country Partnership Strategy
CSA	Central Statistical Agency		CTE	College of Teacher Education
DFID	Department for International Development (UK)		DLI	Disbursement Linked Indicator
DLR	Disbursement Linked Result		DP	Development Partner
EAC	Ethics and Anti-Corruption		ECCE	Early Childhood Care and Education
ECD	Early Childhood Development		EERBF	Ethiopia Education Result Based Financing
EGRA	Early Grades Reading Assessment		EMIS	Education Management Information System
ESAA	Education Statistics Annual Abstract		ESDP	Education Sector Development Program
ESIA	Environmental and Social Impact Assessment		ESMG	Environmental and Social Management Guideline
ESMP	Environmental and Social Management Plan		ESMS	Environmental and Social Management System
ESPES	Enhancing Shared Prosperity through Equitable Services		ESSA	Environment and Social System Assessment
ETB	Ethiopian Birr		EUR	Euro

FEACC	Federal Ethics and Anti-Corruption Commission		FGM/C	Female Genital Mutilation and Cutting
FM	Financial Management		FMAP	Fiduciary Management Action Plan
FPPA	Federal Public Procurement and Property Administration Agency		FY	Fiscal Year
GBP	British Pound/Pound Sterling		GC	Girls Club
GCO	GEQIP Coordination Office		GDP	Gross Domestic Product
GEID	General Education Inspection Directorate		GEQIP	General Education Quality Improvement Program
GIR	Gross Intake Ratio		GER	Gross Enrolment Ratio
GP	Global Practice		GPE	Global Partnership for Education
GPI	Gender Parity Index		GRM	Grievance Redress Mechanism
GRS	Grievance Redress Services		GTP	Growth and Transformation Plan
HQ	Head Quarter		IA	Implementing Agency
IBEX	Integrated Budget and Expenditure		IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding		ICT	Information and Communication Technology
IDA	International Development Association		IERC	Inclusive Education Resource Center
IFA	Integrated Fiduciary Assessment		IFAC	International Federation of Accountants
IFAE	Integrated Functional Adult Education		IFR	Interim Financial Report
IFSA	Integrated Fiduciary Systems Assessment		IMF	International Monetary Fund
INT	Integrity Vice Presidency		IPF	Investment Project Financing
IR	Intermediate Result		IRI	Intermediate Result Indicator
ISA	International Standard of Auditing		IT	Information Technology
IVA	Independent Verification Agency		KPI	Key Performance Indicator
KG	Kindergarten		LC	Letter of Credit
LRD	Licensing and Relicensing Directorate		LSMS	Living Standards Measurement Study
LST	Life Skill Training		M&E	Monitoring and Evaluation
MDTF	Multi-Donor Trust Fund		MELE	Measure of Early Learning Environment
MELQO	Measuring Early Learning and Quality Outcomes		MoE	Ministry of Education
MoFEC	Ministry of Finance and Economic Cooperation		MOU	Memorandum of Understanding
MSIC	Mathematics and Science Improvement Center		MTEF	Mid-Term Expenditure Framework
MTELDD	Mother Tongue and English Language Development Directorate		NCB	National Competitive Bidding

NEAEA	National Education Assessment and Examinations Agency		NER	Net Enrollment Ratio
NIR	Net Intake Ratio		NLA	National Learning Assessment
NOK	Norwegian Kroner		OFAG	Office of the Federal Auditor General
OPCS	Operation Policy and Country Services		PAD	Program Appraisal Document
PAP	Program Action Plan		PBS	Protection of Basic Services
PCDP	Pastoral Community Development Program		PCH	Public Compliant Handling
PCHO	Public Compliant Handling Offices		PCO	Program Coordination Office
PDO	Project Development Objective		PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management		PforR	Program-for-Results
PGDT	Post Graduate Diploma in Teaching		POM	Program Operation Manual
PP	Procurement Plan		PPSD	Project Procurement Strategy for Development
PRMD	Planning and Resource Mobilization Directorate		PSC	Program Steering Committee
PSTA	Parents, Students and Teachers Association		PTA	Parents and Teachers Association
QA	Quality Assurance		QE	Quality Enhancement
QEAP	Quality Enhancement and Assurance Program		RA	Result Area
RBF	Result Based Financing		RCT	Randomized Controlled Trials
REACC	Regional Ethics and Anti-Corruption Commission		REB	Regional Education Bureau
RF	Result Framework		RFB	Request for Bidding
RFQ	Request for Quantity		RGCO	Regional GEQIP Coordination Office
RPSC	Regional Program Steering Committee		SABER	Systems Approach for Better Education Results
SBD	Standard Bidding Document		SCD	Systematic Country Diagnostics
SDI	Service Delivery Indicator		SDR	Special Drawing Rights
SES	Socio-Economic Status		SG	School Grant
SGG	School Grant Guidelines		SIP	School Improvement Program/Plan
SMS	Short Message Service		SNNP	Southern Nation, Nationalities and Peoples
SORT	Systematic Operational Risk Rating Tool		SPG	Special Purpose Grant
SRFP	Standard Request for Proposal		SSA	Sub-Saharan Africa
SSIE	Special Support and Inclusive Education		TA	Technical Assistance
TBC	To Be Confirmed		TBD	To Be Determined

TDP	Teacher Development Program		TELDD	Teachers and Education Leaders Development Directorate
TLM	Teaching and Learning Materials		TOR	Terms of Reference
TTL	Task Team Leader		TVET	Technical & Vocational Education & Training
UNESCO	United Nation Education, Scientific and Cultural Organization		UNICEF	United Nations Children's Fund
UNICTRAL	United Nations Commission on International Trade Law		USAID	United States Agency for International Development
USD/US$	US Dollar		WB	World Bank
WDR	World Development Report		WEO	Woreda Education Office
WoFED	Woreda office of Finance and Economic Development		YL	Young Lives
ZEO	Zonal Education Office		ZoFED	Zonal office of Finance and Economic Development

Regional Vice President:	Makhtar Diop
Global Practice Vice President:	Keith Hansen
Country Director:	Carolyn Turk
Senior Global Practice Director:	Jaime Saavedra Chanduvi
Practice Manager:	Sajitha Bashir
Task Team Leaders:	Hiroshi Saeki, Girma Woldetsadik

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

GENERAL EDUCATION QUALITY IMPROVEMENT PROGRAM FOR EQUITY

Table of Contents

		Page
I.	**STRATEGIC CONTEXT**	**1**
	A. Country context	1
	B. Sectoral and Institutional Context	1
	C. Relationship to the CAS/CPS and Rationale for Use of Instrument	7
II.	**PROGRAM DESCRIPTION**	**8**
	A. Government program	8
	B. Program Development Objective/s (PDO) and Key Results	8
	C. PforR Program Scope	10
	D. Disbursement Linked Indicators and Verification Protocols	21
	E. Capacity Building and Institutional Strengthening	22
III.	**PROGRAM IMPLEMENTATION**	**23**
	A. Institutional and Implementation Arrangements	23
	B. Results Monitoring and Evaluation	24
	C. Disbursement arrangements	24
IV.	**ASSESSMENT SUMMARY**	**24**
	A. Technical	24
	B. Fiduciary	26
	C. Environmental and Social	28
	D. Grievance Redressal	30
	E. Risk Assessment	30
	F. Program Action Plan	31

ANNEXES

Annex 1: Detailed Program Description 37
Annex 2: Results Framework Matrix 55
Annex 3: Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols 76
Annex 4: Summary Technical Assessment 107
Annex 5: Summary Fiduciary Systems Assessment 119
Annex 6: Summary Environmental and Social Systems Assessment 140
Annex 7: Systematic Operations Risk Rating (SORT) 145
Annex 8: Program Action Plan 147
Annex 9: Implementation Support Plan 150
Annex 10: Investment Project Financing (IPF) based Technical Assistance (TA) 154
Annex 11: Map of Ethiopia 169

PAD DATA SHEET

Federal Democratic Republic of Ethiopia
General Education Quality Improvement Program for Equity

PROGRAM APPRAISAL DOCUMENT

AFRICA
Education Global Practice

Basic Information			
Date:	December 19, 2017	Sectors:	Early Childhood Education Public Administration – Education Primary Education Secondary Education
Country Director:	Carolyn Turk	Themes:	Education Gender
Practice Manager: Global Practice Vice President:	Sajitha Bashir Keith E. Hansen		
Program ID:	P163050		
Team Leaders:	Hiroshi Saeki, Girma Woldetsadik		
Program Implementation Period:	Start Date: 12/20/2017	End Date: 07/07/2022	
Expected Financing Effectiveness Date:	03/31/2018		
Expected Financing Closing Date:	01/07/2023		

Program Financing Data		
[ ] Loan [ ] Credit	[x] Grant	[ ] Other

For Loans/Credits/Others (US$, million):			
Total Program Cost:	2,200	Total World Bank Financing:	300
Total Cofinancing:	140	Financing Gap:	300

Financing Source (US$, million)	**Amount**

BORROWER/RECIPIENT	1,460
IBRD/IDA	300
UK: Department for International Development (DFID)	117
FINLAND: Ministry for Foreign Affairs	19
UN Children's Fund (UNICEF)	4
Financing Gap	300
Total	2,200

Borrower: Federal Ministry of Finance and Economic Cooperation (MoFEC)

Responsible Agency: Ministry of Education (MoE)

Contact:	Elias Girma Wakjira	Title:	Director, Planning and Resource Mobilization Directorate
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Expected Disbursements (in USD million)

Fiscal Year	2017	2018	2019	2020	2021
Annual	26	86	111	107	110
Cumulative	26	112	223	330	440

Program Development Objective(s)

The Program Development Objective (PDO) is to assist the Government of Ethiopia in improving internal efficiency, equitable access, and quality in general education.

Compliance

Policy

Does the program depart from the CAS in content or in other significant respects?	Yes [ ] No [X]
Does the program require any waivers of World Bank policies applicable to Program-for-Results operations?	Yes [ ] No [X]
Have these been approved by World Bank management?	Yes [ ] No [ ]
Is approval for any policy waiver sought from the Board?	Yes [ ] No [X]

Overall Risk Rating: Substantial

Legal Covenants

Name	Recurrent	Due Date	Frequency
Adoption of Program Operational Manual by MoE		Within one month after the Effective Date	Once

Description of Covenant
The Recipient, through MoE, shall:
(a) prepare (in consultation with Channel One Program Coordination Directorate) and furnish to the Association for its review, an Operations Manual setting out detailed institutional, administrative, financial, technical and operational guidelines and procedures for the implementation of the Program, the Project, Program Action Plan, and including: (i) detailed safeguards, financial management (including funds flow and budgeting) and procurement arrangements; and (ii) a monitoring and verification system for the Program; and
(b) within one (1) month after the Effective Date, adopt (through MoE) such Operations Manual as shall have been approved by the Association and thereafter, implement the Operation in accordance with the Operations Manual.

Name	Recurrent	Due Date	Frequency
Program and Project Reporting by MoE	Not later than two months after the end of each Ethiopia Fiscal Year (EFY) semester		Every EFY semester

Description of Covenant
The Recipient shall furnish to the Association each Program Report and Project Report not later than two (2) months after the end of each EFY semester, covering the EFY semester

Team Composition

World Bank Staff

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Marc Bonnenfant	Chief, Education and Youth Office	U.S. Agency for International Development (USAID)

I. STRATEGIC CONTEXT

A. Country Context

1. **Ethiopia is a large, landlocked, and diverse country with a population of over 99 million and more than 90 ethnic and linguistic groups.** Its population, with an annual growth rate of 2.5 percent, is expected to reach 130 million by 2025.[1] A large proportion of the geographical area of Ethiopia consists of drylands, which are prone to weather shocks on a regular basis. Climate change is expected to increase the severity and frequency of these shocks. In 2015/16, about 18 million people were estimated to be vulnerable to and affected by drought in Ethiopia.

2. **Strong economic growth over the past decade as evidenced by real Growth Domestic Product (GDP) growth rates averaging 10.9 percent annually (2004-2014), contributed to the reduction of extreme poverty in the country.** The recent El Niño drought slowed growth in 2015/16, to 8.5 percent, a rate that still places Ethiopia among the fastest-growing economies in the world. Despite these impressive gains, Ethiopia remains the 13th poorest country in the world.[2] Although urbanization is increasing as workers move from agriculture towards manufacturing and services jobs, more than 80 percent of the population continue to live in rural areas.

3. **Ethiopia has achieved impressive progress in social and human development that is important to sustain.** The poverty rate declined from 29.6 percent in 2010/11 to 23.5 percent in 2015/16. It is among the countries that have made the greatest progress toward achieving the Millennium Development Goals (MDGs): primary school enrollments quadrupled between 2000 and 2014; child mortality has been cut in half; and the number of people with access to clean water has more than doubled.

4. **To realize national aspirations for attaining lower middle-income country status by 2025, enhanced human capital will be needed to drive economic development.** In 2015, the Government launched its latest development strategy, the Second Growth and Transformation Plan (GTP II). A central objective of GTP II is to accelerate structural transformation through enhanced productivity and production in several key sectors including industry (particularly manufacturing), improve physical infrastructure and build human capital, the critical requirements for becoming a hub for light manufacturing. Yet, education attainment among the richest 60 percent population remains low at 2.8 years, and is even lower at 1.5 years for the poorest 40 percent.[3]

B. Sectoral and Institutional Context

5. **Efforts to put into place, the critical elements for improving students' learning outcomes began in 2009 through a comprehensive program to improve education quality.** This multi-donor supported program (General Education Quality Improvement Program, or GEQIP), aimed to improve the learning environment in schools, which is a key objective under the country's third and fourth Education Sector Development Program (ESDP). GEQIP[4] has been

[1] Student population aged between 7 and 18 is about 26.8 million (2015/16).

[2] As measured by GDP per capita, adjusted by purchasing power parity in current prices.

[3] Ethiopia Systematic Country Diagnostic (2016, World Bank)

[4] US$957 million will have been contributed between 2008 and 2018 by Development Partners to GEQIP (US$180 million IDA)

instrumental in improving the supply[5] and deployment of qualified teachers as well as providing teacher training, textbooks, learning materials and school grants (SG).[6] An inspection system was introduced under which almost all 35,000 schools in Ethiopia have been externally inspected and classified into four levels of performance.[7] GEQIP has resulted in enhanced quality of inputs and markedly improved student-input ratios.

6. **Learning outcomes have shown some improvement over the last ten years alongside progress made on education inputs and the learning environment under GEQIP.** The National Learning Assessment (NLA) conducted in 2015 shows positive results with respect to proficiency levels.[8] The number of students achieving basic proficiency or higher in all subjects between 2011 and 2015 has substantially increased for the two grades tested (Grades 4 and 8). While enrolment increased by 21 percent, the total number of students achieving basic proficiency or higher in all subjects increased from 505,000 to 792,000 (or by 57 percent). This result is especially commendable given the enrollment influx of students from lower socioeconomic status (SES) families who tend to have lower learning outcomes. At Grade 8, a noticeable improvement has been observed: the total number of students enrolled increased marginally while the total number of students achieving basic proficiency or higher increased by 120 percent.

7. **Ethiopia has made tremendous gains in increasing access to primary education.** The Ethiopian education system has expanded rapidly from 7.1 million learners in 2000 to 25 million in 2015 (see figure 1). By 2013, less than 13 percent of children had to walk more than 2 km to get to school, a dramatic reduction from 2000, when 75 percent of rural children had to walk more than 2 km.

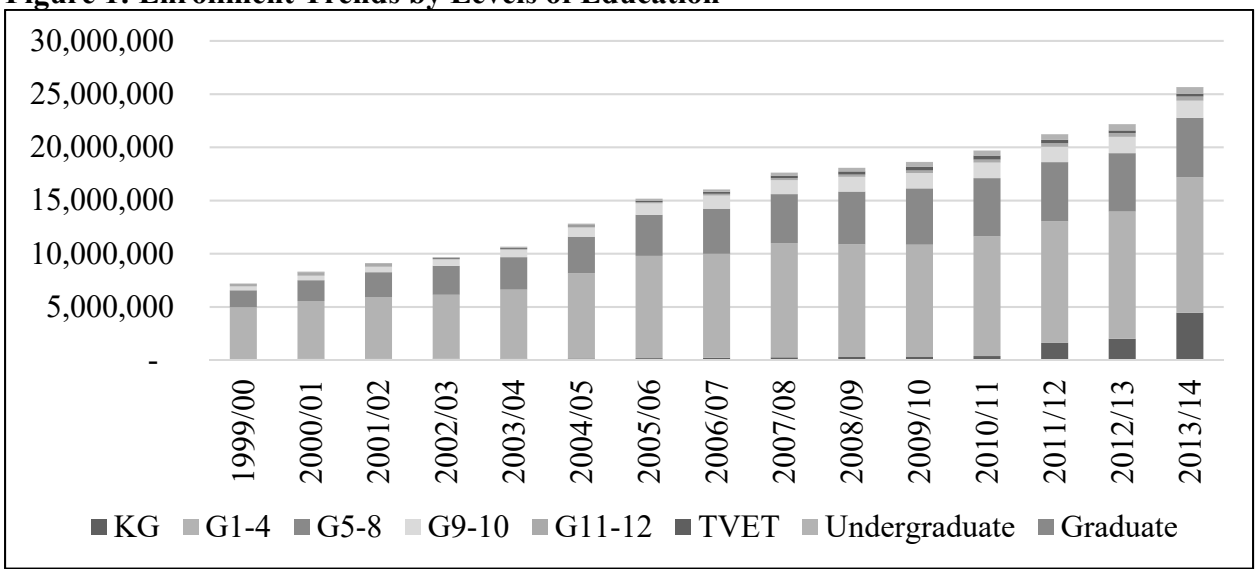
[5] By 2014/15, 75 percent of primary teachers and 91 percent of secondary teachers had met the nationally required standards for teaching.

[6] Under GEQIP II, about 120 million copies of teaching and learning materials have been procured or are under procurement; about 270,000 primary and secondary teachers have completed or are completing pre-service or in-service training.

[7] The inspection framework is based on 26 standards, of which 25 percent are input standards; 35 percent are process standards; and 40 percent are outcome standards. Based on a weighted score of these standards, schools are classified into 4 levels of performance. A weighted score of less than 50 percent is classified as Level 1, 50 percent to 69.99 percent is classified as Level 2, 70 percent to 89.99 percent is classified as Level 3 and 90 percent to 100 percent is classified as Level 4. Only Level 3 and Level 4 schools are considered to have met national standards.

[8] The NLA defines four proficiency levels, relative to subject and grade-specific learning goals: 1) Below Basic: Only a minimal understanding of the subject and lack of skills to solve simple problems appropriate at the grade level; 2) Basic: Partial understanding of the subject and skills to solve some simple problems appropriate at the grade level; 3). Proficient: Solid understanding of the subject and skills to solve a wide variety of problems appropriate at the grade level; and 4) Advanced: Comprehensive and in-depth understanding of the subject and skills to provide sophisticated solutions to complex question.

Figure 1: Enrollment Trends by Levels of Education



Source: Education Statistics Annual Abstract, various years

8. **Despite these achievements, internal inefficiency; inequity; and poor education quality persist as challenges in the sector.** Cutting across these challenges is the urgent need to strengthen systems that impact on efforts to raise internal efficiency, equity, and quality. These include, notably, the systems for: (i) data collection and analysis on school and student performance; (ii) teacher preparation; and (iii) emergency response to reduce the adverse impacts of drought, famine, and other disasters on school attendance.

9. **First, internal inefficiency remains a major bottleneck in the system, causing high wastage of human capital.** Although Ethiopia has made impressive enrollment gains in primary education, completion rates at the primary level have been stagnant at 50 percent for a decade.[9]

10. The low internal efficiency stems partly from irregular attendance through the school year and from the fact that many students do not enter the system at the official enrollment age. Among the 5.2 million Grade 1 enrollees in 2015/16, only 66.7 percent entered at the official entry age of 7. The unusually high Gross Intake Ratio (GIR)[10] in Grade 1, which has remained at about 150 percent for over a decade, indicates that a large proportion of over and under-age children are entering Grade 1.[11] Review of international education system databases suggests that the persistence of high GIR in many Sub-Saharan African countries raises the possibility that these children are not all new entrants because they include children who re-enter Grade 1 and are labeled as 'new entrants' when they should in fact be counted as repeaters.[12] As a consequence, dropout is overestimated and repetition is underestimated. This has also meant that the Government's response needs to target the real issue of repetition in grade 1 which is likely due to

[9] Source: Education Statistics Annual Abstract 2008 Ethiopian Calendar (2015/16).
[10] GIR is the total number of new entrants in first grade of primary education, regardless of age, expressed as a percentage of the population at the official primary school-entrance age.
[11] Under-age (1.8 percent) or over-age (31.9 percent) enrollment for the Grade 1.
[12] Bashir, S. M. Lockheed, E. Ninan and J.P. Tan 2017. Forthcoming. Facing Forward: Schooling with Learning in Africa. Washington D.C: World Bank.

the lack of a conducive learning environment resulting from large class sizes, inadequate resources and lack of proper monitoring and response at the school level to promote regular attendance.

11. **Second, equity remains a concern, particularly for girls, students with special needs, and children from pastoralist communities.** While gender ratios in primary and secondary education have improved at the national level, Afar, Ethiopia Somali and Benishangul-Gumuz lag significantly behind other regions.[13] Within these regions, the issue of girls dropping out is most acute at the upper primary level (Grades 5-8), around the time they reach puberty. This can be partly explained by the gender norms in these three regions, especially in relation to early marriage, and social roles. The median age of first marriage was 15.9 in Benishangul Gumuz, 16.8 in Afar and 17.6 in Ethiopia Somali. Fertility rates are high and rising in Afar and Ethiopia Somali. Ethiopia Somali has the highest rate at 6.4 births per woman in Ethiopia compared to 1.7 in Addis Ababa.[14] Another practice that negatively impact girls is female genital mutilation. Fifty-nine percent of girls in Afar, 32 percent in Ethiopia Somali and 24 percent in Benishangul-Gumuz are circumcised by age 15.

12. Significant effort is needed to address socio cultural gender practices; and this requires interventions through various channels. The Ethiopia Health Sustainable Development Goals Program supported by the World Bank and the Global Financing Facility (GFF) have a strong focus on adolescent girls including reproductive health, family planning and school health. Education of girls, however, is one of the most effective channels to empower girls for social change. Further efforts are required to make schools more accessible and safe for female students, including by constructing separate latrines for girls, hiring female teachers, and development and delivery of life skills training, counseling and adolescent girls empowerment program together with community involvement and participation to break down cultural barriers to sending girls to upper primary schools.

13. Many children with special needs are not fully integrated in the system. According to the Education Statistics Annual Abstract (ESAA) only 8.1 percent of children with special needs were enrolled in primary schools, and 1.5 percent in secondary education in 2015/16.[15] Challenges in supporting children with special need education in mainstream schools include lack of awareness and capacity to implement special needs education activities, and lack of educational resources for children with special needs. As such, access of special needs children to schooling is constrained. Considering this, the ESDP V underlines the importance of increasing the provision of inclusive education in mainstream schools, including in the one-year school readiness program aimed at 6-year-olds and delivered in primary school compounds (O-Class).

14. Education services in pastoralist areas are limited. The estimated 12 million pastoralists derive most of their food source and income from raising livestock, a livelihood necessitating seasonal migration. This nomadic lifestyle creates a unique challenge for providing education to

[13] Girls to Boys ratios in primary education (grades 1-8) in Afar, Ethiopia Somali and Benishangul-Gumuz are low at 81 percent, 74 percent and 81 percent, significantly lower than the national average of 89 percent. (EMIS 2015/16) The three regions show similar trends in secondary education (grades 8-12), 54 percent in Afar, 48 percent in Ethiopia Somali, and 79 percent in Benishangul-Gumuz whereas the national average is 90 percent.

[14] Child Marriage and Female Circumcision (FGM/C): Evidence from Ethiopia. Young Lives Brief 21. July 2014.

[15] At present, 243,155 children with special educational needs are enrolled in schools from Grades 1 to 12

children in pastoralist communities. Alternative schooling modalities in response to this challenge have had limited success thus far, and many children remain out of school, particularly during the dry season.[16] Furthermore, the difficulty of delivering services is compounded by shortages of teaching and learning materials as well as of qualified staff, the low capacity of school leaders and supervisors, and poor to non-existent learning environments.

15. Children from poor backgrounds make slower progress through school and are more likely to drop out without completing schooling. For instance, the average Net Enrollment Rate (NER) in Grades 5-8 for the bottom 20 percent of woredas (administrative districts) is 40 percentage points lower than the national average, while the average Grade 8 completion rate in the bottom 20 percent of woredas is 36 percentage points lower than the national average. The overwhelming majority of these lagging woredas are found in the emerging regions such as Afar and Ethiopia Somali and in the periphery of Oromia and Southern Nations, Nationalities, and Peoples' (SNNP) regions.

16. **Third, while there has been progress on improving student learning outcomes, the Government will need to do more to raise proficiency levels that are still very low in general education.** In 2015, between a third and over a half of Grades 4 and 8 students scored at the "Below Basic" proficiency level for all subjects, except for Grade 8 English. About 44 percent of Grade 4 students tested nationally were at below the basic level in reading. NLA data also showed that the proportion of students performing at advanced levels is very low, in most cases below 10 percent in Grades 4 and 8 for both English and Mathematics.[17] Learning levels of Ethiopian students are low relative to international norms set by the Trends in International Mathematics and Science Study (TIMMS). At the age of 12, about half of the children in Ethiopia fail to reach the low achievement benchmark for children aged 10 years. [18]

17. **Poor teacher quality is a major contributor to low student performance.** While Ethiopia has made significant investments in teachers' development, and achieved remarkable results in regard to increasing the number of qualified teachers at schools, the quality at entry of teachers remains low, as evidenced by the results of teacher licensing exams.[19] Out of the 140,435 primary school teachers who took the written exam between 2012/13 and 2015/16, only 22 percent passed the threshold of the licensing exams. [20] A number of factors have led to the low quality at the entry of the teaching force. These include the existence of teacher training programs that neither address the content knowledge gaps of trainees nor impart the necessary pedagogical skills, and the admission of low quality candidates (underperformers in their peer group) to diploma and degree teacher-training programs.

[16] Education of the pastoralist children might benefit from adaptation of the academic year in pastoralist woredas to these seasonal cycles; and the relevant approach is now piloted by the Government in selected pastoralist woredas.
[17] While NLA data show improvements in proficiency levels, the assessments tend to give greater weight to lower level cognitive skills (such as knowing specific math content) compared to higher level cognitive skills such as reasoning, evaluating and synthesizing.
[18] Singh, A, Emergence and evolution of learning gaps across countries: Linked panel evidence from Ethiopia, India, Peru and Vietnam, University of Oxford, August 8, 2014
[19] Between 2009/10 and 2013/14, the percent of qualified teachers increased from 15.5 percent to 54.7 percent in Grades 1-4, while for Grades 5-8, the percent of qualified teachers increased from 77.8 percent to 91.7 percent. GEQIP II has contributed to this progress by supporting the training of over 270,000 teachers through pre-service and in-service upgrading programs.
[20] 62.5 percent is identified by the Licensing and Relicensing Directorate as the passing threshold for the written part of the licensing exam.

18. Once teachers are assigned to schools, their teaching practices do not favor effective learning. Although teacher presence in Ethiopia compares favorably with other countries in the region, teaching practices are not optimal. [21] Despite teacher content knowledge in Ethiopia being better than other countries in the region and there being no large differences between rural and urban teachers, the Service Delivery Indicator (SDI) survey found serious deficiencies in pedagogical knowledge. In addition, teachers' use of continuous classroom assessment (CCA) to identify learning gaps and address them is not well developed.[22] Efforts to address these problems also have been impeded by the lack of an effective system for providing on-site support to teachers. While there are in-service Continuous Professional Development (CPD) programs for teachers, they lack a well-designed support, feedback, and monitoring mechanism to help teachers strengthen pedagogical skills and improve teaching practices.

19. **Another contributing factor to low student learning outcomes is the quality of the learning environment**. School inspections conducted between 2013/14 and 2015/16 found that about 90 percent of primary schools and 83 percent of secondary schools did not meet national standards.[23] About 26 percent of primary schools and 16 percent of secondary schools are rated at the lowest level, and almost two-thirds of both primary and secondary schools, at the second-to-lowest level. These findings point to the fact that most schools in the country are failing to provide an adequate learning environment for students. Funding in the form of school grants for implementing the school improvement plan (SIP) aimed at improving learning conditions were introduced under GEQIP but often do not reach schools on time. Moreover, the quality of the SIP plans is low, given that they are not evidence and results based, nor aligned with national inspection standards. Textbooks, a key input for learning although procured more cost efficiently and in adequate numbers with support from GEQIP II, are still not available at the start of the school year for use by a large number of students.[24]

20. **Deficient or inadequate systems for data collection and analysis, teacher preparation and emergency response to disasters, have constrained the achievement of internal efficiency, equity, and quality improvement objectives.** Although several systems – the Education Management Information System (EMIS), school inspection, teacher licensing, and learning assessment - are in place to collect specific data at the school and student levels, there are persisting problems of fragmented data management processes, weak collaboration among directorates at the national and regional levels, and limited capacity to analyze data. These problems, together with concerns about the quality and timeliness of data, have hampered the utilization of information for planning and decision-making purposes. The preservice teacher training system suffers from the weaknesses described in paragraph 17; strengthening of this system through reform of diploma and degree level programs will be critical for improving the quality of new entrants to the teaching force.

21. **Finally, the education sector does not have a strategy and an actionable plan to respond to emergencies.** Twenty-seven million people in Ethiopia are vulnerable to absolute

[21] The 2014 Service Delivery Indicators survey found that teacher absence in Ethiopia was around 12 percent, significantly lower than in Tanzania, Uganda, Senegal and Kenya.
[22] World Bank (2016). Systems Approach for Better Education Results (SABER) – Student Assessment, Ethiopia report.
[23] School Inspection Report Findings (2013/14-2015/16).
[24] The GEQIP I Comprehensive Evaluation, 2013 shows that textbooks were available at 58 percent of schools.

poverty and food insecurity. In times of drought and famine, children may not be able to attend school or concentrate due to hunger, lack of water or illness induced by malnutrition. Children may also be withdrawn from school to help collect water, fuel, or food, and the practice of early marriage may increase due to the coping behavior of poor households. Although the country has been faced with frequent disasters, a systematic response to provide funding and services to affected areas to ensure that children will not be out of school for extended periods leading to dropout or extremely low levels of learning has not yet been established. The response is still highly dependent on efforts of humanitarian agencies.

22. **To address the substantial remaining challenges in the education sector, the Government will need to shift from an input based approach to a focus on results – student learning outcomes.** Over the last decade, GEQIP has contributed significantly to improved provision of education inputs and setting up strong systems, most notably, school inspection, that provide a solid platform for accelerating improvements in sector outcomes. What is needed now is incentives to service providers and key actors to utilize available educational inputs effectively to produce learning. To support the Government in making this critical shift, development partners (DPs) will adopt results based financing in a proposed Program for Results (PforR).

C. Relationship to the CPF and Rationale for Use of Instrument

23. The proposed PforR will support the Government's flagship education sector development program, the ESDP V and its follow on (ESDP VI) for improving the general education system. It is aligned with the World Bank Group's Country Partnership Framework (CPF)[25] for Ethiopia FY 2017-2021. The CPF aims to build resilience and inclusiveness (Focus Area 2). One of the objectives under Focus Area 2 is to improve basic education learning outcomes. It identifies the main constraints - internal inefficiency (e.g., high dropout rates during the first four years of schooling), inequity (particularly gender and regional disparities), and poor quality (low learning outcomes) - to achieving sustainable results in the sector. The PforR will address these constraints by supporting the relevant government interventions, the impact of which will be monitored through indicators that are aligned with the CPF. The expectation is that the PforR will contribute significantly to the achievement of the sector goals in the CPF together with other complementary investments.[26]

24. The PforR is also well-aligned with the World Bank's Education 2020 strategy in that it contributes to all three of its pillars: "investing early", "investing smartly" and "investing for all". Specifically, a strong focus will be on improving learning conditions in pre-primary and early grades (investing early), providing financial incentives for increasing grade promotion and completion rates (investing smartly), and addressing issues related to gender, special needs, and geographical disparities (investing for all). Additionally, by addressing one of the binding constraints for Ethiopia's progress on ending extreme poverty and promoting shared prosperity, which is the low level of human development, the PforR operation is aligned with the World

[25] World Bank (2017). World Bank Group Country Partnership Framework

[26] Enhancing Shared Prosperity through Equitable Services Program (USD 600 million) on increasing qualified teachers and improving regional disparities in access, Pastoral Community Development Project III (USD 110 million) on improving access in pastoral communities, Water Supply, Sanitation and Hygiene Project (USD 205 million) on improving access to water, sanitation, and hygiene at school (that are important for improving access to schools especially for female students), Productive Safety Nets Project (USD 600 million) on improved access to education and Health Sustainable Development Goals PforR on adolescent girls, school health and school feeding (USD 310 million).

Bank's strategic focus for the Africa Region (high quality human capital) and the Ethiopia Systematic Country Diagnostics (SCD) "Priorities for ending extreme poverty and promoting shared prosperity" (World Bank, 2016).

25. The shift in financing modality from investment project financing (IPF) (used under the earlier GEQIP projects), to results based financing under the PforR approach, is warranted for three reasons. First, this modality will incentivize school leaders, administrators, and teachers to work together to affect learning in the classroom. Second, national and sub-national agencies will be committed towards the achievement of a common set of results, given that funding is tied to these results. Third, financial incentives can help Government leverage more impact from some of its policies. For example, modifying the current school grant formula to reward schools for meeting retention and completion goals may help reduce the high dropout rates in primary.

26. To build sufficient capacity for the Government to implement a results-based operation and mitigate several of the identified implementation risks, it is proposed that an IPF-based technical assistance (TA) component be associated with the PforR. The TA component will support strengthening of systems to provide reliable data on sector outcomes, respond to emergencies and generate evidence on efficacy of the interventions supported by the PforR component.

II. PROGRAM DESCRIPTION

A. Government program

27. GEQIP-E proposes to support phases V and VI of the Government of Ethiopia's Education Sector Development Program (ESDP) which serves as the framework for educational development in Ethiopia in line with the GTP II[27]. ESDP V (2015/16-2019/20) identifies six priority programs from which its goals are derived. These are: capacity development for improved management; general education quality;[28] general education access, equity, and internal efficiency; adult and non-formal education (ANFE); technical and vocational education and training (TVET); and higher education. Priority programs are further disaggregated by component and activity with specific targets. Additionally, it sets out seven issues that cut across the six priority programs: gender; special needs, and inclusive education; HIV/AIDS; education in emergencies; school health and nutrition; drug and substance abuse prevention; water, sanitation, and hygiene. Development of the successor program, ESDP VI, is expected to begin in December, 2017 and continue to focus on the same themes given the large unfinished agenda. Approval of ESDP VI is expected by August 2019.

B. Program Development Objective (PDO) and Key Results

28. The Program Development Objective (PDO) for the PforR operation is to assist the Government of Ethiopia in improving internal efficiency, equitable access, and quality in general education.

[27] GTP is a national five-year strategic plan designed by the Ethiopian Government. It is an overarching policy framework aiming to develop the country's economy and improve socioeconomic status of the country.
[28] General education includes pre-primary (age 6), primary education (Grades 1-8) and secondary education (Grades 9-12).

29. The main results areas of the operation are:

I. Improving internal efficiency
II. Improving equitable access
III. Improving quality
IV. System strengthening for planning, policy formulation and reform.

30. Progress toward achievement of the PDO will be measured through the following Key Performance Indicators (KPIs).

KPI 1: Improvement in Grade 2 to Grade 1 enrolment ratio (disaggregated by gender)
KPI 2: Improvement in Grade 5 survival rate (disaggregated by gender)
KPI 3: Improvement in girls-boys' ratio in Grade 8 in Afar, Ethiopia Somali, and Benishangul-Gumuz
KPI 4: Improvement in Gross Enrollment Ratio of Grades 1-8 in Afar, Ethiopia Somali, and Benishangul-Gumuz (disaggregated by gender)
KPI 5: Improvement in Grade 2 learning outcomes in Mother Tongue Reading in Phase I schools (disaggregated by gender)
KPI 6: Improvement in Grade 8 learning outcomes in English and Mathematics in Phase I schools (disaggregated by gender)

31. The Program will provide benefits at three levels: Most interventions including school grants, performance-based awards, textbook delivery and support for students with disabilities will be provided nationally with all 27 million students and 520,000 teachers in 35,000 public primary and secondary schools in Ethiopia benefiting from the Program. Second, given that inequities mainly exist in the emerging regions of the country, interventions under the Equitable Access results area will be monitored and evaluated in Afar, Ethiopia Somali and Benishangul-Gumuz. Third, Program interventions geared to improving quality are proposed to be rolled out in a phased manner[29], with a subset of randomly selected, nationally representative woredas receiving the interventions in Year 1 with gradual scale up to cover 50 percent of schools by the end of the operation. Given that only schools in Phase I will receive the intervention for a meaningful period of time, outcomes related to learning improvements are proposed to be measured for this subset and can provide confidence that similar results can be expected in the Phase II and III schools that will receive the same or improved interventions. A phased approach is proposed to mitigate the risk of low quality of implementation in a capacity constrained environment[30], especially for the elements that are introducing massive shifts in behavior at lower levels of education delivery. The phasing will also provide an opportunity to incorporate lessons for improved implementation quality at a national scale.

32. A detailed Results Framework (RF) is included in Annex 2.

[29] Phase I covers all schools and clusters in 5 percent of randomly selected, nationally representative woredas (approximately 2,000 schools). Phase II covers all schools and clusters in 25 percent (cumulative) of woredas (approximately 9,000 schools) and Phase III covers all schools and clusters in 50 percent (cumulative) of woredas (approximately 18,000 schools).

[30] The World Development Report (WDR) 2018 suggests that in settings where teachers have limited skills and government has financial constraints, training associated with specific pedagogical technique, it is better to deliver such training in stages rather than ineffective training to all in the short run

C. PforR Program Scope

33. The Program will focus on selected subprograms/activities in the first three of the government Program's six priority programs, covering pre-primary, primary and secondary education (Grades 0-12). These are: capacity development for improved management; general education quality; and general education access, equity, and internal efficiency. ESDP priority programs for ANFE, TVET, and higher education are receiving support from other DPs and are thus excluded from GEQIP-E which will focus on the general education subsector.[31] Kindergarten (ages 4 to 6) is also excluded because the government would like to leverage private sector contributions in this area. Continuing to support the three priority sub-sectors (pre-primary, primary, and secondary education sectors), GEQIP-E is expected to build on lessons learned from GEQIP I and II and make transformational changes in the sub-sectors with more focus on results through PforR.

34. Within the selected ESDP priority programs, there are several areas that are not included within the Program boundaries (See Annex 1). Under the "*Capacity development for improved management*", the subprograms for development of new structures and systems are excluded because the Program will place emphasis instead, on the strengthening of existing government structures and systems, a results area 4 that is central to achieving the PDO. Those excluded are organizational structure (1.1.1), job specification and operational handbook (1.3.1), and profiles and recruitment (1.4.1). These are MoE's management issues that do not need support from DPs. Professional development (1.4.2) and improving resources and conditions of work (1.5) are supported under the IPF-TA as part of capacity building.

35. In respect of the ESDP's *"Improve quality of general education"* priority program, all interventions except Information and Communication Technology (ICT) are included in the Program. The rationale for excluding ICT is that the associated IPF-based TA will be used to build the capacity for utilizing ICT investments made through the ongoing GEQIP II effectively to contribute to the Results Area 4 of the Program.

36. Lastly, under the *"Improve access, equity, and internal efficiency in general education"* priority program, the Program will not include expansion of access to secondary education because prior work is required on school mapping to identify optimal areas for secondary school construction. Without this prior work, the Program may not be able to support meaningful results under the PforR.

37. The Program will address several of the Government program's cross-cutting issues (gender, special needs and inclusive education, education in emergencies) through support for gender, special needs and inclusive education, and education in emergencies. In respect of support for education in emergencies, the IPF-based TA component associated with the Program will include a contingency emergency response subcomponent that can be activated when disasters happen. Refugee issues, which also fall under education in emergencies, are likely to be addressed

[31] ANFE is supported by NGOs while TVET sector receives assistance from GIZ. The World Bank provides support to TVET and higher education sectors through regional programs, i.e., East Africa Skills for Transformation and Regional Integration Project and Eastern and Southern Africa Higher Education Centers of Excellence Project .

by additional financing and other donor contributions that are channeled through IDA's Refugee Window. Other cross-cutting issues, which require more inter-sectoral approaches with health, nutrition, and social protection sectors, are excluded from the Program boundaries, given that they are supported through other World Bank-financed projects including *Water Supply, Sanitation and Hygiene Project*, *Enhancing Shared Prosperity through Equitable Services* (*ESPES), Health Sustainable Development Goals (SDG) Program and Pastoralist Community Development Program III (PCDP III)* that cover a variety of issues in the health and education sectors.

38. Within the selected programs and cross-cutting issues, and with improved student learning as the core objective, the Program will focus on four main results areas, namely: (1) improving internal efficiency; (2) improving equitable access; (3) improving quality; and (4) system strengthening for improved planning, policy formulation, and reform.

Results Area 1: Improved Internal Efficiency (Subprogram 3.2 of ESDP V)

39. This results area will focus on addressing the chronic issue of over-enrollment in Grade 1 and promoting progression of children through the early grades for improved internal efficiency of the education system. To improve student progression in the early grades, concerted effort will be made to: (i) improve school readiness of grade one entrants so that they will be able to progress to the next grade; and (ii) get children enrolled on time and once they are enrolled, ensure regular attendance throughout the year.

40. High quality pre-primary education is evidenced by international evaluation research as a powerful tool for improving student retention and progression. In the Ethiopian context, rigorous evaluations[32] provide strong evidence of the positive effects of pre-school on cognitive outcomes at age 5 and 8 and on secondary education completion. The studies show that preschoolers are 25.7 percent more likely to complete secondary education at the proper age than their non-preschool counterparts. Regional evidence corroborates this finding. Evaluation of a pilot in Uganda shows that exposure to pre-primary schooling reduced the risk of repetition by approximately 50 percent.[33] South Africa, which was able to realize rapid efficiency gains by focusing on pre-primary education, outreach to parents on on-time enrolment, and monitoring of student progression in the early grades stands out as a model to address the main issues facing Ethiopia.

41. Based on international and Ethiopia specific evidence, the PforR operation will prioritize support for: (i) enhancement in the quality of O-Class provision; and (ii) provision of incentives for school based monitoring of student progression through the primary grades, and outreach to parents to encourage them to enroll their seven-year-old children on-time in Grade 1. Outcomes in this results area will also benefit from interventions under the results area 3 which will focus on improving the quality of teaching practice and improved learning environments, both of which are important factors for student progression and retention.

[32] Woldehanna, T., and Araya, M. (2017). Early investment in preschool and completion of secondary education in Ethiopia: Lessons from Young Lives (YL), YL working paper 168. Woldehanna, T. (2011). The effects of early childhood education attendance on cognitive development: evidence from urban Ethiopia', Ethiopian Journal of Economics 20 (1): 113-164.

[33] Brunette, T., et al. (2017). Repetition of primary 1 and pre-primary education in Uganda. Working Paper no. 2017-02. RTI International.

42. Progress in this results area will be tracked through two indicators: (i) Grade 2 to Grade 1 enrolment ratio[34] and: (ii) Grade 5 survival rate.[35]

1.1 Quality Enhancement and Assurance Program for O-Class in Pre-primary Education

43. The Government program emphasizes the importance of pre-primary education to achieve its core objectives of reducing dropout and repetition in Grade 1 through better readiness for school. The Government is committed to providing pre-primary education to 80 percent of children by 2020 through a mix of modalities, including O-Class[36]. The growth of O-Class has also increased access in ways that strengthen equity, as it is now available in many previously underserved remote, rural, and poor areas.

44. Although O-Class provision continues to expand rapidly, there are concerns with respect to the quality of provision. The Government's focus is gradually shifting to improving quality. A set of instructional supports, including an in-service training package for O-Class teachers and a curriculum package with the minimum teaching and learning materials (TLM), has been developed and is under implementation in two emerging regions. The development of these materials is supported by the Ethiopia Education Results Based Financing Project (P163608) financed by the Global Partnership for Education (GPE). GEQIP II also provides school grants for O-Class, which is equivalent to per capita grants for primary grades.

45. The PforR operation proposes to build on these efforts by introducing a comprehensive Quality Enhancement and Assurance Program (QEAP) for O-Class comprising two key components - Quality Enhancement (QE) and Quality Assurance (QA). The QE component, which aims to improve pedagogical practices in the classroom, includes teacher preparation and professional development, curriculum and TLM for O-Class, and training for management and supervision. The QA component, which aims to create a quality assurance mechanism, entails the establishment of national standards, school inspection for O-Class, and quality EMIS data collection for pre-primary. Overall, QEAP will provide a comprehensive package of interventions to systemically improve the quality of O-Class provision under a coherent framework of support. The QEAP will be implemented in about 2,000 schools initially (Phase I) and subsequently rolled out over the next two years to reach 50 percent of all schools.

46. By linking financing to tangible improvements in the quality of O-Class provision, GEQIP-E will incentivize effective implementation and institutionalization of the QEAP. This approach provides the incentive for improved coordination between the Directorates of the MoE working on O-Class quality improvement, without which meaningful results at the classroom level cannot be achieved. Improvements at the classroom level are expected to result in the upgrading of at least 50 percent of O-Classes from the lowest quality level (L1) to the next level (L2) based on the

[34] As a proxy of promotion from Grade 1 to Grade 2, the ratio of Grade 2 enrolment (current school year) to Grade 1 enrolment (previous school year) will be used as an KPI I. Compared to the dropout rates, the 'Grade 2 to Grade 1 enrollment ratio' is i) a readily available indicator without technical delays in data collection and ii) more holistic indicator that can capture dropout, repetition, and readmission by estimating those who are lost in transition between Grade 1 and Grade 2.

[35] Grade 5 survival rate is defined as a percentage of a cohort of students enrolled in Grade 1 who reached Grade 5 in primary education.

[36] O-Class is a one-year reception class (nine-month program) based in government primary schools for children aged 6 years, before formal schooling starts at age 7 (Britto et al., 2012, MoE, 2015).

newly established national inspection standards. Given the extremely low quality of O-Classes at the outset, an upgrade from L1 to L2 is considered a good start in moving to the next level, which is fully satisfactory (L3) O-Classes.

1.2 School-based monitoring and incentives to track on-time enrollment of Grade 1 entrants and uninterrupted progression

47. In alignment with the Government's efforts to reduce dropout and absenteeism in primary and secondary schools through local action[37], the PforR operation will support school-based monitoring of student attendance, and incentives for schools to improve performance on two specific internal efficiency indicators. These are: (i) the ratio of Grade 2 enrolment to Grade 1 enrolment[38] (KPI 1); and (ii) increase in survival rates to Grade 5 (KPI 2).

48. The first thrust, which is, establishment of a school-based monitoring system will entail targeted communications to raise awareness of the issues related to grade repetition and readmission, absenteeism, and dropout. The results of monitoring activities at the school, woreda, and regional levels will be captured in school report cards that will be publicly disseminated. The second thrust will be to provide annual awards to the top 10 percent of primary schools nationwide ranked in accordance with a formula that calculates year-to-year improvements in the two abovementioned indicators. To ensure that awards are viewed credibly, GEQIP-E financing will be linked to the percentage of awards that are transferred on time to schools. Implementation progress of school-based monitoring, and incentives for internal efficiency improvements at the school level, will be verified by a third party before disbursements against achievement are made.

Results Area 2: Improved Equitable Access (Subprograms 3.1, 3.2 and 3.4 of ESDP V)

49. This results area focuses on promoting equitable access to general education in Ethiopia with the aim to: (i) improve gender parity in Afar, Ethiopia Somali, and Benishangul-Gumuz at Grade 8 (KPI 3); (ii) improve Gross Enrollment Ratio of grades 1-8 in Afar, Ethiopia Somali, and Benishangul-Gumuz (KPI 4) to support pastoral students and students in emerging regions; and (iii) improve school participation of children with special needs (IRI 4.3). The Program will support government initiatives that target these three disadvantaged groups and are backed by strong evidence of efficacy. It is also designed to complement the ongoing efforts to address inequity in education with support from the World Bank and other DPs, including (i) ESPES supported by the World Bank is addressing demand side constraints by piloting school feeding, child grants for schooling or conditional cash transfers targeted at the bottom 20 percent of woredas; (ii) The Pastoral Community Development Program III (PCDP III) is constructing 700 schools to increase access to schooling for pastoralist communities; and (iii) the Health Sustainable Development Goals PforR is focusing on adolescent health and school feeding.

2.1 Improved gender equality in upper primary education

50. Ethiopia has improved overall gender parity in general education in the last decade. The gender parity index (GPI) at the primary level improved from 0.67 in 1999/2000 to 0.91 in 2015/16. The improvements, however, have not been even. There are large disparities in access in the three emerging regions[39] that will need to be addressed to achieve the gender parity targets set

[37] Guidelines for Performance-Based Incentive System, SIP Directorate, MoE Ethiopia.
[38] G2/G3 ratio will be monitored to ensure that children are not stagnating in Grade 2.
[39] Afar, Ethiopia Somali and Benishangul-Gumuz

by the government. Within the schooling cycle, gender differences in dropout rate are the highest at the upper primary level (grades 5-8). While 13 percent of boys drop out at Grade 8, it is 17 percent for girls. Only 19 percent of 14-year-old girls in the Afar region reach Grade 8 compared to 27 percent of boys and a national average of 51 percent of girls. Similarly, only 21 percent of girls in the Ethiopia Somali region reach grade 8 compared to 26 percent of boys. For Benishangul-Gumuz, while 58 percent of boys reach grade 8, only 43 percent of girls do.[40]

51. Girls' access to education is predominantly constrained by lack of time and interest, early marriage and demand for girls' labor at home (LSMS 2015/2016)[41]. In addition, exposure to gender based violence in schools reduces girls' class participation, lowers their school performance, and increases their grade repetition and dropout rates. Supply side issues also pose huge challenges. In 2015, only 37 percent of primary schools had separate latrines for girls, which is a significant constraint to girls continuing their education when they reach puberty.

52. In response to the issues highlighted above, the PforR will support the following key interventions to improve gender parity in the three emerging regions with a focus on grades 5-8: (i) empowerment of girls in upper primary grades through girls' clubs; (ii) development and implementation of a life skills training manual[42] for upper primary; and (iii) gender-sensitive school improvement planning. Girls' clubs are intended to create safe spaces for girls and revive their interest in continuing education. They will also be a means to engage boys to help change behaviors and prevent violence against girls. Life skills courses will cover topics related to sexual reproductive health, menstruation, pregnancy, family planning, gender-based violence, conflict resolution and leadership. School improvement planning will focus on ensuring gender analysis and explicit targets and actions for enhancing girls' participation, retention, and learning including provision of adequate facilities such as separate latrines that are largely supported by the WASH program.[43] These interventions have been selected based on solid evidence of their impact in Ethiopia and other African countries.[44] Further, demand-side constraints to girls' education are being addressed by complementary interventions under (i) ESPES, which includes a disbursement linked indicator on girls' completion rates in grade 8 in the 20 worst performing woredas; (ii) the Promoting Basic Services Phase III Project which tracks and assesses discrepancies in the gender party index (Grades 5-8) between the different regions and woredas with a view to identifying possible interventions to address these discrepancies; and (iii) the GPE-financed Education Results Based Financing Project which aims to increase the share of female school principals to promote girls' retention.

[40] Education Statistics Annual Abstract 2014/15.
[41] The benefits from ending child marriage in Ethiopia could reach UD$5.1 billion by 2030. These losses for the most part are related to the fact that child marriage curtails the educational attainment and future earnings of many girls who marry early. Source: Wodon, Quentin T. 2017. Economic Impacts of Child Marriage in Ethiopia: Synthesis Report. Washington, D.C.: World Bank.
[42] This manual will be used by teachers, girls and boys to inform behavior (e.g. zero tolerance for violence against girls) and empower girls.
[43] Water Supply, Sanitation and Hygiene Project financed by the World Bank (US$233 million). Water, sanitation, and hygiene facilities are constructed/rehabilitated in schools and health facilities.
[44] (i) Wodon, Quentin T. 2017. Economic Impacts of Child Marriage in Ethiopia: Synthesis Report. Washington, D.C.: World Bank Group; (ii) Erulkar A, Medhin G. 2014. Evaluation of Health and Education Impacts of a Girls' Safe Spaces Program in Addis Ababa, Ethiopia, Addis Ababa: Population Council. (iii) Ashraf, Nava et al. 2017. "Negotiating a Better Future: How Interpersonal Skills Facilitate Inter-Generational Investment." AEA RCT Registry. May 25 (impact evaluation on Zambia); (iv) Vigneri M., Lombardini, S. 2017. Women's Empowerment in Mali: Impact evaluation of the educational project: 'Girls CAN – Promoting Secondary Education in West Africa'. Oxfam. GB; (v) Malhotra, A., A. Warner, A. McGonagle, S. Lee-Rife. 2011. Solutions to End Child Marriage What the Evidence Shows. Washington, DC: International Center for Research on Women.

2.2 Increased participation in schooling in pastoralist woredas and emerging regions

53. The PforR operation will build on synergies with the IDA financed Pastoral Community Development Program III (PCDP III) to improve participation in general education of children residing in pastoralist woredas. PCDP III is financing the construction of over 700 schools through a community demand-driven approach. The proposed PforR operation will support these new PCDP III schools by: (i) providing teaching and learning materials; (ii) training facilitators from the local pastoralist communities including on provision of pedagogical support such as lessons planning; and (iii) building management capacity at schools by training principals and cluster supervisors. This package of support to the newly constructed schools serving pastoralist communities will help ensure that students receive a conducive learning environment which in turn is expected to improve their retention in school.

54. In addition, the PforR operation will incentivize timely provision of supplementary grants (3 - 5 percent top-up) to schools in emerging regions in addition to the basic grants they are entitled to on a per capita basis. Timely delivery of school grants is one of the most critical constraints faced by schools in the emerging regions. Of the 40 percent of schools that do not receive their school grants on time, the majority are in the emerging regions.[45] The delays in availability of funds inhibit the schools' ability to implement their SIPs, which in turn, leads to poor learning environments and serious retention challenges. The additional funds are also expected to assist pastoralist woredas since most pastoralists reside in emerging regions.

2.3 Inclusive education in primary and secondary schools

55. Building upon experience and lessons learned from recent pilots[46], the PforR will support provision of supplementary school grants to transform 687 cluster center schools to inclusive education resource centers (IERCs) to promote mainstreaming of children with special needs in education. The supplementary grants will be used to: (i) organize awareness raising and training events; (ii) purchase reference materials on special needs, equipment for assessing needs (e.g. embossers, audiometers), and educational resources for children with special needs (sign language dictionary, slate and stylus and tactile learning materials); and (iii) ensure accessible learning environment (e.g., minor refurbishment). A set of eligibility and selection criteria will be used to select IERCs with the aim to maximize the number of beneficiaries.

Results Area 3: Improved Quality (Subprograms 2.1, 2.3 and 2.5 of the ESDP V)

56. This results area focuses on the quality of general education, aiming to improve student learning outcomes in early grade reading (KPI 5) and in English and mathematics (KPI 6). These indicators have been selected because proficiency in reading during the early grades, and proficiency in English and mathematics at the end of the primary cycle, are the critical foundations for future learning in all subject areas.

57. To improve learning outcomes, GEQIP-E will provide support to: (i) improve primary school teachers' ability to impart learning (effective teaching practice and adequate time-on-task);

[45] In January 2017, half way through the school year, Ethiopia Somali was yet to deliver schools grants to 62 percent of its schools.

[46] Resource centers to support inclusive education have been established on a pilot basis in 113 clusters (out of total number of 7,653 clusters operating in Ethiopia in 20161/17 academic year).

and (ii) improve learning environment in schools. Outcomes in this results area will also benefit from efforts in improvements in O-Class quality under Results Area 1 (RA1) which is critical to the acquisition of literacy skills in early primary grades.

3.1 Improved teaching practice

58. The key intervention aimed at addressing deficiencies in teaching practice of the existing stock of teachers will be development and implementation of a school based teacher professional development program to provide continuous support to teachers. The 2018 WDR Education report recommends that for in-service professional development programs to be effective, practicality, specificity, and continuity are key. The WDR also emphasizes that effective teacher training often is targeted, repeated and with follow-up coaching—often around a specific pedagogical technique. Specifically, teachers will be supported on pedagogical practice including notably, reading instruction (for mother tongue teachers), the use of CCA to identify learning gaps and address them, and incorporation of teaching learning materials (TLM) in the learning process. The anchors of this support system will be: (1) subject specific key teachers (mother tongue for grades 1 and 2, English and mathematics teachers for grades 7 and 8 being the priority) who will train and build pedagogical capacity of teachers in the cluster, (2) supervisors who will visit schools regularly to observe and advise teachers on classroom practice, and (3) head teachers who have ready access to classrooms to observe lessons, monitor instructional time and support classroom activities. Colleges of Teacher Education (CTEs), bolstered by appropriate technical support, will build the pedagogical leadership capacity of these three groups through training at the CTE level and follow up visits to clusters.[47] Additional support will be provided through peer groups constituted at the school and cluster level to enable teachers and school leaders to meet regularly to discuss the challenges they face on student learning and share experience on classroom practice to address these challenges.

59. To incentivize the different actors (CTEs, cluster schools, supervisors, head teachers, key subject teachers) to carry out their assigned roles and responsibilities and collaborate as needed, to build the continuous teacher support system, adequate resources must be provided. To this end, the Program will ensure that: (a) CTEs receive funding through the budget allocated by Regional Education Bureaus (REBs), and (b) cluster schools receive enhanced school improvement grants to finance the training and outreach activities critical for the operationalization of the school based continuous teacher support system. This system will be implemented in about 2,000 schools initially, reaching 18,000 or 50 percent of schools by the end of the Program. The initial group of schools will be from randomly selected woredas in all regions, thereby allowing evaluation of the intervention at mid-line to inform scaling up nationally.

3.2 Improved learning environment in schools

60. Education literature has extensively established that conducive learning environments which provide adequate teaching and learning material, especially textbooks, basic facilities like drinking water, and toilets are critical for producing learning. Not only are schools with poor learning environments unlikely to be able to deliver effective learning support for children, but

[47] In-out-in modality will involve training at CTEs or clusters followed by implementation at cluster or school level, which will then be followed by another refresher training at CTEs or clusters.

education research finds that, holding the student's abilities and achievements constant, those in higher quality schools tend to stay in school.[48]

61. According to national inspection findings, some 90 percent of schools fall into the unsatisfactory category (Level 1 and Level 2), flagging the urgent need for improving the learning environment in those schools. In addition to low teacher quality (described in the preceding section), education authorities must address the key issues contributing to poor learning conditions in the school: (i) inadequate availability of textbooks in the classroom; and (ii) ineffective school improvement planning.

62. Textbooks, which are a critical input to learning, are not available on-time and in sufficient quantities in the classroom. As a result, at the start of the school year, there are often no textbooks or just a limited number of them for use by learners during the year. To address this problem, the Program will support the development and implementation of a system to track the distribution and delivery of textbooks by woredas to schools.

63. Under GEQIP, the School Improvement Program (SIP) entailing participatory planning and grants for implementing school improvement activities, was introduced as a means of improving learning conditions in the school. The SIP is having a marginal impact on this intended outcome, and therefore must be strengthened through alignment of program targets with the national inspection standards, and more effective planning to reach these targets. The Program will therefore support improved planning that is evidence- and results-based as well as more timely disbursement of school grants to ensure that resources are available on-time to implement the school improvement plan. The Program will also promote greater transparency and accountability at the school level for results through school report cards.

Results Area 4: System Strengthening for planning, policy formulation and reform (Subprograms 1.1, 1.2, 1.3, 2.1, 2.2 of the ESDP V)

64. Sustained improvements in learning outcomes of Ethiopian students will require a sound education system that delivers high quality inputs to its schools, makes decisions based on evidence and innovates constantly to improve its performance. The Program will focus on strengthening the key elements of the overall education system, specifically improved data collection and analysis, and teacher preparation, to enable its students to achieve higher levels of learning. This is a cross-cutting area that will support the other results areas to achieve the overall development objectives of improved internal efficiency, equitable access and quality of education in general education.

4.1 Improved data collection and analysis of school and student performance for evidence based decision making

65. To promote evidence based decision making in the education system, the PforR will support (i) timely and accurate collection of valid and reliable data through existing systems on school (through the Education Management Information System (EMIS)) and student (through EGRA and NLA) performance; (b) enhancement of capacity to aggregate, integrate and analyze data from different sources for better identification of learning gaps; and (c) strengthen the

[48] For example: Eric Hanushek and Victor Lavy. 1994. *School Quality, Achievement Bias, and Dropout Behavior in Egypt.* LSMS working paper 107. World Bank. Washington, D.C

collaborative utilization of analytic findings for planning, designing of interventions, and decision-making purposes.

4.2 Improved system for teacher preparation

66. The quality of new entrants into the teaching force continues to be weak. Inherent issues in the pre-service teacher training system need to be addressed to significantly change the quality of new entrants. First, candidates for the teacher training programs are typically selected from the weakest academic performers. Second, there is a disconnect between pedagogical and content related training in the current programs. Third, it is not responsive to the current situation of Ethiopian classrooms. Recognizing that there is an urgent need for improved teacher preparation, the Government has prepared a new strategic framework for the development of teachers, principals and supervisors. To give impetus to the implementation of this strategic framework, the Program will support piloting of a new four-year degree program for teachers of grades 5-8. This program will: (i) provide a degree rather than a diploma; (ii) select candidates from grade 12 (rather than grade 10); (iii) provide concurrent training of knowledge and content; and (iv) use Centers of Excellence (COEs) to implement the program. The pilot is expected to serve as a model for development and revision of other pre-service training programs, thereby paving the way for comprehensive reform of the teacher preparation system.

Investment Project Financing (IPF) Technical Assistance (TA) Component (US$10 million)

67. The Program includes an IPF based TA of US$10 million to strengthen the capacity of the Government to implement a results-based operation and mitigate implementation risks.

68. The IPF will support achievement of the PDO by (i) addressing key gaps in policy and capacity at the national and subnational levels to deliver sustained results under the Program; (ii) preparing the education system to respond to recurrent disasters which undermine the achievement of results; and (iii) providing support for management of the system to deliver under a results-based modality.

69. The IPF based TA has three components: (i) enhanced capacity for delivering sustained results; (ii) emergency response preparedness; and (iii) GEQIP-E management.

IPF Component 1: Enhanced capacity for delivering sustained results (US$500,000)

70. Under this subcomponent, TA will be provided to (i) establish a sound policy framework for expanding early childhood education in Ethiopia; and (ii) integrate ICT for improved service delivery.

Subcomponent 1.1: National policy framework for preprimary education (US$250,000)

71. As discussed in earlier sections, high quality preprimary education is critical for Ethiopia to achieve the key outcomes of improved student learning and completion of basic education. Although preprimary education has become a major part of government education sector planning, the absence of a clear policy for Early Childhood Care and Education (ECCE) service delivery is preventing effective scale-up. Under Results Area 1, the Program will support scaling up of QEAP to ensure quality O-Class provision in the country, but in order for this effort to be sustainable, an enabling environment will be crucial. MoE established the National Policy Framework for ECCE in 2010 under the ESDP III, jointly with the Ministry of Health and Ministry of Women, Children

and Youth Affairs. However, ESDP V did not specify any revision of this Policy Framework. Under the proposed Program, the National Policy Framework will be revised to reflect rapid changes in the ECCE landscape in Ethiopia, harmonize the multiple policy efforts from the MoE and REB, and incorporate lessons learned from various interventions in pre-primary education. Furthermore, this activity will provide a foundation for a roadmap toward comprehensive and inclusive pre-primary education, which will eventually be extended to early learning for 4- to 6-year-old children. This subcomponent will finance consultancy services for development of the National Policy Framework.

Subcomponent 1.2: ICT for education (US$250,000)

72. ESDP V identifies ICT as a means to improve the quality of teaching and learning in general education. Through its ICT intervention, GEQIP II aims to improve learning conditions, learning experience, and learning outcomes for learners in selected secondary schools and universities. Specifically, GEQIP II has supported the provision of e-cloud infrastructure in 300 secondary schools and 10 universities, and the development of e-learning system. As the full rollout of the ICT infrastructure is expected to be completed by May 2018, it will not be possible to assess its implementation and impact on the quality of teaching and learning within the GEQIP II period. Hence, the IPF component will provide support to conduct a study to review implementation challenges, assess the impact of introducing ICT in secondary schools, and make recommendations for policy reform and future interventions.

IPF Component 2: Emergency response preparedness (US$1.5 million)

73. Ethiopia is highly vulnerable to natural disasters, in particular drought, food shortages and adverse nutrition outcomes. Twenty-nine percent of the population is absolute poor, 44 percent suffer from chronic malnutrition, and an estimated 43 percent (46 percent of the rural population) are vulnerable to absolute poverty. The World Bank's recent regional study on the quality of education highlights evidence from a number of studies which show that natural disasters reduce the educational attainment of the rural poor, particularly girls. Enabling the education system to cope with and respond efficiently to such disasters is an important area of ensuring that all of Ethiopia's children benefit from enhanced quality of schooling. This is especially important as the population living in drylands and vulnerable to weather shocks and climate change is expected to increase by 2030.

Subcomponent 2.1: Strategy for restoring education services in response to disaster (US$1.5 million)

74. The IPF-TA component will provide technical assistance to enhance the capacity of the Ministry of Education (MoE) and of the relevant regional and woreda offices to anticipate, prepare for and implement an emergency plan to cope with drought (food and water insecurity) and other disasters.

75. A detailed strategy will be developed by the MoE which will identify the: (i) areas and schools that are vulnerable in the drought "hotspot" woredas; (ii) interventions that would be promoted to mitigate the risk (for instance, ensuring there is resilient water supply at the school); (iii) protocols for triggering the disaster response in schools; (iv) detailed design of the interventions that would be implemented or scaled up in the event of a disaster (such as school

feeding and emergency provision of water); and (v) appropriate implementation and financing mechanisms and/or scaling up of these mechanisms including adequate budget allocations.

76. The operation will also invest in building capacity of regions and woredas to effectively implement the strategy in case of an emergency. This capacity enhancement will include training of regional, woreda and schools on emergency preparedness in line with the strategy.

Subcomponent 2.2: Contingency emergency response component (US$0)

77. The IPF component will also include a zero allocation Contingency Emergency Response Component to provide the Government with the option of accessing funds when an emergency is declared in any of the country's regions as a result of a disaster.[49] The operation will provide up to US$5 million from the IPF component for emergency response in line with the agreed strategy if the Government chooses to utilize this facility. The financing will be transferred to the MoE, regions, or woredas. They could receive an amount of up to US$5 million to implement the emergency interventions.

IPF Component 3: GEQIP-E management and evaluation (US$8 million)

Subcomponent 3.1: Program management (US$4 million)

78. The IPF-TA component will provide support to improve Program management, implementation, monitoring and evaluation. First, it will provide support for operations, capacity building activities, and hiring of key consultants at the MoE and REB levels to effectively coordinate, implement and monitor the Program. Specifically, consultants will be hired for the Program Coordination Office (PCO), technical directorates, financial management, procurement and contract administration, ethics and anti-corruption, and safeguards. The IPF component will also enhance REBs' capacity in Program coordination; procurement management; and safeguards. The four emerging regions will receive increased capacity and technical support of this nature, given their tremendous needs.

Subcomponent 3.2: Program evaluation (US$4 million)

79. Second, the IPF component will finance comprehensive Program evaluations including the SIP and school grant (SG) expenditures, at mid-line and end of the Program. The objectives of Program mid-line and end-line evaluations are: (i) to review implementation challenges and progress towards achievement of the PDO and result indicators, and provide guidance on necessary adjustments to Program interventions; (ii) to assess the effectiveness and impact of the Program; and (iii) generate evidence for improving effectiveness of the subprograms, specifically SIP/SG. This subcomponent will also finance the third party validation of results achievement under the PforR.

80. ***Program cost and financing***. Out of the IDA financing of US$300 million equivalent for the Program, US$290 million will be channeled through the PforR modality and US$10 million through the associated IPF-based TA component. The Program expenditure framework will be composed of two parts: (i) the recurrent non-salary expenditure in the education sector transferred

[49] In the event of a disaster in the country, the MoE, through MoFEC, can formally request the World Bank up to US$5 million from the IPF component in order to respond to emergencies. Funds will be spent on activities that support students to remain in the school.

through the regional and woreda block grant; and (ii) expenditures supported through the special purpose grant covering school grants, textbook procurement and the teachers' development program.[50] The total cost estimate for the Program is US$2,200 million. Funding from the Government and DPs (including IDA), accounts for 64.8 percent and 21.5 percent, respectively, of program financing. The financing gap is approximately 13.6 percent.

81. ***Development Partners***. DPs other than IDA, are expected to provide approximately US$140 million for the Program through a World Bank-administered multi-donor trust fund (MDTF). As of July 2017, three DPs have committed financing to the Program: £90 million from DFID, €16.9 million from Finland, and US$4 million from UNICEF. Other DPs such as Norway and USAID are also expected to contribute to the MDTF, as was the case for GEQIP II. However, no firm commitments have been made yet. The World Bank will continue to manage the MDTF and work closely with the DPs throughout Program implementation. MDTF funds will be disbursed alongside IDA proceeds against the same set of DLIs under the PforR modality.

Table 1: Program Financing (US$2,200 million)

Source	Amount (US$ million)	% of Total Program Financing
Government		
Regional non-salary recurrent expenditure on general education	1,044	
Woreda non-salary recurrent expenditure on general education (net of ESPES)	384	
Total Government financing	**1,428**	**64.8**
Development Partners		
IDA – GEQIP-E	290	
IDA – ESPES	42	1.9
UK DfID	£90	
Finland	€16.9	
UNICEF	4	
Total DP Financing (excl. ESPES)	**430**	**19.5**
Financing Gap	**300**	**13.6**
Total Program Financing	2,200	100

D. Disbursement Linked Indicators and Verification Protocols

82. A total of 8 disbursement linked indicators (DLIs) and associated disbursement linked results (DLRs) have been agreed with the Government for the four results areas of the Program. During the DLI selection process, lessons learned from GEQIP II on potential implementation bottlenecks and evidence from local and international literature have been take into consideration. Table 2 provides an overview of the DLIs.

[50] Currently school grants, textbooks, and TDP are almost 100 percent financed by DPs.

Table 2: Overview of DLIs

Results Area	DLI Number	DLI	Financing allocated to DLI (IDA + DP) in US$, million
RA 1: Improved Internal Efficiency	1	Quality Enhancement and Assurance Program ("QEAP") for O-Class	60
	2	Performance-based Awards to school on a timely basis to improve internal efficiency	50
RA 2: Improved Equitable Access	3	Improved girls-to-boys ratio in Grade 8 in Afar, Ethiopia Ethiopia Somali and Benishangul-Gumuz Regions	50
	4	Improved availability of Basic School Grants ("Basic SG") and Additional School Grants ("Additional SG") in emerging regions	65
RA 3: Improved Quality	5	Improved teachers' instructional activities	105
	6	Timely availability of textbooks	70
RA 4: System Strengthening for planning, policy formulation and reform	7	Improved availability, quality and use of data	20
	8	Improved pre-service teacher training for English and Mathematics Grades 5-8	10
Total			**430**

Note: DLI financing includes US$26 million as prior-results.

83. The disbursement of funds will be conditional upon MoE reporting on results for each DLR, and providing sufficient evidence satisfactory to the World Bank. The evidence may include verification by independent verification agency/agencies (IVA) contracted by the Government. The selection of the IVA will take into consideration, capacity of the agency to properly carry out the verification process in a timely manner and independently from the MoE, and availability for engagement throughout the Program implementation period. Experience from other World Bank PforR programs and the ongoing GPE RBF education project in Ethiopia will inform the IVA selection process.

84. For each of the DLIs, the verification protocol to confirm reported results is clearly defined. Amounts corresponding to each DLI and DLR have also been agreed upon and where appropriate, disbursement will be scalable to ensure regular flow of funds. The DLIs and DLRs and their associated allocations, reporting deadlines, and verification protocols are described in Annex 3.

E. Capacity Building and Institutional Strengthening

85. Capacity building and institutional strengthening activities will be financed under the IPF-based TA component of the operation (see details in section above). The Program will use existing government systems for Program implementation, financial management, procurement, safeguards, monitoring and evaluation. However, the capacity of the education system both national and regional levels is inadequate and needs to be strengthened to effectively deliver results under the Program. Specifically, the IPF component will support the hiring of key consultancy services and the provision of training programs in order to enhance the capacity of implementing agencies (IAs), from MoE to woreda levels. The design of the Program puts emphasis on building

local capacity, especially at the school level (through improved capacity for school improvement planning and timely availability of resources) and the woreda level (through system for textbook management, leadership training etc) for sustaining outcomes achieved under the Program.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

86. The Program will use existing government systems for Program implementation, oversight, financial management (FM), procurement, safeguards, monitoring and evaluation (M&E), and reporting and will aim to strengthen these systems during implementation.

87. At the Federal level, the Program will be implemented by the MoE, Ministry of Finance and Economic Cooperation (MoFEC), and university faculties of education. The MoE will serve as the Executing Agency and will have overall responsibility for policy guidance and oversight for Program implementation. A Program Steering Committee (PSC) will be established to oversee the coordination, monitoring, and implementation of the Program. The Planning and Resource Mobilization Directorate (PRMD) of the MoE will be the main implementing agency with the task of preparing the Annual Work Plan and Budget (AWPB) and carrying out the Program activities, with the support of MoE directorates and agencies, universities and regional education bureaus (REBs). A Program Coordination Office (PCO) under the PRMD will be responsible for overall implementation and coordination of Program activities across MoE directorates and agencies, universities, and REBs. Channel One Programs Coordination Directorate (COPCD), responsible for programs/projects financed by the World Bank, under MoFEC will be responsible for financial coordination of the Program's finances, and consolidation of financial reports of Regional Bureau of Finance and Economic Development (BoFEDs), Zonal offices of Finance and Economic Development (ZoFEDs) and Woreda offices of Finance and Economic Development (WoFEDs).

88. At the regional level, in each of Ethiopia's nine regions and two city administrations, the Program will be implemented by REBs, BoFEDs, and Colleges of Teacher Education (CTEs). REBs have responsibility for overseeing all regional and sub-regional program implementation, including CTEs and woredas. REBs report to MoE's PRMD.

89. At the woreda level, the Program will be implemented by Woreda Education Offices (WEOs), WoFEDs, and schools. WEOs have responsibility for monitoring the Program's implementation in schools and report to REBs. Some Regions also have Zonal Education Offices (ZEOs) and ZoFEDs with oversight of Woreda-level implementation on behalf of the Regional administrations.

90. At the school level, where most of the Program's expenditures are incurred, school management will be responsible for managing all school-level activities and the Parent-Student-Teachers Associations will have a monitoring role. Cluster Resource Centers in the field will provide training, management and monitoring support to schools.

91. The MoE will develop and adopt a Program Operations Manual satisfactory to IDA that will provide detailed guidelines and arrangements for implementation of Program activities to achieve the agreed DLIs and KPIs of the Program.

B. Results Monitoring and Evaluation

92. REBs will have the main responsibility for monitoring Program implementation with the MoE providing oversight. In addition, REBs will play a critical role in the collection of data from school and woreda levels. The MoE, specifically the EMIS, General Education Inspection Directorate (GEID) and Licensing and Relicensing Directorate (LRD) directorates will be responsible for the aggregation, quality assurance and analysis of the data at the national level. The findings from the data analysis will then be used to assess progress against indicators in the results framework. In addition, the National Education Assessment and Examinations Agency (NEAEA) will be responsible for administering learning assessments and reporting findings on time to assess progress in quality outcomes.

93. The MoE will evaluate several important interventions to assess their contribution to achievement of the PDO. These interventions include: (i) textbook delivery and utilization reform; (ii) O-Class Quality Enhancement; and (iii) piloting of a new model for pre-service teacher preparation. The Government will also contract one or more independent agencies to verify achievement of DLIs following pre-agreed protocols. The verification process is expected to provide both quantitative and qualitative information on the implementation of key interventions and their impact. For instance, the verification of the school based continuous teacher development program (TDP) will yield information on additional indicators of improved teaching practice such as time spent on task. This information will be critical for informing further government efforts on improving the quality of education.

C. Disbursement Arrangements

94. Disbursements will be made upon the presentation and verification (where needed) of evidence on attainment of the Program's DLIs. Details of DLIs, DLRs and the amounts allotted to each are included in Annex 3.

95. To improve readiness for implementation, the MoE has agreed to complete a number of important activities before Program implementation commences. These will be the prior results for the Program for which USD 26 million have been allocated. The disbursement for prior results is made only upon the achievement of indicators specified as DLI 0 indicators.

96. In addition, USD 40 million will be provided as an advance to be disbursed on Program effectiveness to facilitate a quick start to implementation of activities. The advance payment will be used for implementation of activities to achieve Year 1 DLIs. Subsequent disbursements will be adjusted in line with the number of DLIs that are achieved. The advance amount will be solely financed from the IDA grant.

97. Upon verification of achievement of the DLIs, funds will be disbursed to the special account determined by MoFEC for the education sector, which is one of two sources of financing for recurrent non-salary expenditures at the regional and woreda levels. The other is block grants to woredas. The government will then use its regular mechanisms for transferring funds to the regions and woredas to cover Program expenditures.

IV. ASSESSMENT SUMMARY

A. Technical (including program economic evaluation)

98. *Strategic Relevance and Technical Soundness:* The proposed Program is strategically relevant as it supports not only the Government's sectoral plans (ESDP V and VI), but also ongoing policy reforms. Given that the ESDP V is ongoing (2015/16-2019/20), it is critical for the World Bank and DPs to continue financial and technical support for its implementation. Considering that ESDP V will end in 2020, the MoE is accelerating implementation to ensure that end year targets are achieved. The Program can play a critical role in expediting ESDP V results. It will also build the foundation for the next sectoral plan (ESDP VI) by supporting ongoing initiatives on curriculum reform, textbook revision and development, teacher development, and expansion of pre-primary education.

99. The Program is technically sound as its design incorporates lessons learned from GEQIP I and II and the ongoing ESDP V as well as regional and international experience on interventions to improve student learning outcomes. The Program will build on the achievements made through GEQIP I and II, specifically improved availability of education inputs (trained teachers, textbooks, SIPs and school grants, etc.) to drive the quality agenda forward. To this end, the thrust of the Program will be on behavior change that ensures effective use of inputs, and collaboration among key actors for improved service delivery. To provide the incentives for behavior change, Program financial support will be provided through a results-based financing modality that rewards outcomes/results. Another innovation to improve the Program's technical soundness is the association of an IPF-based TA component with the PforR instrument. This component will be critical for ensuring the substantial build-up of capacity that is required for effective implementation of Program interventions. It will also foster harmonized efforts by DPs on technical support that is directly targeted to Program implementation.

100. *Program Expenditure Frameworks:* Total Government expenditure on the education sector is estimated to be approximately US$18.8 billion between 2018 and 2022. This includes all sub-sectors from pre-primary to higher education including TVET as well as both recurrent and capital expenditures. The estimated expenditure within the PforR boundaries, comprising non-salary recurrent costs at subnational levels during the same period, is estimated to be US$2,200 million. Of this amount, US$1,428 million is contributed by the government. US$290 million is contributed by IDA and about US$140 million by DPs (DFID, Finland, and UNICEF) under the PforR. There is a currently a financing gap of US$300 million. The IPF component will be financed solely by IDA with an allocation of US$10 million. US$26 million, or 6 percent of the total Program budget, are allocated for prior results. The prior results are expected to be achieved in Year 0 (2017/18) of the Program. Provision of an advance of US$40 million is also provided. The advance and prior results will be financed solely from IDA.

101. There is currently a financing gap of approximately US$300 million. The financing gap stems partially from the increasing number of students and teachers in the system. To fill this gap, three other financing sources have been considered: (i) IDA's additional financing for Refugees, (ii) additional financing from the Global Partnership for Education (GPE), and (iii) gradual financial contributions to school grants from the Government. The risk of the financing gap is deemed to be modest with regard to achievement of the PDO. The additional financing of (i) and (ii) above are expected to be available by the end of the second year of the Program. Further, the

risk would be mitigated by potential financial gains from the improvement of internal efficiency. This would help the Ministry to reduce the financing gap.

102. *Results Chain Analysis and Selection of DLIs*: The proposed results areas, KPI indicators, intermediate results indicators and DLIs are aligned with the PDO which, in turn, is aligned with the outcomes of interest of the government program. The four selected results areas correspond to the PDO; KPIs for assessing progress towards achievement of the PDO are defined for each results area. The Results Framework (Annex 2) explains the logical connection between activities, results, and outcomes across each results area. DLIs are selected from among the process (activities/outputs), intermediate results, and outcome indicators associated with each of the results areas.

103. *Economic Justification:* The KPIs of the operation reflect the strong focus on improving student learning outcomes to raise the quality of human capital in Ethiopia. The first three KPIs will measure the increase in educational attainment. The remaining three KPIs will assess progress on learning that is necessary for the development of cognitive skills. The link between earnings and both educational attainment and cognitive skills is well established, suggesting that educational attainment and cognitive skills are important determinants of individual productivity and human capital. Under certain modeling assumptions, the internal rate of return for the Program is estimated to be 22 percent. This is likely an underestimate based on the cost-benefit methodology undertaken. As a sensitivity analysis, this rate of return is found to be robust under various scenarios of the project failing to meet its PDO targets. The analysis demonstrates that the Program is a worthwhile investment for the Government of Ethiopia and the World Bank.

B. Fiduciary

104. An integrated fiduciary systems assessment (IFA) for the Program was carried out consistent with Operational Policy/Bank Procedure for PfoR Financing.

105. The IFA entailed a review of the capacity of the sample participating entities on their ability (i) to record, control, and manage all Program resources and produce timely, understandable, relevant, and reliable information for the borrower and the World Bank; (ii) to follow procurement rules and procedures to support the Program development objective and address risks associated with the Program; and (iii) to ensure that implementation arrangements are adequate and risks related to fraud and corruption as well as complaints handling mechanism are reasonably mitigated by the existing framework.

106. **Financial management:** The 2014 Public Expenditure and Financial Accountability (PEFA) assessment for the Federal Government notes that major improvements have been made. Ethiopia has significantly improved its performance over the last three years. However, the PEFA ratings for regional administrations, while showing improvements, were on average, lower than those of the Federal Government's. Several of the concerns emerging from the PEFA, are being addressed through the Expenditure Management and Control Program, GoE's flagship Public Financial Management (PFM) reform program.

107. Although improvements are noted, general gaps remain in the areas of property management, cash control, monthly bank reconciliation, delayed presentation of consolidated

audit reports to regions' councils, inadequate audit coverage by the Office of Regional Auditor Generals (ORAGs), and weak oversight capacity of the budget and finance standing committee. In addition to these general weaknesses at woreda level, in the education sector, there is delayed budget preparation, approval and dissemination process for the special purpose grant affecting the implementation of the program. Transparency needs to be improved in public disclosure of the audit reports, budget execution and school grant utilization reports. There continues to be weak performance of internal audit affecting the oversight on the program, particularly the school grants fund. Internal control weaknesses are noted on annual financial and school grant audits which would need to be addressed through enhanced capacity building. Overall, it is the conclusion of the assessment that the financial management risk is rated as "Substantial". To address the challenges and risks noted, mitigation measures are outlined in the Program Action Plan (PAP).

108. **Procurement.** Major procurement activities under previous World Bank and DPs financed projects have been handled centrally by the MoE. Other beneficiary entities (REBs, universities and CTEs) have handled mostly low value contracts using Shopping procedures. Through GEQIP, MoE has achieved considerable success in efficient and cost-effective procurement of textbooks, IT equipment and other goods and services. Overall, MoE's procurement performance achievements are significant. However, moving forward, this performance could be at risk due to the following challenges: (i) inadequate qualified procurement proficient staff resulting in sub-optimum bidding efficiency - delays in preparation of bidding documents, evaluation of bids, award of contracts, contract signing and contract administration; (ii) weak internal procurement oversight and weaknesses in the implementation of recommendations from external audits; (iii) weak coordination between user directorates, co-coordinating directorate and procurement directorate, leading to delays in procurement initiation, implementation and decision making; (iv) inadequacy of procurement record keeping and document/information tracking system; and (v) lack of contract administration capacity and quality verification mechanism.

109. To address these challenges and improve the reliability of the procurement system, key measures are outlined in the PAP. These include: (i) hiring proficient and experienced procurement staff in implementing agencies; (ii) establishing procurement performance standards; (iii) improving procurement information tracking system and documentation, and (iv) strengthening procurement oversight through regular procurement review meetings, internal control, and annual procurement audits.

110. **Fraud and corruption and complaint handling mechanism.** Ethiopia has a robust legal framework for addressing fraud and corruption risks. The principal institutions responsible for the fight against corruption are the Federal Ethics and Anti-Corruption Commission (FEACC) and the Federal Attorney General's Office. The country has put in place the framework for addressing fraud and corruption risks as well as the mechanism for handling maladministration, procurement and corruption complaints. The World Bank will rely on the Government's system of fraud and corruption prevention and control. Additionally, a working relationship between the World Bank's Integrity Vice Presidency (INT) and the FEACC, has been established through a Memorandum of Understanding (MOU) signed on October 3, 2011. Arrangements for combating fraud and corruption and handling complaints have been extended to cover federal institutions (Regulation No. 12/2000) including GEQIP-E implementing institutions (MoE and universities). Fraud and

corruption control is further strengthened through the use of internal auditors who are responsible for controlling public resources.

111. The results of the FEACC assessment at federal, regional, and woreda levels that include the MoE, Regional Ethics and Anti-Corruption Commission (REACCs), REBs, BoFEDs, Public Compliant Handling Offices (PCHOs), indicate that there are general country wide strong features as well as gaps that need to be addressed to prevent and control fraud and corruption. These include Ethics and Anti-Corruption (EAC) staffing at least in WoFEDs, WEOs, and PCHOs; building the capacity of EAC and PCHOs in the areas of recording, organizing, and reporting and information sharing; increasing the effectiveness of internal auditors through service delivery standards; and enhancing transparency through periodic information sharing rather than on ad-hoc basis; and nurturing people's participation for meaningful impact. Based on this, the fraud and corruption management risk is rated 'substantial'. To mitigate the risks and weaknesses noted, the IPF based TA component will provide capacity building support for ethics and anti-corruption.

112. **Conclusion of the IFA.** the IFA concludes that the examined program financial management and procurement systems are adequate to provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to principles of economy, efficiency, effectiveness, transparency and accountability, and for safeguarding Program assets once the proposed mitigation measures have been implemented. Appropriate systems to handle the risks of fraud and corruption, including effective complaint-handling mechanisms, have been agreed on and established.

Fiduciary management for IPF Component

113. Fiduciary management assessment has been conducted for the IPF component of the Program. (Details are in Annex 10).

C. Environmental and Social

114. As required by the World Bank, an Environmental and Social Systems Assessment (ESSA) was conducted to assess the arrangements for managing environmental and social effects in a manner consistent with PforR financing policies. The ESSA was conducted to (i) identify the environmental and social risks associated with the Program; (ii) assess the strengths and weaknesses of the legal, institutional, and implementation frameworks; and (iii) recommend actions to strengthen national and regional systems and capacity to deliver the PforR in a sustainable manner.

115. Both positive and negative environmental and social impacts are expected as a result of the implementation of Program activities. In general, a healthy school environment (physical and social) is expected because of Program interventions. Specific environmental benefits include environmental friendly schools and classrooms with improved conditions and facilities for students. The major social benefits of the Program are: (i) equitable access to education across regions and for children with disabilities; (ii) mother tongue education; (iii) access to education for pastoralist communities and emerging regions; and (iv) ensuring gender equality in the education system.

116. Very limited negative environmental and social impacts are expected from ramping and latrine renovations, and it could be mitigated through best practice methods such as; usage of safety protocols; awareness raising and training; and temporary storage and disposal of used and expired chemicals as per the national standards.

117. The ESSA also identified gaps related to institutional arrangements and capacity to prepare and implement the social and environmental safeguards as well as inadequate budgeting to monitor implementation and compliance. In addition, there is further scope to strengthen social accountability and community engagement throughout Program implementation.

118. The ESSA suggested that these challenges be addressed through (i) establishment of an environment and social management system; (ii) conducting proper and timely awareness raising briefings/consultations on environment and social impacts of Program activities for community/Program affected persons; (iii) ensuring Program benefit sharing and equitable access for non-special needs vulnerable school children; and (iv) conducting bi-annual environment and social management performance review and annual environment and social audit (details in Annex 6).

119. The anticipated environmental and social risks of the Program are minimal and reversible. The overall risk rating for the environmental and social safeguards and safety management under this proposed Program is found to be 'moderate'. The ESSA has proposed key Program actions to help implementing agencies overcome the identified environmental, social and safety risks and improve systems on safeguards management.

120. Activities that could have sensitive, diverse, irreversible or unprecedented adverse impacts on the environment, and/or affected people, are not eligible for PforR financing, and are excluded from the Program. Screening of risk for every subprogram during implementation of the Program will be undertaken. Public consultations on the draft ESSA have been undertaken and the ESSA has been re-disclosed in country and at the World Bank's external website.

121. Climate and Disaster Risk screening has been completed. Ethiopia is highly vulnerable to natural disasters. Recurrent drought and floods are highly likely to affect the provision of education services, including disruption of school schedules and damage of school facilities. The IPF based TA will enhance the capacity of the MoE and of the relevant regional and woreda offices to anticipate, prepare for and implement an emergency plan to cope with drought and other disasters. The IPF component will also include a zero allocation Contingency Emergency Response sub-component which the Government will have the option of accessing in case an emergency is declared in any of the country's regions as a result of an emergency.

122. **Gender**: Ethiopia has improved gender parity in basic education over the last decades. However, gender gaps exist in emerging regions, particularly in upper primary grades. The Program will promote gender equality by incentivizing: (i) empowerment of girls in upper primary grades through girls' clubs; (ii) development and implementation of a life skills training manual for upper primary education; and (iii) gender-sensitive school improvement planning and school inspections.

123. **Citizen engagement**: Different stakeholders will be engaged during Program implementation. At the federal level, the Program will be supported and monitored by a Steering Committee represented by the government, DPs, and civil society. At the school level, beneficiaries (parents, teachers, students and other stakeholders) are directly engaged through Parents, Teachers and Student's Association (PSTAs). School report cards, one of the Program's intermediate outcome indicators, provide public information on school performance and accountability. Program affected persons will be timely and appropriately consulted and engaged in the Program.

Environmental and Social Safeguards for IPF Component

124. The IPF based TA component of Program aims to support capacity building and institutional strengthening activities at different levels of the education sector through the provision of consultancy services, training programs, and operational support. The IPF based TA component does not involve any procurement of goods, capital investment or civil works. There will be no land acquisition and restriction of access to natural resources.

D. Grievance Redressal

125. MoE has been managing complaints and conflicts through its formal structure such as establishing ad-hoc committees, review meetings, as well as using the community level conflict redress mechanisms. However, MoE lacks well established and structured Grievance Redressal Mechanism (GRM) to track and document complaints/conflicts related to GEQIP-E implementation at all levels. Staff also lack awareness about the need for and objective of GRM. Hence, MoE's existing grievance redress system will have to be strengthened through *inter alia,* the establishment of in-take locations at different levels.

126. Communities and individuals who believe that they are adversely affected because of a World Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, because of the World Bank's 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 World 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.

E. Risk Assessment

127. The key risks affecting the overall risk ratings and their mitigation measures are discussed as follows. First, political and governance challenges associated with the recent social and political unrest have led to temporary disruptions in education service delivery in some parts of the country. Any further deterioration in the security situation could affect the impact of the proposed Program. The Program proposes to mitigate the challenges by targeting gender, disability and geographic sources of inequity, which can play a role in ensuring that all groups share the benefits of growth. Second, the response to the recurring drought and floods in the country may affect the ability of

the Government to allocate adequate budget for key inputs such as school grants and textbooks. For this risk, a pilot system for emergency responses will be established through the IPF component. The system entails functions of both financing and implementation for emergency responses. In addition, the Program will require the government to increase its contribution to costs, with official budget heads, related to key education sector inputs such as school grants and textbooks that have been covered by external partners for the last few years to improve sustainability. This would secure some funding for school grants and textbooks even when drought and floods occur in the country. Third, ESDP VI, which the Program will partially support, is yet to be developed and approved. Although it is expected to pursue the same objectives and subprograms, large changes in ESDP VI could pose a risk to the PforR operation. It was agreed that the Financing Agreement would include a clause to ensure that the successor Program does not compromise achievement of objectives of the PforR. Fourth, delay in decision making, and limited institutional capacity for implementation and monitoring could arise due to the involvement of multiple implementing agencies across the entire country, including the MoE, REBs, WEOs, universities, CTEs, and schools. In order to mitigate this risk, stakeholders from the central government to regional and, to the extent possible, woreda levels, will be consulted in the design of subprograms to ensure deeper understanding and ownership. Fifth, there are fiduciary risks associated with delays in school grant transfers, low budget utilization, weak reporting from schools, weak internal audit functions, and a weak procurement system. In order to mitigate the fiduciary risks, the Program has put in place DLIs to expedite the decision-making process and incentivize achievements, and capacity building measures with a focus on strengthening implementation and M&E systems at different levels of educational administration. Finally, the TA component will enhance capacity at woreda and school levels to improve reporting and internal control functions and enhance procurement capacity at the MoE and REBs.

F. Program Action Plan

128. The Program Action Plan (PAP) was developed based on recommendations of the technical assessment, Integrated Fiduciary Systems Assessment (IFSA), Environmental and Social Systems Assessment (ESSA), and risk assessment. The PAP includes key activities/actions agreed with the Government to achieve Program objectives in general, and the DLIs and their associated DLRs in particular.

129. Specifically, to mitigate fiduciary risks, the agreed Fiduciary Management Action Plan (FMAP) will be implemented. This will ensure: alignment of the Program's annual work plan and budget with the government budget calendar to expedite timely transfer of funds; annual financial and school grant audits; strengthening procurement capacity and improving decision making process; and public disclosure of budget allocation and utilization.

130. Implementation of the Environmental and Social Management Action Plan, including establishing systems and guidelines, and provision of adequate budget and staffing, will minimize risks associated with the Program's environment and social aspects.

131. To ensure timely implementation of Program interventions, the PAP will include formulation and approval of relevant policies, guidelines, and manuals on Program interventions, and capacity building for achievement of DLRs.

132. The implementation of the PAP will be monitored and reviewed during the joint quarterly meetings, and semiannual review missions with the MoE and the DPs. See Annex 8 for details.

Figure 2: Results Chain

Result Area	Activities/Inputs	Outputs	Intermediate Results	Outcomes
(1) Improved internal efficiency	Development and implementation of a Quality Enhancement and Assurance Program for O-Class.	Newly developed school inspection framework including national standards for O-Class Number of O-Class teachers who received revised in-service training, supervision, and coaching Developmentally appropriate curriculum and Teaching and Learning Materials (TLM) available in O-Classes At least 75 percent of O-Classes inspected using new framework and standards	Reduction in GIR at G1 Increase in regular attendance in the early grades	Improvement in G2/G1 enrolment ratio Improvement in survival rates to G5
	Based on approved guidelines, school heads monitor student progression and on-time enrolment in partnership with local administrators Subnational education authorities carry out clear and targeted communication to raise awareness of the early grade 'bulge' issue Schools produce and disclose report cards on performance on key indicators including on-time enrolment and dropout Financial awards to schools that show largest improvements in G2/G1 enrolment ratio and G5 survival rates	School report cards produced and publicly disclosed in PTA/PSTA and community meetings Financial awards to best performing schools disbursed on a timely basis and publicized		

(2) Improved equitable access	Develop and implement SIPs that target enrolment of girls Develop and implement life skills training Implement gender mainstreaming guidelines for girls and boys in upper primary grades in targeted regions Girls' clubs operationalized in targeted regions	% of schools in emerging regions that have separate girls' latrines % of schools in emerging regions delivering life skills training % of girls' clubs in emerging regions operating according to improved guidelines	Improved female enrollments in Afar, Ethiopia Somali, and Benishangul-Gumuz in grades 5-8	Improved girls to boys ratio in Grade 8 in Afar, Ethiopia Somali, and Benishangul-Gumuz
	Timely distribution of school grants to schools in emerging regions and for Inclusive Education Resource Centers (IERC) Provide TLM packages and training of facilitators for the new schools constructed under the Pastoralist Community Development Project III (PCDP III) Transform the cluster center schools to Inclusive Education Resource Centers	School improvement plans implemented % of PCDP III schools that receive TLM package % of PCDP III schools with trained facilitators Number of adequately resourced IERCs with community outreach activities and support of special needs children in cluster schools Number of teachers trained on special needs provision	Increased % of primary and secondary schools moving from Inspection L1 to L2 Increase in enrolment of students with special needs	Improve in Gross Enrollment Ratio in Afar, Ethiopia Somali, and Benishangul-Gumuz (disaggregated by gender)
(3) Improved quality	Validate, approve and implement a new school-based continuous teacher professional development program CTEs build pedagogical leadership capacity at the cluster level by training supervisors on how to support and supervise classroom activities	Availability of minimum package of CCA in schools Number of supervisors and key teachers (prioritizing English and Math subject teachers) trained by CTEs Number of school principals and teachers trained by supervisors and key teachers respectively	Improved classroom practice of existing stock of primary teachers as measured by an index of average scores of inspection	Improved student learning outcomes in the first Phase 1 schools: 1) Improved G2 Mother Tongue reading (% of students, disaggregated by gender, at functional fluency level or above)

	CTEs build subject specific (Mother Tongue Reading, English and Math) pedagogical capacity at cluster level by training key teachers	Number of trained by CTEs Number of visits by supervisor and key teachers to support continuous school based professional development Number of peer group meetings at the cluster centers	standards related to lesson planning, teaching practices and assessment practices Increase in teacher's time-on-task	2) Improved G8 learning outcomes in English and Mathematics in the first phase 1 schools, disaggregated by gender (% students at basic proficiency level or above)
	Develop a module under CTE school leadership training for evidence- and results-based school improvement planning Implementation by school leadership of evidence- and results-based SIPs with disclosure on school grant utilization and results Implement a track and trace system for textbooks	Timely availability of school grants at schools to implement their SIPs Utilization of grants in line with the SIPs Timely availability of textbooks in classrooms	Increased % of primary and secondary schools moving from Inspection L1 to L2 and L2 to L3 or above Increased % of primary and secondary schools with textbooks available in classrooms	
(4) System strengthening	Build capacity of the NEAEA, EMIS, GEID, Curriculum Development and Implementation Directorate (CDID), Teachers and Education Leaders Development Directorate (TELDD), Mother Tongue and English Language Development Directorate (MTELDD), Mathematics and Science Improvement Center (MSIC) and regions for better data collection and analysis.	Unique IDs for all schools generated and used Annual education statistics abstract published by June of same academic year EGRAs and NLAs scores available by May and September respectively every other year; detailed analysis report published within six-month of administration	New curriculum reform framework addresses learning gaps in general education	

	Integrate databases of the various statistical systems (EMIS, GEID, NEAEA). Conduct and produce analysis reports of NLAs for grades 4 and 8 in a timely manner	Joint report published by EMIS, GEID and NEAEA using the integrated Education Database on learning gaps and factors contributing to these gaps, using EMIS, School Inspection, EGRA, and NLA data Joint strategic planning report published by CDID, TELDD, MTELDD, MSIC and NEAEA responding to report in Year 3 and focusing on interventions related to curriculum, textbook and learning materials, teacher training programs, and student assessment items		
	Develop, approve and pilot a program for improved pre-service teacher training Use pilot findings for strengthening pre-service teacher training for all teachers and all subjects	New concurrent degree program for Grades 5-8 in English and Mathematics launched A time-bound plan for expanding pilot to all grades and subjects	Improved quality of new teacher trainees (Grades 5-8, Math and English) as measured by annual assessment of teacher trainees	

Annex 1: Detailed Program Description

1. The Government's ESDP V and VI covers all activities, from pre-primary to higher education, including TVET, under the MoE's recurrent and capital budgets. The program for IDA and multi-donor support (the Program) will finance three out of the six priority programs established under ESDP V and VI (see Table A1). The three priority programs are: capacity development for improved management; general education quality; and general education access, equity, and internal efficiency. The operation will in addition, finance several cross-cutting issues: gender; special needs and inclusive education; and education in emergencies. General education covers pre-primary, primary and secondary education (KG to Grade 12).[51]

Table A1: Boundaries of the PforR Program

Government ESDP V Program	PforR Program
1. Capacity development for improved management	
1.1 Develop a relevant structure, with a clear distribution of mandates and responsibilities at all levels	
1.1.1 Improving the education sector's organizational structure	
1.1.2 Managing the implementation of cross-cutting programs	✓
1.2 Provide regular gathering, processing and sharing of information to inform decision making	
1.2.1 Gathering and processing education performance data	✓
1.2.2 Gathering and processing financial data	✓
1.2.3 Sharing information to inform decision making	✓
1.3 Promote good coordination and communication within and across levels	
1.3.1 Job specifications and operational handbook	
1.3.2 Improved use of existing documentation centers and sharing platforms	✓
1.4 Ensure adequate supply of staff with the right mix of technical and leadership skills in each post/level	
1.4.1 Profiles and recruitment	
1.4.2 Professional development: mentoring, training and on-the-job support	
1.5 Improve resources and conditions of work	
2. Improve quality of general education	
2.1 Strengthen teachers' and leaders' development	
2.1.2 Transform teaching into a profession of choice	✓
2.1.2 Teachers' training and professional development	✓
2.1.3 Leaders' training and professional development	✓
2.2 Improve curriculum development and provide sufficient teaching and learning materials	
• Curriculum development	✓
• Teaching and learning materials	✓
2.3 Support schools to develop and implement School Improvement Plans (SIP)	
• Community participation	✓
• School environment	✓
• Teaching and learning	✓
• School leadership	✓

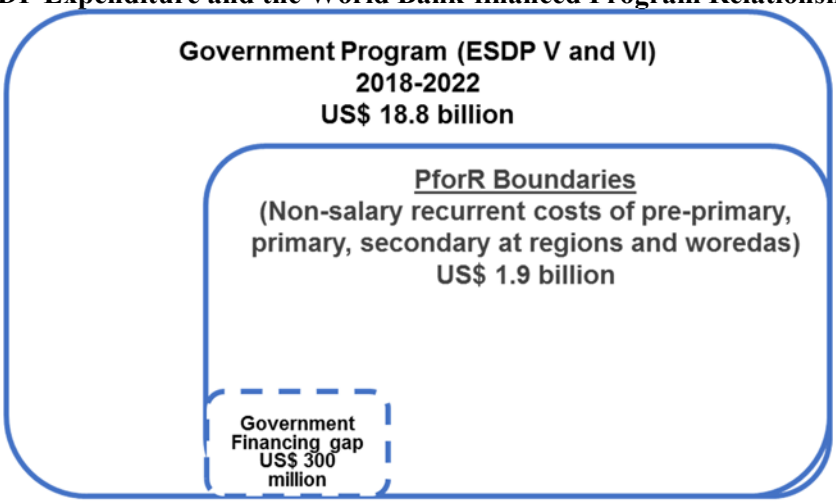
[51] In the Government program, pre-primary entails different modalities, including center-based intervention (Kindergarten (KG), O-Class) and informal intervention (Child-to-Child) for 4- to 6-year-old children. The proposed Program will focus on providing support to O-Class targeted to 6-year-old children, which is offered in the primary school compound.

2.4 Provide ICT infrastructure, facilities and resources • ICT infrastructure for teaching and learning • Content development for ICT	
2.5 Strengthen quality assurance systems • School inspection • Teacher and school leader licensing • Assessment and examinations	 ✓ ✓ ✓
3. Improve access, equity and internal efficiency in general education	
3.1 Increase access to pre-primary education	✓
3.2 Increase access, equity and internal efficiency to primary education	✓
3.3 Expand access to secondary education	
3.4 Provide special support program for the four emerging regions	✓
4. Increase participation and improve quality in adult and non-formal education (ANFE)	
4.1 Expand Integrated Functional Adult Education (IFAE) and post-IFAE programs in all regions • Design and implement effective IFAE programs • Design and implement post-literacy programs with community participation	
4.2 Improve female participation in IFAE and post-IFAE programs	
4.3 Introduce continuing education programs in emerging regions	
4.4 Improve the quality of ANFE	
4.5 Create a strong and efficient institutional system for ANFE at all levels	
5. Increase access, quality and relevance of TVET	
5.1 Promote occupational standards development and assessment • Improved ownership by sectors • Improved recognition of competence through accessible and quality assessment and certification services	
5.2 Expand trainees' development and institutional capacity building • Improve capacity of industry and institution trainers, TVET system leaders and support staff • Increased access to TVET through expansion of institutions to all *woredas* • Produce well-trained and competent graduates to satisfy industry needs • Welding capacity building for increased productivity and quality in manufacturing	
5.3 Strengthen Industry extension and technology transfer services	
6. Increase access, quality and relevance of higher education	
6.1 Offer university expansion and consolidation	
6.2 Promote equity enhancement	
6.3 Develop relevant programs with emphasis on quality enhancement	
6.4 Improve research, technology transfer and community engagement	
6.5 Strengthen institutional collaboration, leadership and governance • Institutional collaboration • Leadership and governance	
7. Cross-cutting issues	
7.1 Gender	✓
7.2 Special needs and inclusive education	✓
7.3 HIV/AIDS	
7.4 Education in emergencies	
7.5 School health and nutrition	
7.6 Drug and substance abuse prevention	

7.7 Water, sanitation and hygiene	

2. The Program will support the non-salary recurrent expenditures at regional and woreda levels during years 2018/19-2019/20 of ESDP V and 2020/21-2021/22 of ESDP VI, through the PforR financing instrument. The expenditure framework of the Program is illustrated in Figure A1. An IPF-funded TA component will support capacity development for effective implementation.

Figure A1: ESDP Expenditure and the World Bank-financed Program Relationship (PfoR only)



3. The PDO is to assist the Government of Ethiopia in improving internal efficiency, equitable access, and quality in general education. The Program is expected to benefit annually some 27 million students, 520,000 teachers, and 35,000 public primary and secondary schools (including O-Class) across the country.

4. A detailed description of the activities supported under each results area, the theory of change that is expected to lead to the achievement of Program objectives and the proposed DLIs to promote achievement of results is provided below.

Results Area 1: Improved Internal Efficiency (Subprogram 3.2 of ESDP V)

5. The problem of a persistently high gross intake ratio (GIR) and irregular attendance at Grade 1 is widely known (see Chapter II Section B). However, no concrete strategy has emerged to mobilize action at the school and community level to address this problem. The Government has focused on expanding access to pre-primary education as the main intervention to improve school readiness to reduce incidence of late entry in school and improve chances of success of students when they enter grade 1. However, attention to the quality of provision is lacking. To shift attention to quality issues, the Program will provide incentives for: enhancing the quality of O-Class provision; strengthening school-based monitoring of student progression through the primary grades; and outreach to parents and communities on the importance of age-appropriate enrollment and regular attendance in the early grades.

6. Progress in this results area will be tracked through two indicators: Grade 2 to Grade 1 enrolment ratio; and Grade 5 survival rate.

7. The selection of sub-programs to support achievement of outcomes is based on the experience of other countries in the region, specifically South Africa, which was able to realize rapid efficiency gains by focusing on pre-primary education, outreach to parents on on-time enrolment, and monitoring of student progression in the early grades.[52]

1.1 Quality Enhancement and Assurance Program for O-Class in Pre-primary Education

8. ESDP V emphasizes the importance of pre-primary education to reduce Grade 1 dropout and repetition through better school readiness. The Government is committed to providing pre-primary education to 80 percent of children by 2020 through a mix of modalities, including O-Class.[53] The growth of O-Class has also made access more equitable, as it is now available in many previously underserved remote, rural, and poor areas.

9. While O-Class provision continues to expand rapidly, the Government's focus is gradually shifting to improving quality. Instructional support materials, including an in-service training package and a curriculum package with the minimum teaching and learning material (TLM), have been developed for O-Class teachers and are being used in two emerging regions. The development of these materials is supported by the Ethiopia Education Results Based Financing (EERBF) Project (P163608), financed by the Global Partnership for Education (GPE). GEQIP II also provides school grants for 6-year-olds in O-Class, which is equivalent to per-capita grants for primary grades.

10. GEQIP-E proposes to build on these efforts by introducing a comprehensive Quality Enhancement and Assurance Program (QEAP) for O-Class comprising two key components: Quality Enhancement (QE); and Quality Assurance (QA). The QE component, which improves pedagogical practices in the classroom, includes teacher preparation and professional development, curriculum and TLM for O-Class, and training for management and supervision. The QA component establishes national standards, an inspection process, and EMIS data collection. The proposed Program provides the incentive for improved coordination between the Directorates of the MoE working on O-Class quality improvement, without which meaningful results at the classroom level cannot be achieved.

11. Several quality enhancement elements of the proposed QEAP already exist, however, neither a systematic review of its quality nor formal approval by MoE has been conducted. In addition, quality assurance of O-Class through establishing national standards and inspection framework has not yet been addressed. In the first year of implementation, GEQIP-E will focus on developing the QEAP framework and implementation plans, including revision of current quality enhancement activities (e.g., curriculum and teacher training modules for O-Class) by incorporating lessons learned from the RBF project and regional practices, and development of aligned national standards, SIP planning, and inspection frameworks for O-Class. The quality assurance and approval of this comprehensive program will be promoted by DLRs in Year 0 and Year 1 of the Program.

[52] World Bank, 2017. Facing Forward: Schooling with Learning in Africa.

[53] O-Class is a one-year reception class (nine-month program) based in government primary schools for children aged 6 years, before formal schooling starts at age 7 (Britto et al., 2012, MoE, 2015).

12. QEAP will be rolled-out to all schools in Ethiopia in a phased manner. In the first phase, O-Classes in approximately 2,000 Phase I schools will receive the intensive intervention. This will be promoted by a DLR in Year 2. By 2022, QEAP is expected to have reached 50 percent of schools in Ethiopia. This will translate to roughly 18,000 schools in the country receiving TLM for O-class, training of O-class teachers, training for all cluster supervisors, inspection and SIP designed for O-classes.

13. In the spirit of emphasis on results rather than delivery of inputs, GEQIP-E will link disbursement of funds to achievement of outcomes of QEAP, i.e. holistic improvements in quality of O-class as measured by the approved national inspection standards. At least 90 percent of O-classes in Phase I schools are expected to upgrade to the highest inspection level as a result of three years of intensive interventions under QEAP. The Program will, in turn, disburse on actual improvements in O-class quality as measured by the inspection standards. Compared to the school inspection for primary, O-Class inspection will focus on measuring teachers' instructional practices in early reading and numeracy, through child-oriented activities, play-based learning, and teacher-child interaction.[54]

14. Through the establishment of a national pre-primary education policy framework, EMIS data collection and monitoring systems, the IPF-based technical assistance component will promote sustainability of O-Class, and facilitate strategic resource allocation and better coordination between regional and national planning.

1.2 School-based monitoring and incentives to track on-time enrollment of Grade 1 entrants and uninterrupted progression

15. In line with the Government's efforts to reduce dropout and absenteeism in primary and secondary schools through local action,[55] the proposed Program supports school-based monitoring of student attendance, using two internal efficiency indicators: the ratio of Grade 2 enrolment to Grade 1 enrolment (KPI 1); and an increase in survival rates to Grade 5 (KPI 2).[56]

16. The Program will support establishment of a school-based monitoring system to raise awareness of grade repetition and readmission, absenteeism, and dropout, especially in the early grades. The results of monitoring activities at the school, woreda, and regional levels will be captured in school report cards that will be publicly disseminated. With support from the Program, all public primary schools will prepare and publicly display school report cards on school premises that provide key information on the indicators of interest. Schools will also be provided guidelines on how to engage with communities on improving outcomes in these key areas.

17. As an additional incentive to schools, annual monetary awards of ETB 30,000. will be made to the top 10 percent of primary schools nationwide ranked for year-to-year improvements

[54] As part of World Bank global initiative, a standardized instrument 'Measure of Early Learning Environment (MELE)' is currently piloted in six regions in Ethiopia. Classroom observation tools of the MELE will be used for developing the inspection standards.
[55] Guidelines for Performance-Based Incentive System, SIP Directorate, MoE Ethiopia.
[56] While performance-based incentives use two specific criteria of internal efficiency, school-based monitoring will track additional indicators throughout the system, including e.g., gross/net intake ratio and the ratio of Grade 3 enrolment to Grade 2 enrolment.

in the two abovementioned indicators.[57] Guidelines for administration of the program will be prepared in 2017/18 which will guide the implementation of the program.

18. To ensure that awards are disbursed in a timely manner, PforR financing will be linked to the percentage of awards that are transferred on time to best-performing schools. Timeliness of disbursement of awards is critical to establish credibility of the program and create a valid incentive for behavior change at the school level. This will also be promoted through systematic publicity of the awards program at the woreda or regional level to ensure system wide awareness of the program. The design of the publicity campaigns for the awards program will be outlined in the guidelines for the program. Implementation progress of school-based monitoring, and incentives for internal efficiency improvements at the school level will be verified by a third party before disbursements against achievement are made.

Results Area 2: Improved Equitable Access

19. This results area focuses on promoting equitable access to general education by: improving girls-to-boys ratio in grade 8 in Afar, Ethiopia Somali, and Benishangul-Gumuz (KPI 3); improving gross enrollment ratio of grades 1-8 in emerging regions (KPI 4); and improving school participation of children with special needs (IRI 4.3). The Program will support government initiatives that target these three disadvantaged groups and are backed by strong evidence of efficacy.

2.1 Improved gender equality in upper primary education

20. While Ethiopia has improved overall gender parity in general education in the last decade, challenges remain in Afar, Ethiopia Somali, and Benishangul-Gumuz that will need to be addressed to achieve the gender parity targets set by ESDP V. Within the schooling cycle, gender disparities in dropout rates are the highest at the upper primary level (grades 5-8).

21. The proposed Program will support three key interventions to improve gender parity in the three emerging regions with a focus on grades 5-8: (i) empowerment of girls in upper primary grades through girls' clubs; (ii) development and implementation of a life skills training manual for students of upper primary grades; and (iii) gender-sensitive school improvement planning.

22. Girls' clubs are intended to create safe spaces for girls and revive their interest in continuing education. They are also a means to engage boys to help change behaviors and prevent violence against girls. The Program will support development of revised guidelines for making girls' clubs operational and support their implementation in upper primary grades (5-8) in Afar, Ethiopia Somali, and Benishangul-Gumuz with the highest gender disparities in basic education. Approximately 1,164 Girls' Clubs[58] will be newly established or updated in the three regions.

23. A life skills course will be developed by the Gender Directorate of the MoE, to cover topics related to sexual reproductive health, menstruation, pregnancy, family planning, gender-based violence, conflict resolution and leadership. Life skills promote social, cognitive, emotional and behavioral competencies that are critical in reducing negative or high-risk behaviors (delay the

[57] In Year 0 (2017/18), EMIS Directorate will conduct a simulation exercise to ensure the formula results in equitable selection of schools considering the regional variation.

[58] This amounts to 70 percent of all primary schools in the three regions that offer Grade 5 to 8

onset of drug use, prevent high-risk sexual behaviors, reduce anger and violence), as well as numerous positive attitudes, social adjustments, healthy life styles, and, even academic performance among adolescents.[59] This is an extra-curriculum course and it will be delivered as part of girls' clubs/adolescent girls' empowerment program.

24. School improvement planning and school grants (SG) program will be critical in ensuring that gender-sensitive measures are implemented in targeted schools. SIP Framework and SG guidelines will be strengthened by the SIP Directorate of the MoE to ensure gender analysis and explicit targets and actions for enhancing girls' participation, retention and learning. SIP, and school leadership and management training programs will also include sensitization of school principals, teachers and communities with a view to promote gender-sensitive school improvements and to foster gender sensitive pedagogy at classroom level. The quality assurance system managed by the GEID will be enhanced to include assessment of gender disparities in service provision and outcomes during inspections, and specific guidance to head teachers on improving girls' outcomes. These interventions have been selected based on solid evidence of their impact in Ethiopia and other African countries.[60]

2.2 Increased participation in schooling in pastoralist woredas and emerging regions

25. The proposed Program will build on synergies with the IDA financed Partnerships with the Pastoral Community Development Program III (PCDP III) to improve participation in general education of children residing in pastoralist woredas. PCDP III is financing the construction of over 700 schools through a community demand-driven approach. The proposed PforR operation will support these new PCDP III schools by: providing teaching and learning materials; training facilitators from the local pastoralist communities including on provision of pedagogical support such as lessons planning; and building management capacity at schools by training principals and cluster supervisors. This package of support to the newly constructed schools serving pastoralist communities will help ensure that students have a conducive learning environment, which in turn is expected to improve their retention in school. Special Support and Inclusive Education Directorate will take the lead in delivering activities within this results area with support of SIP and other Directorates of the MoE, REBs, woredas and targeted institutions. A needs assessment[61] will be conducted to guide resourcing of the newly constructed PCDP III schools.

26. The proposed Program will also incentivize timely provision of supplementary grants (3-5 percent top-up) to schools in emerging regions, in addition to the basic grants they are entitled to on a per capita basis. Late delivery of school grants is one of the constraints faced by schools in the emerging regions: of the 29 percent of schools that do not receive their school grants on time,

[59] Kibret BT (2016) Life Skills Training (LST) Program for Young People: Justifications, Foundations and Contents. Int J Sch Cog Psychol 3: 163.

[60] (i) Wodon, Quentin T. 2017. Economic Impacts of Child Marriage in Ethiopia: Synthesis Report. Washington, D.C.: World Bank Group; (ii) Erulkar A, Medhin G. 2014. Evaluation of Health and Education Impacts of a Girls' Safe Spaces Program in Addis Ababa, Ethiopia, Addis Ababa: Population Council. (iii) Ashraf, Nava et al. 2017. "Negotiating a Better Future: How Interpersonal Skills Facilitate Inter-Generational Investment." AEA RCT Registry. May 25 (impact evaluation on Zambia); (iv) Vigneri M., Lombardini, S. 2017. Women's Empowerment in Mali: Impact evaluation of the educational project: 'Girls CAN – Promoting Secondary Education in West Africa'. Oxfam. GB; (v) Malhotra, A., A. Warner, A. McGonagle, S. Lee-Rife. 2011. Solutions to End Child Marriage What the Evidence Shows. Washington, DC: International Center for Research on Women.

[61] The needs assessment for PCDP III schools will be conducted to understand the availability of TLM, teachers and other educational inputs in schools in pastoralist areas covered by the project.

the majority are in the emerging regions.[62] This situation is all the more critical because schools, which often receive their grants late due to closures during drought season, could use the grants to prepare for, and mitigate against, the effects of drought. Delays in availability of funds inhibit schools' ability to implement their SIPs, which in turn, leads to poor learning conditions and serious retention challenges. This supplementary grants are likely to assist pastoralist woredas since many pastoralists reside in emerging regions.[63] The MoE will work closely with the MoFEC to ensure smooth school grants flow and proper FM and reporting arrangements.

2.3 Inclusive education in primary and secondary schools

27. Building upon experience and lessons learned from recent pilots,[64] the proposed Program supports provision of supplementary school grants to transform 687 cluster center schools into Inclusive Education Resource Centers (IERCs) to promote inclusion of children with special needs in mainstream education. The supplementary grants will be provided to cluster center schools to: organize awareness raising and training events; purchase reference materials on special needs, equipment for assessing needs (e.g. embossers, audiometers), and educational resources for children with special needs (sign language dictionary, slate and stylus and tactile learning materials); and ensure accessible learning environment (e.g. ramps, accessible latrines, classrooms). A set of eligibility and selection criteria will be used by the REBs to select IERCs with the aim of maximizing the number of beneficiaries. The development of the cluster center schools into IERCs will be based on the existing guidelines and plans, recently developed and approved by the MoE, including, *inter alia:* Master Plan for Special Needs Education/Inclusive Education in Ethiopia for 2016-2025, Guidelines for Establishing Resource Centers and Guideline for Identification and Support to Students with Special Needs in Primary Schools and Good Practices in the Implementation of Inclusive Education Resource Centers in Ethiopia. Itinerant teachers in the targeted IERCs will be trained to provide inclusive education to children with special needs. The training program will rely on the new Common Course Syllabus for Teacher Education 'Inclusive Education in Ethiopian Primary Schools', developed by the MoE.

Results Area 3: Improved Quality

28. This results area focuses on the quality of general education, aiming to improve student learning outcomes in early grade reading (KPI 5) and in English and mathematics (KPI 6). These indicators have been selected because proficiency in reading during the early grades, and proficiency in English and mathematics at the end of the primary cycle, are critical foundations for future learning in all subject areas. In order to improve learning outcomes, the proposed Program will provide support to: enhance the quality of O-Class (pre-primary) education (supported under RA1); improve primary school teachers' ability to enable learning (effective teaching practice and increased instructional time in the classroom); and improve learning environment in schools.

[62] According to the 2016 SG evaluation survey, about 29 percent of respondents from the school management group reported that SG did not reach their respective school in time (before October 31 of each year). In January 2017, half way through the school year, Ethiopian Ethiopia Somali was yet to deliver school grants to 52 percent of its schools (according to the MoE information).

[63] The school grants also cover alternative basic education centers which promote enrolment of pastoralist students in the emerging regions and beyond (for instance, in Oromia and SNNP regions).

[64] Resource centers to support inclusive education have been established on a pilot basis in 113 clusters (out of total number of 7,653 clusters operating in Ethiopia in 20161/17 academic year).

3.1. Improved teaching practice

29. In education literature, teacher quality has been consistently identified as the most essential school level factor in improving student learning outcomes.[65] Ethiopia has made significant investment in teachers' development and achieved remarkable results in regards to increasing the number of trained teachers in schools. However, as the licensing written exam results show, the rapid increase in the number of trained teachers has not fully translated to improvement in the quality of teachers; hence the need for effective school based continuous professional development support for the existing stock of teachers. Another challenge that affects teachers' effectiveness in Ethiopia is absenteeism from the classroom. The 2015 SDI report shows that, although Ethiopia fares better than many countries in Sub-Saharan Africa, absenteeism from the classroom is a serious problem. About 10 percent of teachers are absent from the school and of those 90 percent present in the school, 27.7 percent are not in the classroom. This shows that school based capacity development support for teachers needs to be combined with increased supervision of classroom activities by school leaders to ensure effective utilization of instructional time.

30. Given these major issues, the Program will develop and implement a school-based professional development program that will provide continuous support to existing teachers to improve their classroom practice. The 2018 WDR Education report recommends that for in-service professional development programs to be effective, practicality, specificity, and continuity are key. In line with these recommendations, the envisioned school based professional development program will focus on imparting practical pedagogical skills that are associated with better student learning initially focusing on mother tongue for grades 1 and 2, English and mathematics teachers for Grades 7 and 8. Through the school based professional development support, teachers' pedagogical practice will be enhanced, in particular in the following areas: reading instruction; the use of continuous classroom assessment (CCA) to identify learning gaps[66]; and incorporation of teaching learning materials (TLM) in the learning process. During implementation, the 'anchors' of the school-based support system will be: (i) key teachers (mother-tongue, English and mathematics being the priority), who will train and build capacity of teachers; (ii) supervisors, who will visit schools regularly to observe and advise teachers on classroom practice; and (iii) head teachers, who have ready access to classrooms to observe lessons, monitor instructional time and support classroom activities. A time-on-task study will be conducted by a survey firm to assess teachers' instructional time in the classroom. The study is expected to help the MoE assess the effectiveness of the school-based professional development program, particularly in the area of teacher's instructional activities. Assessment findings will inform program improvement.

31. Colleges of Teacher Education (CTEs) will build the pedagogical leadership capacity of supervisors and key teachers through training at the CTE level and follow-up visits to school clusters.[67] Trainings at CTEs will be done through in-out-in modality (for about 15 days in total), followed by CTEs visiting clusters (at least once a semester). Supervisors and key teachers will then train teachers and school leaders within the cluster through an in-out-in modality. Additional

[65] See McCaffrey, Lockwood, Koretz, & Hamilton, 2003; Rivkin, Hanushek, & Kain, 2000; Rowan, Correnti & Miller, 2002; Wright, Horn, & Sanders, 1997).

[66] One of the main recommendation made by the Ethiopia Striving for Excellence report[66] is to improve teachers' utilization of CCA to assess students' mastery of fundamental concepts and tailor their lessons to address gaps. However, according to the 2013 SABER study, the utilization of CCA for learning is at a latent stage in Ethiopia.

[67] In-out-in modality will involve training at CTEs or clusters followed by implementation at cluster or school level, which will then be followed by another refresher training at CTEs or clusters.

support will be provided through peer groups constituted at the school and cluster level, which will enable teachers and school leaders to meet regularly to discuss the challenges they face in student learning and share experience of the classroom practices that address these challenges. For training and peer group discussion purposes, teachers and school leaders will visit the cluster at least 2 times a semester. Key teachers will also conduct follow up support visits to schools at least 3 times a year, while supervisors will undertake monthly supervision visits to schools.[68] Overall, the continuous capacity development support for teachers and the increased supervision by school leaders is expected to improve teachers' classroom practice, instructional time utilization, and ultimately student learning outcomes.

32. The school based professional development program and details of the implementation process will be designed collaboratively by the MoE (i.e. TELDD, MTELDD, MSIC and CDID directorates), REBs, CTEs, universities and sample clusters and schools. Under the Program, a comprehensive support package for teachers will be developed by the MoE. The package will consist of subject and grade specific CCA tools, complementary remedial instructional materials, training modules that will be used at CTEs and clusters, guidelines for teacher peer groups with clear expectations and description of roles of supervisors, key teachers, principals and teachers.

33. Adequate resources must be provided to incentivize the different actors (CTEs, cluster schools, supervisors, head teachers, key subject teachers) to carry out their assigned roles and responsibilities and collaborate as needed. The proposed Program provides CTEs with budget allocated by REBs and incremental funding (through school grants) to cluster schools for operationalizing the school-based continuous teacher support program in about 2,000 schools initially, and 18,000 (or 50 percent)[69] schools by program's end.[70] The incremental funding will be used to finance the travel and training-related operational costs to enable supervisors and key teachers to visit their satellite schools at least three times a year. The funding can be also used for peer group meetings. The initial group of schools will be in randomly selected woredas in all regions, which will allow for an evaluation of the intervention at mid-term to inform national scale-up. A phased approach is also recommended as implementing a high-quality in-service program that involves repeated training and frequent follow-up visits requires capacity at all relevant levels and has significant cost implications. Through the phased approach the MoE and REBs can build capacity in the system gradually as well as better prepare themselves to bear the increasing cost of scaling up the program.

3.2. Improved learning environment in schools

34. Conditions at the approximately 90 percent of schools that, by national inspection standards, fall into the 'unsatisfactory' category are not conducive to learning. Drawing on international evidence that local action is more effective than national directives for improving the school learning environment, the main instrument that will be used to affect change in learning conditions is the School Improvement Program (SIP), first established under GEQIP.

[68] The training days and frequency of visits are estimates and are subject to change during the designing process of the program.
[69] Phase 1 will cover 5 percent of woredas (2000 schools), Phase 2 will cover another 25 percent of woredas (about 9000 schools) and Phase 3 will cover 20 percent additional woredas (about 7000 schools).
[70] Each cluster will receive a lump sum amount of school grants earmarked to be used for school based teacher professional development program in the cluster. This money will be managed jointly by schools in the cluster with the involvement of school leaders and teachers.

35. To enhance its effectiveness, the proposed Program first strengthens SIP by aligning its targets and planning process with the national inspection standards. Capacity development support will be provided to enable school leaders to use findings from school self-assessments, conducted using the newly aligned standards, and external school inspections, with a view to preparing evidence-based and results focused SIPs. Capacity to carry out improved planning will be developed through school leadership training by CTEs. In addition, the proposed Program incentivizes more timely disbursement of school grants using DLI 4, so that schools have the resources they need to implement their SIPs. The proposed Program also promotes greater transparency and accountability at the school level through school report cards. These report cards, prepared jointly by woredas and schools, will provide basic information on school characteristics, utilization of school grants and student outcomes, and will be publicly disclosed. By building the capacity of school leaders to prepare evidence based and results focused SIPs, by ensuring availability of resources through school grants to implement the SIPs, and by enhancing accountability systems that will help ensure implementation of SIPs and achievement of results, the Program aims to provide a conducive learning environment in schools.

36. Another important driver for improving learning conditions is the availability of textbooks in the hands of students for utilization in the classroom. Both GEQIP I and II have supported the provision of textbooks and the PforR will continue this support. However, increased focus will be on ensuring efficient distribution of textbooks to schools as well as on utilization of textbooks in the teaching learning process. To this end, the Government will (i) improve timeliness in the procurement of textbooks and their delivery to regional centers; and (ii) establish an online textbook distribution and inventory management system. The MoE is incentivized by DLR 6.1 to improve efficiency in textbook procurement such that at least 80 percent of textbooks originally planned to be procured at the beginning of the fiscal year (FY) will be distributed to regional centers by the end of the same FY. In addition, the online textbook distribution and inventory management system provides the MoE (mainly CDID), regions, and woredas with timely information on the location and number of textbooks whose delivery to schools is underway. This would help them to monitor closely, the delivery and the availability of textbooks to schools. Textbook utilization in the classroom will be periodically evaluated by a survey firm on a sample basis. Beginning with a pilot in 1,000 schools across all regions during year one, the system will be rolled out from the second year to eventually cover all schools by the end of the PforR operation.

37. Effective implementation of the school based teacher professional development program will be incentivized through DLI 5. While such a program will be rolled out to 18,000 schools (or 50 percent), the measurement of the intervention effectiveness is carried out in phase 1 schools. DLR 5.0 will focus on the development and approval of the framework for the school based continuous professional development program, while DLR 5.1 will incentivize the training of supervisors, key teachers and teachers in Phase 1 schools. DLRs 5.2, 5.3 and 5.5 will support the gradual roll out of the program to at least 90 percent of Phase 1 schools within the Program lifetime. An independent verifying agency (IVA) will undertake a survey of representative sample schools in phase 1 school, to ascertain that expansion of the program has been undertaken by training teachers and school leaders following all the steps that are outlined in the program framework. DLR 5.4 and 5.6 will incentivize improvements in teachers' classroom practices as

measured by improvements in the composite score of inspection standards 11, 13 and 18[71] incrementally in Phase 1 schools. Hence, school inspections (at the minimum focusing on standards 11, 13 and 18) have to be conducted frequently in Phase 1 schools in order to measure changes in the composite score. In addition, a survey of a representative sample of Phase 1 schools will be undertaken by an independent firm with technical capacity to conduct time-on-task classroom observations and verify the findings of school inspections.

38. To incentivize improvements in key aspects of the learning environment in schools, DLI 4 and DLI 6 will be used. Specifically, DLI 4 will incentivize timely disbursement of school grants in order to ensure that schools have the resources they need to implement their SIPs. DLI 6 will incentivize the timely distribution of textbooks to schools. DLR 6.1 will make sure that at least 80 percent of textbooks in Procurement Plan developed in the beginning of the fiscal year (i.e., July every year) are delivered to regional centers by the end of the fiscal year. DLR 6.2 will incentivize the successful system development and operationalization in 1,000 Phase I schools, as a pilot. DLRs 6.3 to 6.5 will incentivize availability of textbooks in primary schools. Verification of achievements in both DLIs 4 and 6 will involve desk review of reports and visits to a representative sample of schools by an IVA.

Results Area 4: System Strengthening for planning, policy formulation and reform

39. Sustained improvements in learning outcomes of Ethiopian students will require a sound education system that delivers high quality inputs to its schools, and makes decisions based on evidence, and innovates constantly to improve its performance. The Program focuses on strengthening two key elements of the education system. First, it provides targeted capacity development support to improve the MoE's, universities' and CTEs' capacity to design and implement effective pre-service teacher training programs. Second, it builds capacity to improve utilization of data for planning and decision-making purposes especially in relation to the first three results areas.

4.1. Improved system for teacher preparation

40. The quality of new entrants into the teaching force continues to be poor. First, candidates for the teacher training programs are typically selected from the weakest academic performers. Second, pedagogical training and content-related training are not aligned in a number of programs (e.g. PGDT[72]). Third, pre-service training is not responsive to the current situation of Ethiopian classrooms. Recently, partly in an effort to address these issues in teacher training programs, the Government has designed a new strategic framework for the development of teachers, principals and supervisors. This strategic framework, which is in the last stages of approval, is expected to play an important and potentially transformational role for pre-service teacher education programs.

[71] Standard 11: Teaching is well planned, supported by suitable teaching-learning materials, and is aimed to achieve high educational results; Standard 13: The leadership of the school and teachers have used appropriate and modern teaching methods and that helped to increase the participation of all students'; Standard 18: The assessment of students' performance is accurate; students are given appropriate feedback. Each standard will have a score out of 100 percent and the composite score will be calculated as a simple average of the three standards.

[72] Currently, pre-service degree programs are conducted through the Post Graduate Diploma in Teaching (PGDT) program. In this program, trainees will first complete a 3-year degree program in an applied field (i.e. content training). They can then apply to join the one year pedagogy program to earn their degree in teaching. In general, joining PGDT program is the last option of applied degree holder. The concurrent program on the other hand will combine content and pedagogy training into a single 4-year program.

It represents an opportunity for improving the quality of the programs and, by extension, the quality of the teachers produced by the system. The process by which the programs are developed and/or revised is therefore crucial.

41. One key new area of pre-service training that is planned as part of the new strategic framework is a four-year degree program for teachers of grades 5-8. This program will: (i) offer a degree rather than a diploma; (ii) select candidates from grade 12 (rather than grade 10); (iii) combine training in both content and pedagogy; and (iv) use Centers of Excellence (COEs) to pilot the program. The proposed Program supports the development and piloting of this new degree program, focusing on English and mathematics teachers. During implementation, the program will have a rigorous evaluation component that includes use of pre-post testing to determine progression of the student teachers, as well as surveys and interviews with key stakeholders to get a deep understanding of strengths and areas for improvement. The evidence gathered through the evaluation will be used to make appropriate revisions to both the curricula and modules. The overall development and implementation process will be incentivized through DLI 6.

42. The development process, which will be supported through technical assistance, will involve relevant directorates at the MoE level, universities and CTEs. The process will fit within a bigger objective of capacity building and system strengthening, with a view towards alignment in the context of other key education activities such as the general curriculum reform and textbook revision. The process will serve as a model for development and revision of other pre-service programs. For example, the Government is also planning to revise the pre-service diploma teacher training programs for grades 1-4, however implementation timeline and guidelines are not yet ready.

4.2. Improved data collection and analysis of school and student performance for evidence based decision making

43. Bringing about improvements in internal efficiency, equity and quality requires effective and collaborative utilization of data at national and regional levels, to diagnose inefficiencies and learning gaps and to understand variations across and within groups. For example, EMIS data can illuminate internal inefficiencies in the education sector at the national and sub-national levels and can identify groups that have high dropout and repetition rates compared to regional and national averages. Analyses of EGRA and NLA combined with EMIS and inspection data can be used to identify learning gaps and factors contributing to these gaps. School inspection results will show input, process and output related gaps schools are faced with. Based on findings from the analysis of these data, interventions aimed at improving internal efficiencies, equity and quality, can be more effectively designed and implemented. In addition, effective and relevant mid-term to long-term strategic plans for the sectors can be prepared.

44. To create such a system, where data is intensively and collaboratively utilized, the proposed Program provides capacity development support at national and regional levels. The key objectives of this capacity development support are to: (i) improve the timely and accurate collection of valid and reliable data through existing systems; (ii) enhance capacity to aggregate, integrate and analyze data from different sources to identify gaps in the three result areas of the Program; and (iii) strengthen the collaborative utilization of analytic findings for planning, designing of interventions, and decision-making purposes.

45. In the education sector, while the key building blocks of the data system[73] required for planning and decision making are in place, timeliness and reliability of data remains a challenge. The annual EMIS reports are often delayed in publication for more than a year, and have some inconsistencies in the data. The school inspection data are managed manually in MS Excel that limits the analysis of a large set of data. Findings from NLA, examinations, and other learning evaluations do not fully reflect planning and decisions for CDID and TELDD. The support from GEQIP-E includes

- Supporting technical improvements to the systems to enable more automated, reliable, and timely capture, flow, and aggregation of data from the periphery into robust, centralized software applications.
- Providing relevant training to data experts from EMIS, GEID and NEAEA and corresponding REB directorates on data collection, management and analysis processes.
- Providing training and technical assistance to NEAEA to build the agency's capacity to conduct quality and comparable EGRA and NLA more frequently and analyze the results in depth.
- Providing the necessary data collection and management software and equipment to the relevant directorates both at the MoE and REB levels.
- Supporting the development of a national EMIS policy that sets out clear parameters and expectations for the operation of data collection processes at all levels, as well as standardized technical requirements to govern those processes.

46. For data integration and analysis of data from different sources, a critical issue that contributes to the fragmentation of database across concerned directorates in the MoE is the lack of a common school code. Currently, different directorates use their own school codes (e.g. EMIS and NEAEA) or do not use any school code (e.g. GEID) as part of their data collection and management processes. To address this issue, the GEQIP-E will support the development and nationwide adoption of a unique school code that will allow data to be integrated across different data generating systems.

47. Lastly, once the mechanism to integrate data is established, it is important that directorates at the MoE level continuously work together to analyze data from different sources and use the findings for planning and decision making purposes. To encourage such collaborations, as part of the Project, NEAEA, EMIS, and GEID will prepare joint reports, focusing on identifying learning gaps using NLA and EGRA results as well as assessing factors contributing to these gaps using EMIS and inspection data. These reports will be shared with other directorates at the MoE level and departments at the REB level. CDID, TELDD, MTELDD and MSCI will prepare a joint strategic report, in response to the first report, identifying coordinated interventions to address gaps and discussing changes and revisions that should be made to curriculum, TLMs, teacher training programs, and assessment items.

Investment Project Financing – Technical Assistance

48. See Annex 10.

[73] These include the EMIS for administrative data, GEID database for detailed inspection data, NEAEA and REBs database for NLA at grades 4 and 8, examinations at grades 8, 10, and 12, EGRA and EGMA.

Implementation Arrangements

49. The Program will use the government system for implementation, oversight, FM, procurement, safeguards, M&E, and reporting arrangements. The Program is implemented by several institutions, at various levels.

50. At the Federal level, the Program is implemented by the MoE, MoFEC, and university faculties of education.

51. **The MoE** will serve as the Executing Agency and will be responsible for overall coordination of the Program as well as provide overall leadership and guidance.

52. **A Program Steering Committee (PSC)** will be established within the MoE to oversee the coordination and monitoring and to verify progress of the implementation of the Program. The PSC will be chaired by the State Minister for General Education, reporting to the Minister, and includes Planning and Resource Mobilization Directorate as secretary, and representatives from all general education directorates, universities, REBs, and MoFEC. DPs and civil society organizations can participate in PSC meetings by request from the MoE. The PSC will meet at least four times a year. Specifically, the PSC will be responsible for

- Providing directions for Program policy and reform;
- Overseeing overall Program implementation and providing operational guidance;
- Providing guidance for addressing constraints and bottlenecks for timely implementation;
- Reviewing progress on the fulfillment of annual DLIs for the smooth functioning of collaboration with DPs; and
- Addressing critical policy and implementation issues.

53. **The Planning and Resource Mobilization Directorate (PRMD)** of the MoE will be the implementing agency of the Program. Under the leadership of Director, the PRMD will be responsible for overall implementation of the Program with the task of preparing the Annual Work Plan and Budget and carrying out the Program activities, with the support of MoE directorates and agencies, universities and REBs.

54. **The Program Coordination Office (PCO)** will be established under the PRMD to specifically oversee the implementation of the Program. To effectively manage the Program, the PCO will be staffed adequately, in line with the tasks to be undertaken, including personnel required for administrative, logistics and coordination activities; technical expertise for Program interventions; planning and M&E functions; and fiduciary and safeguards related functions. The PCO will

- Coordinate the preparation of annual work plans and budgets for approval by the state minister;
- Provide technical support to all IAs for Program implementation;
- Manage the TA component;
- Supervise and monitor the Program activities to ensure that result areas and DLRs are achieved and reported on time;
- Monitor and ensure that social, environmental, procurement, and FM requirements are met;

- Consolidate all required technical and financial reporting to effectively implement the Program;
- Coordinate the undertaking of surveys to generate evidence on the outcomes of Program implementation;
- Recruit consulting services for its own program coordination support and ensure necessary externally hired technical and program implementation support team is provisioned to IAs;
- Coordinate with the independent verification agency to verify the achievement of DLRs;
- Liaise with the MoFEC for disbursement of funds to IAs;
- Coordinate with DPs for bi-annual review missions of the Program; and
- Prepare the Program Operation Manual (POM) and appropriate guidelines required for Program implementation.

55. **Procurement Directorate** of the MoE will closely work with the PRMD/PCO and will be responsible for MoE procurements conducted under the Program, and will provide capacity building support to all IAs.

56. **Financial Management Directorate** of the MoE will closely work the PRMD/PCO and will be responsible for managing MoE finances.

57. **MoE directorates and agencies** will coordinate Program activities and support PRMD/PCO in the planning, management, monitoring and reporting on the Program implementation. They are represented in the PSC.

58. **Channel One Programs Coordination Directorate under MoFEC** will be responsible for financial coordination of the Program, and consolidation of financial reports of BoFEDs, ZoFEDs and WoFEDs, in coordination with the PRMD/PCO and respective REBs, ZoFEDs and WoFEDs. MoFEC is represented in the PSC.

59. **Faculties of education** of selected universities will implement teacher training programs in close liaison with the Teachers and Education Leaders Development Directorate (TELDD)of the MoE. They are represented in the PSC.

60. **REBs**. The **eleven** REBs, including the two city administrations, are responsible for coordinating and implementing the Program at regional level. They are responsible for the overall quality and timeliness of Program implementation in their respective jurisdictions, including CTEs, zone and woreda offices. REBs are represented in the PSC

61. **Regional Program Steering Committee (RPSC).** RPSC, chaired by the head of REB, with representatives from REB directorates, CTEs, zonal education office, where applicable, and Bureau of Finance and Economic Development (BoFED), will be set up in each region. The responsibilities of the RPSC are to (i) oversee the Program implementation at regional level and provide guidance; (ii) proactively address critical issues that could hinder Program implementation in the region; and (iii) ensure agreed DLR are met in the region. The Planning Directorate in REBs will be responsible for overall implementation of the Program in the region. Under the Planning Directorate of REBs, Regional Program Coordination Office will be established to coordinate the day-to-day Program implementation.

62. **CTEs.** CTEs, currently 38, will implement primary teacher training programs, in collaboration with REB and TELDD. They are represented in the RPSC.

63. **Bureau of Finance and Economic Development (BoFEDs).** BoFEDs, in close coordination with REBs, will be responsible for financial coordination in the region.

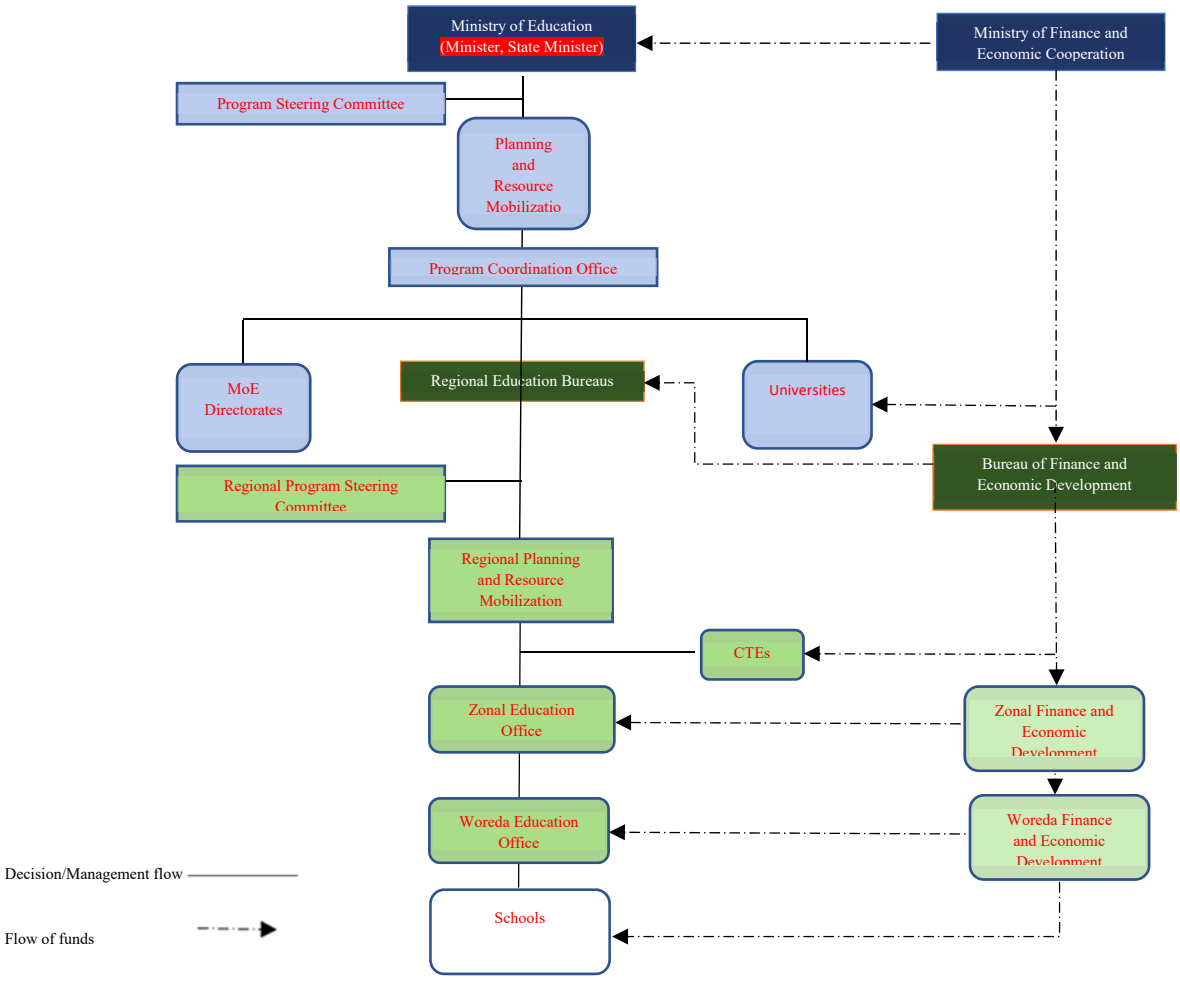
64. **Woreda Education Offices (WEOs).** At Woreda level, the Program will be implemented by WEOs, by Woreda offices of Finance and Economic Development (WoFEDs), and by schools. WEOs have responsibility for monitoring Program's implementation in schools and report to REBs. Some Regions also have Zonal Education Offices (ZEOs) and Zonal offices of Finance and Economic Development (ZoFEDs) with oversight of Woreda-level implementation on behalf of the Regional administrations.

65. **Schools.** At school level, where most of the Program's expenditures are incurred, the main actors are the beneficiary schools themselves, where the School leadership is responsible for managing all school-level activities and the Parent-Student-Teachers Associations are tasked with monitoring them. Cluster Resource Centers in the field will provide training, management, and monitoring support to schools. All these offices are responsible for implementing specific Program activities to achieve the agreed DLI targets. The MoE will develop and adopt the POM satisfactory to the Association.

66. **Independent Verification Agencies** will be commissioned by the MoE to carry out the verification of the achievements of the DLRs. Selection criteria for the IVA include, *inter alia*: capacity to carry out the verification processes; potential for a medium to long term engagement for capacity building in the government system; and capacity to act independently of the implementing agency. Given that the Central Statistical Agency (CSA) of Ethiopia has been leading DLI verification surveys for other PforR programs in the country, the MoE is considering the former as a potential IVA for the GEQIP-E. For some verification surveys such as textbook utilization, the CSA is not necessarily a suitable candidate; in such a case, it could outsource the task to an independent survey firm.

An organogram for implementation arrangements is shown in Figure A2.

Figure A2. GEQIP-E Implementation Organizational Structure



Annex 2. Results Framework and Monitoring

Results Areas Supported by PforR	**PDO/ KPI Indicators** (Key indicators to measure the achievement of each aspect of the PDO statement)	**Intermediate Results Indicators** (Critical processes, outputs or intermediate outcomes indicators needed to achieve each aspect of the PDO)	**DLI #**	**Unit of Measure**	**Baseline (2016)**	**End Target (2022)**
Results Area 1: Improved Internal Efficiency	**KPI Indicator 1**: G2/G1 enrolment ratio – nation-wide (disaggregated by gender)			**Percentage**	**76 (F:76 M:76)**	**90 (F: 85 M: 85)**
		IR Indicator 1.1: Gross intake ratio (GIR) at Grade 1		**Percentage**	**175.8**	**140**
		IR Indicator 1.2: Number of schools with quality-enhanced O-Classes	**1**	**Number**	**n.a**	**18,000**
		IR Indicator 1.3: % of O-Classes in Phase 1 schools upgraded through the QEAP	**1**	**Percentage**	Baseline for Phase 1 schools based on 2019/20 Inspection	**90**
	KPI Indicator 2: Survival rates to G5 – nation-wide (disaggregated by gender)			**Percentage**	**56.5 (F: 57.2 M: 55.8)**	**70 (F: 71 M: 69)**
		IR Indicator 2.1: % of best-performing schools, having largest improvement in the G2/G1 enrolment ratio and G5 survival rates, that receive performance-based awards by March 31	**2**	**Percentage**	**n.a**	**90**
		IR Indicator 2.2: % of schools that publicly display school report cards		**Percentage**	**0**	**75**
Results Area 2: Improved	**KPI Indicator 3:** Improved girls-to-boys ratio in Grade 8		**3**	**Percentage**	**63**	**70**

equitable access	in Afar, Ethiopia Somali and Benishangul-Gumuz					
		IR Indictor 3.1: GER of girls in upper primary in Afar, Ethiopia Somali and Benishangul-Gumuz		**Percentage**	**39**	**60**
		IR Indictor 3.2: % of primary schools with grade 5 and higher in Afar, Ethiopia Somali and Benishangul-Gumuz that have girls' clubs operational according to improved Girls Club (GC) guidelines, and delivering life skills training		**Percentage**	**0**	**70**
	KPI Indicator 4: Gross enrolment rate in Afar, Ethiopia Somali and Benishangul-Gumuz, Grades 1-8			**Percentage**	**92**	**100**
		IR Indicator 4.1: % of schools that receive basic and additional school grants in emerging regions by November 30[74]	**4**	**Percentage**	**n.a.**	**70**
		IR Indicator 4.2: Number of IERCs with community outreach activities and support of special needs children in cluster schools		**Number**	**113**	**800**
		IR Indicator 4.3: Enrolment of students with special needs in cluster schools benefiting from services of resourced and staffed IERCs		**Number**	**3,000**	**24,000**

[74] Baseline will be available by December 2017 for grants transferred by November 2017.

		IR Indicator 4.4: % of PCDP schools with TLM[75]		**Percentage**	**n.a.**	**100**
Results Area 3: Improved quality	**KPI Indicator 5**: Average % of students in Grade 2 who can read at functional fluency level or above in Mother Tongue in Phase 1 schools			**Percentage**	**33**	**50**
	KPI Indicator 6: Average % of students in Grade 8 who perform at basic proficiency level or above in English and Math in Phase 1 schools			**Percentage**	(a) ENG: 74% M: 77% F: 73% (b) Math: 62% M: 64% F: 59% (NLA 2015)	(a) ENG: 85% M: 88% F: 84% (b) Math: 72% M: 74% F: 69% (NLA 2021)
		IR Indicator 6.1: Number of schools benefiting from cascade training in school-based teacher professional development		**Number**	**n.a**	**18,000**
		IR Indicator 6.2: % of Phase 1 schools are visited by cluster supervisors and key teachers at least three times a year	**5**	**Percentage**	**n.a**	**90**
		IR Indicator 6.3: Average score of composite index of school inspection standards on teaching practices in Phase 1 schools	**5**	**Percentage**	**54**	**70**
		IR Indicator 6.4: % of actual teaching time relative to scheduled instructional time in Phase 1 schools		**Percentage**	**-** (time-on-task survey to be conducted in Year 1 and 2)	**TBD**
		IR Indicator 6.5: % of students having textbooks	**6**	**Percentage**	**58**	**70**

[75] Baseline data will be collected in the first year of implementation as part of the needs assessment.

		IR Indicator 6.6: % of L1, L2, and L3 in school inspection		**Percentage**	(a) Primary L1: 26.4% L2: 63.8% (b) Secondary L1: 15.7% L2: 67.3% Baseline will be set by re-inspection in 2016/17-2017/18)	(a) Primary L1: 15% L2: 50% (b) Secondary L1: 8% L2: 50%
Results Area 4: System Strengthening for planning, policy formulation and reform		**IR Indicator 7.1**: Use of unique school IDs by EMIS, NLA, EGRA, and Inspection	**7**	**Yes/No**	**No**	**Yes**
		IR Indicator 7.2: Timely availability of EGRA and NLA scores	**7**	**Yes/No**	**No**	**Yes**
		IR Indicator 7.3: New concurrent program for Grades 5-8 piloted	**8**	**Yes/No**	**No**	**Yes**

Indicator Description

Indicator Name (Number)	**Description (Clear definition etc.)**	**Frequency**	**Data Source**	**Methodology for data collection**	**Responsibility for Data Collection**	**DLIs**	
						Responsibility for Data Verification	**Scalability of Disbursement (Yes/No)**
KPI Indicator 1: G2/G1 enrolment ratio – nation-wide (disaggregated by gender)	The ratio of the number of Grade 2 enrollees to the number of Grade 1 enrollees, calculated as a national average capturing transition between two consecutive years in a school-cohort	Annual	EMIS	EMIS survey	EMIS Directorate	-	-

IR Indicator 1.1: Gross intake ratio (GIR) at Grade 1	Total number of new entrants in the first grade of primary education, regardless of age, expressed as a percentage of the population at the official entrance age to the first grade of primary (age 7), calculated as a national average	Annual	EMIS	EMIS survey	EMIS Directorate	-	-
IR Indicator 1.2: Number of schools with quality-enhanced O-Classes	The Quality Enhancement and Assurance Program (QEAP) refers to a comprehensive program comprising two key components in Quality Enhancement (QE) and Quality Assurance (QA) for O-Class. The Quality Enhancement component includes: implementation of an intensive in-service training for O-Class teachers with continuous supervision and coaching; provision of teaching and	Annual (Year 2, 3 & 4)	Reports from TELDD, CDID, SIP, third party verification	TELDD, CDID, SIP will collect and compile REB and school reports on different implementation stage of the QEAP.	TELDD, CDID, SIP Directorates	CSA or independent survey firm	No

	learning materials based on revised curriculum; capacity building training for management and supervision; and orientation programs on early learning to parents and communities. This indicator will track the number of O-Classes in primary schools benefitting from the Quality Enhancement component of the QEAP program.						
IR Indicator 1.3: % of O-Classes in Phase 1 schools upgraded through the QEAP	Under the QEAP, the Quality Assurance component includes: development and implementation of school inspection for O-Class based on newly-established national standards by the SIP Directorate. The inspection framework for O-Class will consist of standards on basic learning environment and teachers'	Annual (Year 3 & 4)	GEID, third party verification	External inspections for O-Class will be conducted by trained woreda inspectors. Data will be compiled, analyzed, and submitted by the GEID.	GEID Directorates	CSA or independent survey firm	Yes

	instructional practices as measured by class observations. Drawing on aggregate percentage score in the standards, O-Classes will be classified into four levels of performance, with Level 3 and Level 4 meeting the national standards. This indicator will measure a percentage of O-Classes in 2,000 Phase 1 schools upgraded in the inspection level (e.g., L1 to L2, L2 to L3) through the QEAP, in order to measure increase in the proportion of schools that meet minimum quality standard.						
KPI Indicator 2: Survival rates to G5 – nation-wide (disaggregated by gender)	Percentage of a cohort of students enrolled in Grade 1 who reached Grade 5 in primary education. A 'synthetic cohort method' will be	Annual	EMIS	EMIS survey	EMIS Directorate	-	-

	applied to calculate the survival rate by assuming a group of students, typically 1,000 who are enrolled in Grade 1, and proceed to the 5th grade using data on enrolment and repeaters between each successive grade. This indicator illustrates the situation regarding retention of students from grade to grade in schools, and conversely the magnitude of dropout by grade.						
IR Indicator 2.1: % of best-performing schools, having largest improvement in the G2/G1 enrolment ratio and G5 survival rates, that receive performance-based awards by March 31	Percentage of best-performing schools nationwide which receive performance-based awards on time, by March 31 This indicator will involve three key steps on: calculation of the G2/G1 enrollment ratio and G5 survival rates (EMIS); selection of best-performing schools based on the	Annual	EMIS and SIP, third party verification	Administrative data on timely disbursement from the REBs collected by the SIP Directorate. Survey will be conducted by the third party.	SIP Directorate	CSA or independent survey firm	No

	ranking of the year-to-year improvement at the school level (SIP) and publicize the results; and monitoring of the on-time disbursement of performance-based awards to the selected schools (SIP).						
IR Indicator 2.2: % of schools that publicly display school report cards	Percent of schools that produce and publicly display school report cards New template of the school report cards on key performance indicators will be developed, approved, and disseminated. Publicizing the schools report cards will be measured by e.g., the post in school bulletin boards or dissemination in the PSTA or community meetings.	Annual	SIP, compiling REBs reports on the production and utilization of school report cards	School grant surveys, administrative data from the REBs	SIP Directorate, with EMIS Directorate who will provide support in checking the data accuracy of the school report cards.	-	-
KPI Indicator 3: Improved girls-to-boys	The ratio of the number of girls to the number of boys in Grade 8,	Annual	EMIS, third party verification	Surveys	EMIS Directorate	CSA or independent survey firm	Yes

ratio in Grade 8 in Afar, Ethiopia Somali and Benishangul-Gumuz	calculated as an average for Afar, Ethiopia Somali and Benishangul-Gumuz						
IR Indictor 3.1: GER of girls in upper primary in Afar, Ethiopia Somali and Benishangul-Gumuz	Total enrolment of girls in upper primary education, regardless of age in Afar, Ethiopia Somali and Benishangul-Gumuz, expressed as a percentage of the eligible official school-age girls corresponding to the same level of education in a given school year in these regions	Annual	EMIS	EMIS survey	EMIS Directorate	-	-
IR Indictor 3.2: IR Indictor 3.2: % of primary schools with grade 5 and higher in Afar, Ethiopia Somali and Benishangul-Gumuz that have girls' clubs operational according to	Share of primary schools with grade 5 and higher in Afar, Ethiopia Somali and Benishangul-Gumuz with girls' clubs operating according to improved GC guidelines. The guidelines will specify the operational model of GC, including the delivery of life skills training in schools.	Annual	EMIS and SG evaluation	EMIS and SG evaluation surveys	EMIS Directorate	-	-

improved GC guidelines and delivering life skills training							
KPI Indicator 4: Gross enrolment rate in Afar, Ethiopia Somali and Benishangul-Gumuz, Grades 8	Total enrolment in primary education, regardless of age in Afar, Ethiopia Somali and Benishangul-Gumuz, expressed as a percentage of the eligible official school-age population corresponding to primary education in a given school year in these regions	Annual	EMIS	EMIS survey	EMIS Directorate	-	-
IR Indicator 4.1: % of schools that receive basic and additional school grants in emerging regions by November 30	Share of schools in emerging regions (Afar, Ethiopia Somali, Benishangul-Gumuz and Gambella) which receive the package of basic and additional school grants. The additional school grants include grants to cluster resource centers which are to be transformed into IERCs to support education of students	Annual	MoE reports based on MoFEC's information received from WoFEDs and BoFEDs through government reporting format; third party verification	Administrative data from the WoFEDs and BoFEDs collected by the MoFEC, and surveys by the third party.	MoE in collaboration with MoFEC	CSA or independent survey firm	No

	with special needs and additional grants to schools in emerging regions.						
IR Indicator 4.2: Number of IERCs with community outreach activities and support of special needs children in cluster schools	Number of IERCs established in the country in line with the ESDPV targets	Annual	EMIS, SG program evaluations, reports of the IERCs on the outreach activities in their communities	EMIS and school grant surveys, administrative data from the REBs	EMIS, SIP and SSIE Directorates	-	-
IR Indicator 4.3: Enrolment of students with special needs in cluster schools benefitting from the services of resourced and staffed IERCs	Number of students with special needs enrolled in cluster schools including satellite schools and benefitting from the services of resourced and staffed IERCs	Annual	EMIS, SG program evaluations, reports from the REBs	EMIS and school grant surveys and administrative data from the REBs	EMIS, SIP and SSIE Directorates	-	-
IR Indicator 4.4: % of PCDP III schools with TLM	Share of newly constructed PCDP III schools which receive the package of TLM in social science, math and languages under the Program	Annual	Needs assessment and surveys, reports from the REBs	Surveys and administrative data from the REBs	SIP and SSIE Directorates	-	-

KPI 5 Indicator: Average % of students in Grade 2 who can read at functional fluency level or above in Mother Tongue in Phase 1 schools	This indicator will be measured by the Early Grade Reading Assessment (EGRA), which is designed to evaluate the reading fluency and comprehensive levels of Grade 2 students in seven mother tongue languages. There are four benchmark levels of performance: non-reader (lowest level); reading slowly with limited comprehension; reading with increasing fluency and comprehension; and reading with full fluency and comprehension (highest level). The indicator will track the percent of students who are reading at the highest two levels, which are considered as functional reading proficiency level.	Every two years	Grade 2 EGRA results	Sample-based reading assessment will be undertaken with the NEAEA taking a lead.	NEAEA	-	-

	The results of the seven languages assessment from EGRA will be averaged with weights by a share of the population of the respective languages using census data. Phase 1 constitutes about 2,000 schools from a randomly selected woredas across all regions that will be fully benefitting from the school-based teacher professional development program during the Program period.						
KPI 6 Indicator: Average % of students in Grade 8 who perform at basic proficiency level or above in English and Math in Phase 1 schools	This indicator will be measured by the Grade 8 National Learning Assessment (NLA) in English and Mathematics, which conducts sample assessment of students' academic performance. The performance in the NLA is classified into four proficiency	Every other year, starting with Year 1	Grade 8 NLA results	Sample based learning assessment will be undertaken by the NEAEA.	NEAEA	-	-

	levels: below basic; basic; proficient; and advanced. The indicator will track the percent of students who scored at the highest three levels of proficiency combined. Phase 1 is defined as in KPI 5.						
IR Indicator 6.1: Number of schools benefiting from cascade training in school-based teacher professional development	This indicator will track the number of primary schools that receive a package of school-based teacher professional development (defined under DLR 5.0 in the DLI Protocol table) at Grades 1, 2, 7 and 8 by supervisors and key teachers from cluster schools. For half-cycle primary schools (Grades 1-4), the school-based support will be confined to Grades 1 and 2.	Annual	Training and Visiting Report at cluster and satellite schools	Training and Visiting Reports with a school stamp will be aggregated at REBs and sent to TELDD	TELDD in collaboration with CDID and REBs	-	-

IR Indicator 6.2: % of Phase 1 schools are visited by cluster supervisors and key teachers at least three times a year	Percentage of Phase 1 schools that are visited by a group consisting of at least 1 cluster supervisor, 1 key teacher for mother tongue, 1 key teacher for English, 1 key teacher for Mathematics at least three times a year. While supervisors provide coaching on leadership to school principals, key teachers focus on coaching on pedagogy in respective subjects. For half-cycle primary schools (Grades 1-4), the school visit groups only consist of 1 cluster supervisor and 1 key teacher for mother tongue. Phase 1 is defined as in KPI 5.	Annual	Training and Visiting Report at cluster and satellite schools	Training and Visiting Reports with a school stamp will be aggregated at REBs and sent to TELDD	TELDD in collaboration with CDID and REBs	CSA or independent survey	Yes
IR Indicator 6.3: Average score of composite index of	The composite index of school inspection standards on teaching practices refers to a simple	Annual	School inspection reports	External school inspections will be conducted by woreda	GEID	CSA or independent survey.	Yes

school inspection standards on teaching practices in Phase 1 schools	average of scores in school inspection standards 11, 12, 13 and 18. Each standard will have a score out of 100 percent. The standards are defined as follows: Standard 11: Teaching is well planned, supported by suitable teaching-learning materials, and is aimed to achieve high educational results; Standard 13: The leadership of the school and teachers have used appropriate and modern teaching methods and that helped to increase the participation of all students; Standard 18: The assessment of students' performance is accurate, students are given appropriate feedback.			inspectors and data will be compiled and analyzed by the GEID.		Specifically, the survey firm that will undertake survey for IR6.2 will also verify the composite score.	

	Phase 1 is defined as in KPI 5.						
IR Indicator 6.4: % of actual teaching time relative to scheduled instructional time in Phase 1 schools	This indicator will track the percentage of classroom time scheduled for teaching that is actually used by the teacher for teaching. The indicator will be measured through sample based classroom observations through an unannounced school visits to a sample of Phase 1 schools. The survey will be undertaken by an independent agency with a technical capacity to undertake time-on-task observations.	Annually	Sample survey	Classroom observations through an unannounced school visit will be undertaken by a survey firm.	TELDD (by commissioning the survey and finalizing the report)	-	-
IR Indicator 6.5: % of students having textbooks in Phase 1 schools	This indicator will track the percent of schools that have distributed textbooks to students by October every year.	Annual	Sample survey	A representative sample of schools will be surveyed by a survey firm to determined timely availability of textbooks.	CDID (by commissioning the survey and finalizing the report)	CSA or independent survey	Yes
IR Indicator 6.6: % of L1,	The school inspection	Annual	School inspections	External school inspections	GEID	-	-

L2, and L3 in school inspection	framework consists of 26 standards on school inputs, processes and outcomes. Based on aggregate percentage score in these 26 standards, schools are classified into 4 levels of performance, with level 3 and level 4 meeting the national standards. This indicator will track the percent of schools that are classified at level 1, level 2 and level 3 in school inspections, in order to measure reduction in the percent of schools that don't meet standard.			will be conducted by woreda inspectors and data will be compiled and analyzed by the GEID.			
IR Indicator 7.1: Use of unique school IDs by EMIS, NLA, EGRA, and Inspection	Unique school IDs refers to newly developed unique and systematic school IDs that will be developed EMIS and will be nationally adopted at all levels (REB, zones, woreda and	Annually	Data submitted by EMIS, GEID and NEAEA	Data submitted by EMIS, GEID and NEAEA will be reviewed to check whether or not the school ID is incorporated	EMIS, GEID, and NEAEA	CSA or independent survey	Yes

	schools), and by key directorates (GEID and NEAEA) in their data sets.			correctly or not.			
IR Indicator 7.2: Timely availability of EGRA and NLA scores	This indicator tracks the timely undertaking and ultimately reporting of EGRA and NLA raw scores, which are critical sources of data to measure progress in learning and modify interventions.	Annual	Reports from NEAEA	Reports and data submitted by the NEAEA on agreed deadlines will be reviewed.	NEAEA	CSA or independent survey	Yes
IR Indicator 7.3: New concurrent program for Grades 5-8 piloted	The concurrent program refers to a four-year degree pre-service program that provides concurrent training on content and pedagogy. Piloting will involve development of the training curriculum and modules, training of new entrants (for the first two years within the Program life time) and evaluation of the program during training.	Annual	Reports from TELDD	TELDD will collect and compile reports on different implementation stage of the program from responsible directorates and institutions.	TELDD	CSA or independent survey	Yes

	The piloting will take place in three universities which have been identified as Centers of Excellence (CEOs).						

Annex 3: Disbursement-Linked Indicators, Disbursement Arrangements and Verification Protocols

Disbursement-Linked Indicator Matrix

	Total Financing Allocated to DLI (US$ m)		As % of Total Financing Amount (%)		DLI Baseline	Indicative timeline for DLI achievement									
	IDA	DP				Year 0 2017/18		Year 1 2018/19		Year 2 2019/20		Year 3 2020/21		Year 4 2021/22	
DLI 1: Quality enhancement and assurance program for O-Class (IR 1.3)					n.a	**DLR 1.0**: Quality enhancement materials developed and translated; Training of Trainers completed.		**DLR 1.1**: Inspection framework developed for O-Class, validated and approved		**DLR 1.2**: Quality Enhancement and Assurance Program for O-Class implemented in Phase 1 schools		**DLR 1.3**: 20% Level 1 O-Classes in Phase 1 schools upgraded to higher level (scalable)		**DLR 1.4:** 90% Level 1 O-Classes in Phase 1 schools upgraded to higher level (scalable)	
Allocated amount:	40	20	10%	5%		10	0	0	5	10	5	5	5	15	5
Total allocation:	60		14%			10		5		15		10		20	
DLI 2: Performance-based awards to school on a timely basis to improve internal efficiency (IR 2.1)					n.a	-		**DLR 2.1**: 60% of best-performing primary schools receive performance-based awards by March 31		**DLR 2.2**: 70% of best-performing primary schools receive performance-based awards by March 31		**DLR 2.3**: 80% of best-performing primary schools receive performance-based awards by March 31		**DLR 2.4**: 90% of best-performing primary schools receive performance-based awards by March 31	
Allocated amount:	40	10	10%	2%		0		10	2	10	2	10	3	10	3
Total allocation:	50		12%					12		12		13		13	
DLI 3: Improved girls-to-boys ratio in Grade 8 in Afar, Ethiopia Somali					63%	-		**DLR 3.1:** Gender-sensitive SIP Framework		**DLR 3.2:** Girls-to-boys ratio in Grade 8 in Afar,		**DLR 3.3:** Girls-to-boys ratio in Grade 8 in Afar,		**DLR 3.4:** Girls-to-boys ratio in Grade 8 in Afar,	

and Benishangul-Gumuz (KPI 3)								and improved girls' clubs guidelines approved by MoE.		Ethiopia Somali and Benishangul-Gumuz increases to 64%		Ethiopia Somali and Benishangul-Gumuz increases to 67% (scalable)		Ethiopia Somali and Benishangul-Gumuz increases to 70% (scalable)	
Allocated amount:	30	20	7%	5%		0		5	0	5	10	10	5	10	5	
	50		12%					5		15		15		15		
DLI 4: Improved availability of Basic School Grants ("Basic SG") and Additional School Grants ("Additional SG") in emerging regions (IR 4.1)					50%	**DLR 4.0**: Formulas for Additional SG and revised School Grant guidelines developed and adopted		**DLR 4.1**: 55% of schools receive Basic SG and Additional SG by November 30, 2018		**DLR 4.2**: 60% of schools receive Basic SG and Additional SG by November 30, 2019		**DLR 4.3**: 65% of schools receive Basic SG and Additional SG by November 30, 2020		**DLR 4.4**: 70% of schools receive Basic SG and Additional SG by November 30, 2021	
Allocated amount:	45	20	11%	5%		5	0	10	5	10	5	10	5	10	5	
	65		15%			5		15		15		15		15		
DLI 5: Improved teachers' instructional activities (IR 6.2 & IR 6.3)					n.a 54%	**DLR 5.0**: Framework for school-based continuous teacher professional development approved by the State Minister for General Education		**DLR 5.1**: 95% of supervisors and key teachers in Phase 1 Schools are trained		**DLR 5.2:** 80% of Phase 1 Schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development.[76]		**DLR 5.3**: 85% of Phase 1 Schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development ($10 million)		**DLR 5.5**: 90% of Phase 1 Schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development ($10 million)	

[76] Number of visits by cluster supervisors and key teachers will be recorded in the school report card.

															DLR 5.4: Score of a Composite Index of School Inspection Standards on teaching practices in Phase 1 schools reaches 62% ($15 million) (scalable)		**DLR 5.6**: Score of a Composite Index of School Inspection Standards on teaching practices in Phase 1 schools reaches 70% ($15 million) (scalable)	
Allocated amount:	75	30	17%	7%		5	0	20	5	20	5	15	10	15	10
	105		24%			5		25		25		25		25	
DLI 6: Timely availability of textbooks (IR 6.5)					58% (2013)	-		**DLR 6.1:** At least 80% of required textbooks are at regional centers or Woreda education offices by June 30, 2019[77]		**DLR 6.2:** Online textbook distribution and inventory management system operational in 1,000 Phase 1 schools ($5 million) **DLR 6.3:** At least 65% of students in Target Grades have Target Textbooks[78] by		**DLR 6.4:** At least 75% of students in Target Grades have Target Textbooks by		**DLR 6.5:** At least 80% of Target Schools have Target Textbooks by	

[77] This implies that the execution rate of Government textbook plan will be improved from baseline to 80 percent.
[78] This will be based on school visit by Curriculum Directorate (CDID) according to the agreed protocol.

											October 31, 2019. ($10 million)			October 31, 2020			October 31, 2021		
Allocated amount	40	30	9%	7%			10	5			15	5		10	10		5	10
	70		16%				15				20			20			15	
DLI 7: Improved availability, quality and use of data (IR 7.1 & IR 7.2)						**DLR 7.0:** School identification ("ID") guideline validated, approved by Minister of Education and notified to all regions and directorates and Unique School IDs issued by EMIS ($2 million) **DLR 7.1:** EGRA report of raw student test scores available by June 30, 2018 ($2 million)				**DLR 7.2:** ESAA reports and Annual Inspection Reports, using the new unique IDs, approved by the Minister and published by October 31, 2019 ($2 million) **DLR 7.3**: NLA report of raw student test scores available by September 30, 2019 ($2 million)			**DLR 7.4:** Joint report published by EMIS, GEID and NEAEA on learning gaps by June 30, 2020 ($3 million) **DLR 7.5:** EGRA report of raw student test scores available by May 31, 2020 ($2 million)			**DLR 7.6:** A strategic note for General Education curriculum development approved by the Minister by June 30, 2021 ($3 million) **DLR 7.7**: NLA report of raw student test scores available by September 30, 2021 ($2 million)			**DLR 7.8**: EGRA report of raw student test scores available by May 31, 2022 ($2 million)	
Allocated amount:	15	5	4%	1%		4	0	2	2		4	1		4	1		1	1
	20		5%			4		4			5			5			2	

DLI 8: Improved pre-service teacher training for English and Mathematics Grades 5-8 (IR 7.3)						**DLR 8.0:** Strategic framework for concurrent program approved and adopted by the Minister of Education		**DLR 8.1:** Teacher training curriculum for the Concurrent Program approved and adopted by the Minister of Education		**DLR 8.2:** Teacher training modules for Concurrent Program approved by the Minister of Education		**DLR 8.3:** Three Centers of Excellence start receiving new entrants for the Concurrent Program		**DLR 8.4:** A progress evaluation report on the Concurrent Program approved by the Minister of Education	
Allocated amount:	5	5	1%	1%		2	0	1	1	1	1	1	1	0	2
	10		2%			2		2		2		2		2	
Total Financing Allocated:	**290**	**140**	**67%**	**33%**											
	430		**100**			**26**		**83**		**109**		**105**		**107**	

DLI Verification Protocol Table

#	DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification	
				Data source/agency	Verification Entity and Procedure
1	**DLI 1**: Quality enhancement and assurance program for O-Class	The Quality Enhancement and Assurance Program (QEAP) refers to a comprehensive program comprising two key components, Quality Enhancement (QE) and Quality Assurance (QA), for O-Class. The Quality Enhancement component includes: implementation of a 30 days in-service training for O-Class teachers with continuous supervision and coaching (TELDD); provision		Third Party to be agreed with the World Bank, Ministry of Education.	

		of teaching and learning materials based on revised curriculum (CDID); capacity building training for management and supervision (TELDD); and orientation programs on early learning to parents and communities (SIP). The Quality Assurance component includes development and implementation of school inspection for O-Class based on newly-established national standards (SIP and GEID). **DLR 1.0 is considered achieved when**: quality enhancement materials, including teacher guides and TLM, are developed/revised, and translated to Mother Tongue languages; and Training of Trainers for in-service training is revised and conducted with CTEs.	No	TELDD in collaboration CDID	For DLR 1.0: CSA or an independent firm verifies quality enhancement materials have been developed, translated and approved by Ministry of Education. The Ministry of Education submits consolidated training report to the World Bank. The detailed list of trainees (at least name, affiliation, contact information) is

					going to be verified by CSA or an independent firm on sample basis.
		DLR 1.1 is considered achieved when: O-Class standards are developed (SIP) and inspection framework and checklist for O-Class developed (GEID), reviewed by stakeholders and a group of external technical experts and validated and approved by the Ministry of Education.	No	GEID and SIP	For DLR 1.1: CSA or an independent survey firm will verify the O-Class standards and inspection framework approved by the Ministry of Education.
		DLR 1.2 is considered achieved when: Approved QEAP of O-Class is implemented in approximately 2,000 Phase 1 schools. School inspection is conducted for 25% of O-Classes nationwide, including Phase 1 schools. Baseline for inspection levels of O-Classes in Phase 1 schools will be established in Year 2. The inspection framework for O-Class will consist of standards on basic learning environment and teachers' instructional practices as measured by class observations. Based on aggregate percentage score in the standards, O-Classes will be classified into four levels of performance, with Level 3 and Level 4 meeting the national standards.	No	SIP, TELDD, CDID and GEID	For DLR 1.2: Report from visits to O-Class of Phase 1 schools will be prepared by GEID and verified by a CSA or an independent survey firm in line with approved program.

		DLR 1.3 and **DLR 1.4 are considered achieved when**: Re-inspection is conducted for O-Classes in the Phase 1 schools classified as Level 1 and Level 2. These DLRs will measure percentage of Phase 1 O-Classes which are classified as Level 1 in Year 1 that are upgraded to higher levels.	Yes	GEID	For DLRs 1.3 and 1.4: Re-inspection reports of Phase 1 O-Classes from General Education Inspection Directorate verified on a sample basis survey by CSA or an independent survey firms.
2	**DLI 2**: Performance-based awards to school on a timely basis to improve internal efficiency	**DLR 2.1 – DLR 2.4 are considered achieved when**: Performance-based awards are disbursed against two specific criteria: G2/G1 enrollment ratio; and survival rates to G5. For the first-cycle primary schools (those schools having G1-G4 only), completion rate in Grade 4 will be used for survival rates to G5. Best-performing primary schools refer to the top 10 percent of schools in each region that rank the highest in year-to-year improvement in G2/G1 enrollment ratio and survival rates to G5 based on the guidelines for the sub-program. The guidelines refer to a document approved by MoE, which includes the performance-based award formula, disbursement arrangements, communication plan, and monitoring process based on findings of a simulation analysis conducted by the EMIS Directorate and a pilot conducted by the SIP Directorate.	No	SIP, EMIS and Program Coordination Office	For DLR 2.1 – 2.4: Report from the Ministry of Education providing list of selected schools by using agreed award guideline and criteria. CSA or an independent survey firm verify selection of schools and on-time disbursement to schools on a sample basis. For schools that have bank account the

		Performance-based awards refer to the amount of 30,000 birr per school and will be disbursed directly to schools using the school bank account under the responsibility of the SIP Directorate. The DLR will disburse if/when the respective annual target for delivery of performance awards to best-performing schools by March 31 is achieved.			Ministry of Education will directly transfer the award to their account and produce the bank transfer statement as an evidence. For schools that do not have bank account the transfer will follow government procedure.
3	**DLI 3**: Improved girls-to-boys ratio in Grade 8 in Afar, Ethiopia Somali and Benishangul-Gumuz	**DLR 3.1 is considered achieved when** the gender-sensitive SIP Framework with updated descriptors and improved girls club guidelines with technical and implementation aspects are defined, validated and approved by the Ministry of Education. Validation means discussion with internal and external education sector stakeholders. Approved means by the State Minister of General Education. **DLR 3.2, 3.3 and 3.4 are considered achieved when** the average ratio of girls to boys in Afar, Ethiopia Somali and Benishangul-Gumuz regions using data reported in EMIS for the	No No: DLR 3.2 Yes: DLR 3.3. and DLR 3.4.	EMIS, SIP and Gender Directorates. EMIS, SIP and Gender Directorates.	For DLR 3.1: CSA or an independent survey firm will verify the attainment of the DLI based on the validation reports and approval documents provided by the Ministry of Education. For DLRs 3.2, 3.3 and 3.4: The Ministry of Education reports prepared by the SIP Directorate

		preceding reporting period reaches the agreed targets.			jointly with Gender and EMIS Directorates will be verified through a representative sample survey in three emerging regions (Afar, Ethiopia Somali and Benishangul-Gumuz) by CSA or an independent survey firm.
4	**DLI 4**: Improved availability of basic and additional school grants in emerging regions	This DLI will be met when schools in emerging regions receive basic and additional school grants by November 30 in accordance with the agreed targets. For the purposes of this DLI schools include primary and secondary public schools of Ethiopia. **DLR 4.0 is considered achieved when** SG guideline with allocation formulas is revised, validated and approved by the Ministry of Education for the package of: a) basic school grants, b) additional school grants to cluster resource centers to support special needs students, and c) additional school grants to schools in emerging regions. Additional SG formulas will be established for cluster center schools to be transformed to IERCs and schools in emerging regions. Emerging regions include Afar, Ethiopia Somali, Benishangul-Gumuz and Gambella. The basic school grant for pre-	No	SIP	For DLR 4.0: CSA or an independent survey firm will verify development, validation with key stakeholders and approval of the revised SG guidelines based on the validation report, revised

		primary (O-Class) to grade 12 will also envisage support of education of children with special needs in mainstream schools. Approved means by the State Minister of General Education. **DLRs 4.1 – 4.4 is considered achieved when** the percentage of schools that receive basic and additional school grants by November 30 transferred according to the revised and approved SG guidelines acceptable to the World Bank reaches the agreed targets.	Yes: DLRs 4.1-4.4	SIP	guidelines for basic and additional SGs, and approval documents provided by the Ministry of Education. For DLRs 4.1 - 4.4: The Ministry of Education reports prepared by the SIP Directorate based on the information from MoFEC verified through a representative sample survey in Afar, Ethiopia Somali, Benishangul-Gumuz and Gambella by CSA or an independent survey firm.
5	**DLI 5**: Improved teacher instructional activities	**DLR 5.0 is considered achieved when:** Framework for school based continuous teacher development program is developed and approved.	No	TELDD in collaboration with CDID	DLR 5.0: The comprehensive package provided by the Ministry of Education to be verified by CSA

		The school based continuous teacher professional development support package refers to a comprehensive package that includes: i) CCA tools and complementary and remedial instructional guides for Grade 1 and 2 in seven mother tongue languages and for Grade 7 and 8 English and Mathematics. ii) Modules to train supervisors and key teachers at CTEs and teachers at clusters via an in-out-in modality. iii) Guidelines for cluster and school based peer groups mapping role and responsibilities of implementers. iv) Monitoring and support tools for supervisors and key teachers. Development of the package will be coordinated by TELDD with participation of CDID, MTELDD, MSIC, NEAEA, selected CTEs, universities, clusters and schools. Validation indicates that the package is presented to stakeholders including all relevant directorates, REBs, sample woredas, CTEs, universities, clusters and schools and accepted. Approval indicates formal endorsement made by the State Minister of General Education. **DLR 5.1 is considered achieved when:** In each cluster of the Phase 1 schools, at least a group of 1 supervisor, 1 key teacher for mother tongue, 1 key teacher for English, 1 key teacher for Mathematics will be trained at least three times a year.	No	TELDD	or an independent firm. For DLRs 5.1**:** The Ministry of Education (TELDD) collect the data from College of Teachers Education (CTEs)/REBs and submits consolidated

					training report. The detailed list of trainees (at least name, affiliation, contact information) is going to be verified by CSA or an independent survey firm.
		DLR 5.2, DLR 5.3 and DLR 5.5 are considered achieved when: In each cluster of the Phase 1 schools, each of the trained supervisors and key teachers visit (80%, 85% and 90% for DLR 5.2, DLR 5.3 and DLR 5.5 respectively) their satellite schools at least three times a year. The school visits will be tracked through stamped visiting report at the satellite school level and a copy will be kept at the cluster school. The visiting report will be compiled at regional level and sent to the Ministry of Education.	No	TELDD	For DLR 5.2, DLR 5.3 and DLR 5.5: Sample of visiting reports will be verified by CSA or an independent survey firms at satellite school level on sample basis.
		DLR 5.4 and DLR 5.6 are considered achieved when: Composite index refers to an index of inspection Standards 11, 12, 13, and 18. 70% composite index is considered satisfactory (inspection standard Level 3). Baseline of the composite index will be established in year two and re-inspection will be done in year 3 and 4.	Yes	GEID	For DLR 5.4 and 5.6: Verification will be based on a technical third party's review by CSA or an independent survey firms on performance of schools on

		These inspections are conducted only for targeted teachers, i.e. Grades 1 and 2 mother tongue teachers and English and Mathematics teachers in Grades 7 and 8.			improving teaching practice against the composite index of inspection standards on a sample basis.
6	**DLI 6:** Timely availability of textbooks	**DLR 6.1 is considered achieved when:** At least 80% of textbooks planned in the Procurement Plan procured and delivered to the regional centers (for reprint) or woreda education offices (for new). This is measured by percentage of textbooks delivered by June 30th 2019 out of what is approved in July 2018 by the State Minister of General Education. The Procurement Plan is approved in July every year and is revised as needed throughout the year. Ministry of Education consolidates textbook procurement and delivery reports obtained from regions. This report should contain information on procurement and delivery of textbooks by grade and subject to each region and woreda. **DLR 6.2 is considered achieved when:** The system is operational when it can successfully capture the status of (i) inventory at regional centers or woreda education offices (ii) delivery to schools (iii) inventory at school level. The 'online textbook distribution and inventory management system' refers to a database system that is capable of recording the progress of distribution of textbooks for all subjects and grade levels from Ministry of Education down to	No No	CDID EMIS (Online textbook distribution and inventory management system) with support from CDID	For DLR 6.1: The report prepared by the Ministry of Education will be verified by CSA or an independent survey firms on sample basis. The verification checks number of textbooks delivered to regions or woredas by June 30th, 2019. For 6.2: CSA or an independent survey firm will conduct a technical audit of the system to ensure that it is technically functional as required and that

		individual schools and then retaining a record of the inventory of textbooks at 1,000 pilot schools. The system should use technologically appropriate mechanisms to enable the tracking of distribution at each step of the textbook distribution process in order to assist with identifying blockages and delays in the distribution process. All users of the system should be able to share data with the system using either Internet data or SMS as appropriate, as well as being able to extract reports on textbook distribution progress in the same way. The system should use suitable security systems to enable users with relevant authorities to access online reporting systems to determine the current status of textbook distribution and school textbook inventories.			there are appropriate mechanisms in place to protect and secure sensitive data. CSA or an independent survey firm will also undertake a data quality audit to verify that data is flowing accurately through the system and reporting accurately on the status of textbook distribution and inventories. This will include conducting a random review of textbook inventories in a sample of participating schools, as well as interviewing key users to verify that the system is

		DLR 6.3 – 6.5 are considered achieved when: The online textbook distribution and inventory management system produces a report showing students in grades 1 and 2 have mother tongue textbooks and students in grades 7 and 8 have English and Math textbooks in all government primary schools. The availability of textbooks to students in school is assessed every October. The availability and utilization of textbooks to students will be surveyed and measured by CDID across regions with spot checks of a random 5 percent of primary schools.	Yes	EMIS	functioning as expected. For DLRs 6.3 – 6.5: CSA or an independent survey firm will visit schools and verify the report generated by the online textbook distribution and inventory management system on sample basis. CSA or an independent survey firm will visit at least 20 percent of the schools sampled by the CDID and verify the data.
7	**DLI 7**: Improved availability, quality and use of data	**DLR 7.0 is considered achieved when**: Ministry of Education (EMIS, GEID and NEAEA) in collaboration with REBs assigns each school in the 2017/18 EMIS data a unique school ID and submit a complete list of schools containing the new school IDs, the old school IDs, school names, regions, zone and woreda information.	No No	EMIS NEAEA	DLR 7.0: CSA or an independent survey firm will review and validate the consolidated data including unique school IDs. For DLR 7.1, 7.3, 7.5, 7.7 and

		DLRs 7.1, 7.3, 7.5, 7.7 and 7.8 are considered achieved when: Raw scores of EGRA and NLA undertaken in sample schools and students (national and Phase 1), without identifiers, is made available to the World Bank[79]. • Early Grade Reading Assessment (EGRA) is an instrument to evaluate early literacy skills focusing on the reading fluency and comprehension levels of Grades 2 and 3 students. EGRA has been administered in Ethiopia since 2010 by the USAID. GEQIP-E will assess the early literacy skills at Grade 2. • National Learning Assessment (NLA) is a measurement of system level information on student learning outcomes and related factors. NLA is administered nationally every four years on a sample basis at Grades 4, 8, 10 and 12 in key subjects. • Sampling: EGRA and NLA will be administered into two sample groups: nationally representative sample for the EGRA and NLA, nationally representative sample from Phase 1 schools. Those nationally representative sample for EGRA and NLA could overlap those Phase 1 school. **DLR 7.2 is considered achieved when:** ESAA and Annual Inspection reports prepared using the unique school ID and approved by the Minister and available publicly by October 2019. ESAA is an annual statistical report managed and	No	GEID and EMIS	7.8: CSA or an independent survey firm will review NLA raw data scores and EGRA for completeness and use of methodology developed by TA and NEAEA. CSA or an independent survey firm will also validate the accuracy of the calculations for KPI 5 and KPI 6 values by replicating the analysis. For DLR 7.2: CSA or an independent survey firm will verify the availability of the

[79] The raw scores will be submitted after clearance by MoE. It will not be disclosed or used for further analysis without MoE consent.

		produced by Ministry of Education. The data is obtained from REBs and city administrations, government and non-government higher education institutions, CTEs and regional technical and vocational training agencies, bureau or commissions. Annual inspection report is managed and produced by GEID addressing key aspects of education quality at the school level which include input, process and output in a total of 108 indicators, each of which gives a score 1 to 4. **DLR 7.4 is considered achieved when:** The joint report is reviewed by the management council of the Ministry of Education and approved by the Minister, printed and disseminated to all directorates and REBs. The management council of the Ministry of Education is chaired by the Minister and includes all state ministers, agency directors, PRMD, communication directorate, reform and good governance directorate and the office of the minister as a secretary. Joint report refers to a report that is prepared collaboratively by EMIS, GEID and NEAEA by analyzing the integrated EMIS, inspection, NLA, EGRA and examinations data. The report will focus on: i) Trends and regional variations in student outcomes including learning outcomes and internal efficiency outcomes at the minimum using NLA, EGRA and EMIS ii) determinants of learning outcomes and gaps that relate to inputs and process at the minimum using EMIS and School Inspection	No	GEID, EMIS, CDID, TELDD, MTELDD, MSIC and NEAEA	two reports on the website of the Ministry of Education. For DLR 7.4: CSA or an independent survey firm will verify the availability of the joint reports in the directorates of Ministry of Education and REBs.

		iii) lessons learned and good practices. iv) Alignment plan to coordinate recommended interventions • Reviewed by MoE management council for the accuracy and reliability of ESAA (and approval by the Minister) **DLR 7.6 is considered achieved when:** CDID prepares a strategic note for the curriculum development/revision reviewed by management council of the Ministry of Education and approved by the Minister. The strategic note takes into account the findings from the joint report.	No	CDID	For DLR 7.6: CSA or an independent survey firm will verify the use of the findings of the joint report in the strategic note.
8	DLI 8: Improved pre-service teacher training for English and Mathematics Grades 5-8	**DLR 8.0 is considered achieved when:** Strategic framework that includes implementation guidelines for the concurrent program is approved by the Minister and made available to universities. The concurrent program refers to a four-year degree program that provides concurrent training on content and pedagogy. **DLR 8.1 and 8.2 are considered achieved when:** Curriculum and module development for math and English include participation by TELDD English, TELDD Science and Math, universities (COEs), select CTEs and teachers. There will be a validation process with experts and stakeholders, a verification check in part utilizing the regular government process with an enhanced focus on ensuring quality and	No No	TELDD TELDD	For DLR 8.0: CSA or an independent survey firm verifies implementation guidelines are available at universities. For DLR 8.1 and DLR 8.2: CSA or an independent survey firm will review the teacher training curriculum and modules for English and Mathematics and

		alignment, and approval by Ministry of Education. **DLR 8.3 is considered achieved when:** The three COEs provide detail concurrent programs to the Ministry of Education. New entrants to the three COEs start receiving the concurrent program. **DLR 8.4 is considered achieved when:** The three COEs submit a progress evaluation of the	No No	TELDD TELDD	the validation and approval documents provided by the Ministry of Education. CSA or an independent survey firm will prepare a report that includes interviews of selected stakeholders and responsible parties on the development and validation process and whether or not it was inclusive and collaborative. For DLR 8.3: CSA or an independent survey firm will verify the list of the new entrants for the concurrent program at the three COEs.

		concurrent program and evaluation will include (but not be limited to) pre-post assessment to measure learning outcomes, interviews with teacher educators, student teachers and other key stakeholders. The evaluation reports are submitted to and approved by the Ministry of Education.			For DLR 8.4: CSA or an independent survey firm will review the implementation and evaluation reports which will be based on visits to COEs and interviews with teacher educators and trainees.

World Bank Disbursement Table

#	DLI	World Bank financing allocated to the DLI (Additional DPs' contributions) in US$ M	Deadline for DLI Achievement[80]	Minimum DLI value to be achieved to trigger disbursements of World Bank Financing[2]	Maximum DLI value(s) expected to be achieved for World Bank disbursements purposes[3]	Determination of Financing amount to be disbursed against achieved and verified DLI value(s)[4]
1	Quality enhancement and assurance program for O-Class	40 (20)	DLR 1.0: June 2018; DLR 1.1: June 2019: DLR 1.2: June 2020; DLR 1.3: June 2021; DLR 1.4: June 2022	DLR 1.0: Development and translation of the program materials DLR 1.1: Approval of program DLR 1.2: Implementation of the QEAP in O-Classes in Phase 1 schools DLR 1.3: Upgrading of 10% of O-Classes in Phase 1 schools DLR 1.4: Upgrading of 30% of O-Classes in Phase 1 schools	DLR 1.0: n/a DLR 1.1: n/a DLR 1.2: n/a DLR 1.3: Upgrading of 20% of O-Classes in Phase 1 schools DLR 1.4: Upgrading of 90% of O-Classes in Phase 1 schools	DLR 1.0: Pass/Fail. Full disbursement upon achievement. USD 10 million from IDA DLR 1.1: 1 Pass/Fail. USD 5 million for approval from DPs. DLR 1.2: Pass/Fail. Full disbursement upon achievement. USD 10 million (additional USD 5 million from DPs) DLR 1.3: USD 2.5 million for every 10% of O-Classes upgraded to higher level against approved inspection standards up to USD 5 million (additional USD 2.5 million for every 10% of O-Classes upgraded to higher level

[80] If the DLI is to be achieved by a certain date before the World Bank Financing closing date, please insert such date. Otherwise, please insert the World Bank Financing closing date.

						against approved inspection standards up to USD 5 million from DPs) DLR 1.4: USD 2.15 million for every 10% of O-Classes upgraded to higher level against approved inspection standards up to USD 15 million (additional USD 0.7 million for every 10% of O-Classes upgraded to higher level against approved inspection standards up to USD 5 million from DPs).
2	Performance-based awards to school on a timely basis to improve internal efficiency	40 (10)	DLR 2.1: March 31, 2019; DLR 2.2: March 31, 2020 DLR 2.3: Mar 31, 2021 DLR 2.4: Mar 31, 2022	DLR 2.1: 60% of best-performing schools receive awards by March 31, 2019 DLR 2.2: 70% of best-performing schools receive awards by March 31, 2020 DLR 2.3: 80% of best-performing schools receive awards by March 31, 2021 DLR 2.4: 90% of best-performing schools receive	n/a	DLR 2.1 & 2.2: Pass/Fail. USD 10 million disbursed on achievement of respective annual target (additional USD 2 million disbursed on achievement of respective annual target from DPs). DLR 2.3 & 2.4: Pass/Fail. USD 10 million disbursed on achievement of respective annual target (additional USD 3 million disbursed on achievement of respective annual target from DPs)

				awards by March 31, 2022		
3	Improved girls-to-boys ratio in Grade 8 in Afar, Ethiopia Somali and Benishangul-Gumuz	30 (20)	DLR 3.1: Dec 2019 DLR 3.2: Dec 2020 DLR 3.3: Closing date	DLR 3.1: Gender-sensitive School Improvement Planning (SIP) Framework and improved girls' clubs guidelines approved. DLR 3.2: 64% DLR 3.3: 67% DLR 3.4: 70%	DLR 3.1: n/a DLR 3.2: 64% DLR 3.3: 67% DLR 3.4: 70%	DLR 3.1: Pass/fail. USD 2.5 million for approved gender-sensitive (SIP) framework; and USD 2.5 million for approved revised girls' clubs guidelines DLR 3.2: Pass/Fail. USD 5 million (additional USD 10 million from DPs) DLR 3.3: USD 3.4 million for every 1% improvement in girls-to-boys ratio up to USD 10 million (additional USD 1.67 million for every 1% improvement in girls-to-boys ratio up to USD 5 million from DPs) DLR 3.4: USD 3.4 million for every 1% improvement in girls-to-boys ratio up to USD 10 million (additional USD 1.67 million for every 1% improvement in girls-to-boys ratio up to USD 5 million from DPs)
4	Improved availability of basic and additional school grants in emerging regions	45 (20)	DLR 4.0: June 2018 DLR 4.1: Nov 30, 2018 DLR 4.2: Nov 30, 2019	DLR 4.0: Additional School Grants formula and revised SG guidelines adopted	DLR 4.0 – 4.4: n/a	DLR 4.0: Pass/fail. USD 5 million for adoption of guidelines. DLR 4.1-4.4: Pass/Fail. USD 10 million for achieving

			DLR 4.3: Nov 30, 2020 DLR 4.4: Nov 30, 2021	DLR 4.1: At least 55% of schools receive basic and additional school grants by November 30, 2018 DLR 4.2: At least 60% of schools receive basic and additional school grants by November 30, 2019 DLR 4.3: At least 65% of schools receive basic and additional school grants by November 30, 2020 DLR 4.4: At least 70% of schools receive basic and additional school grants by November 30, 2021		respective annual target (additional USD 5 million for achieving respective annual target from DPs)
5	Improved teachers' instructional activities	75 (30)	DLR 5.0: June 2018 DLR 5.1: June 2019 DLR 5.2: June 2020 DLR 5.3: June 2021 DLR 5.4: June 2021 DLR 5.5: June 2022 DLR 5.6: June 2022	DLR 5.0: Framework for school-based continuous teacher professional development approved	DLRs 5.0, 5.1, 5.2, 5.3, and 5.5: n/a DLR 5.4: Score of a composite index of School Inspection standards on teaching practices	DLR 5.0: Pass/fail. USD 5 million for approval DLR 5.1: Pass/fail. USD 20 million (additional USD 5 million from DPs)

				DLR 5.1: 95% of supervisors and key teachers in Phase 1 schools are trained DLR 5.2: 80% of Phase 1 schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development DLR 5.3: 85% of Phase 1 schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development DLR 5.4: Score of a composite index of School Inspection standards on teaching practices in Phase 1 schools reaches 62	in Phase 1 schools reaches 62 DLR 5.6: Score of a composite index of Schools on teaching practices in Phase 1 schools reaches 70	DLR 5.2: Pass/fail. USD 20 million (additional USD 5 million from DPs) DLR 5.3: Pass/fail. USD 5 million (additional USD 5 million from DPs) DLR 5.4: USD 1.25 million for every percentage point increase in composite index score upto USD 10 million (additional USD 0.63 million for every percentage point increase in the index up to USD 5 million) DLR 5.5: Pass/fail. USD 5 million (additional USD 5 million from DPs) DLR 5.6: USD 1.25 million for every percentage point increase in composite index score up to USD 10 million (additional USD 0.63 million for every percentage point increase in the index up to USD 5 million)

				DLR 5.5: 90% of Phase 1 schools are visited by cluster supervisors and key teachers at least three times a year for school-based continuous teacher professional development DLR 5.6: Score of a composite index of School Inspection standards on teaching practices in Phase 1 schools reaches 70		
6	Timely availability of textbooks	40 (30)	DLR 6.1: June 2019 DLR 6.2: June 2019 DLR 6.3: June 2020 DLR 6.4: June 2021 DLR 6.5: June 2022	DLR 6.1: At least 80% of required textbooks available at regional centers or woreda education offices. DLR 6.2: The system identifies the status of textbooks for 1000 Phase 1 schools in following areas (i) inventory at regional or woreda levels, (ii) delivery to schools, and (iii) inventory at school level.	n/a	DLR 6.1: Pass/fail. USD 10 million on achievement of target (additional USD 5 million from DPs) DLR 6.2: Pass/fail. USD 5 million on achievement of target (additional USD 2.5 million from DPs) DLR 6.3: Pass/fail. USD 10 million on achievement of target (additional USD 2.5 million from DPs) DLR 6.4: Pass/fail. USD 10 million on achievement of

				DLR 6.3: 65 percent of students in Grades 1 and 2 have Mother Tongue textbooks and Grades 7 and 8 have Math and English textbooks in government primary schools. DLR 6.4: 75 percent of students in Grades 1 and 2 have Mother Tongue textbooks and Grades 7 and 8 have Math and English textbooks in government primary schools. DLR 6.5: 80 percent of students in Grades 1 and 2 have Mother Tongue textbooks and Grades 7 and 8 have Math and English textbooks in government primary schools.		target (additional USD 10 million from DPs) DLR 6.5: Pass/fail. USD 5 million on achievement of target (additional USD 10 million from DPs)

7	Improved availability, quality and use of data	15 (5)	DLR 7.0: June 2018 DLR 7.1: June 2018 DLR 7.2: October 2019 DLR 7.3: September 2019 DLR 7.4: June 2020 DLR 7.5: May 2020 DLR 7.6: June 2021 DLR 7.7: September 2021 DLR 7.8: May 2022	DLR 7.0: School ID guideline validated, approved and notified to all regions and directorates and unique school IDs issued by EMIS DLR 7.1: EGRA report of raw student test scores available and validated by CSA or an independent third party by June 2018 DLR 7.2: ESAA and Annual Inspection reports, using the new unique IDs, approved by the Minister and published by October 2019 DLR 7.3: NLA report of raw student test scores available and validated by CSA or an independent third party by September 2019	n/a	DLR 7.0: Pass/fail. USD 2 million on achievement of target DLR 7.1: Pass/fail. USD 2 million on achievement of target DLR 7.2: Pass/fail. USD 1 million on achievement of target (additional 1 million from DPs) DLR 7.3: Pass/fail. USD 1 million on achievement of target (additional 1 million from DPs) DLR 7.4: Pass/fail. USD 2 million on achievement of target (additional 1 million from DPs) DLR 7.5: Pass/fail. USD 2 million on achievement of target DLR 7.6: Pass/fail. USD 2 million on achievement of target (additional 1 million from DPs) DLR 7.7: Pass/fail. USD 2 million on achievement of target

				DLR 7.4: The joint report published by EMIS, GEID and NEAEA on learning gaps by June 2020 DLR 7.5: EGRA report of raw student test scores available and validated by CSA or an independent third party by May 2020 DLR 7.6: A strategic note for the curriculum development approved by the Minister by June 2021. DLR 7.7: NLA report of raw student test scores available and validated by CSA or an independent third party by September 2021 DLR 7.8: EGRA report of raw student test scores available and validated by CSA or		DLR 7.8: Pass/fail. USD 1 million on achievement of target (additional 1 million from DPs)

				an independent third party by May 2022		
8	Improved pre-service teacher training for English and Mathematics Grades 5-8	5 (5)	DLR 8.0: June 2019 DLR 8.1: June 2019 DLR 8.2: June 2019 DLR 8.3: June 2020 DLR 8.4: June 2021	DLR 8.0: Strategic framework for concurrent program approved and adopted by the Minister DLR 8.1: Teacher training curriculum for the concurrent program approved and adopted by the Minister DLR 8.2: Teacher training modules for concurrent program approved by the Minister DLR 8.3: Three Centers of Excellence have started receiving new entrants for the concurrent program DLR 8.4: A progress evaluation report on the concurrent program approved by the Minister.	n/a	DLRs 8.0: Pass/fail. USD 2 million upon achievement of target from IDA DLRs 8.1 – 8.3: Pass/fail. USD 1 million upon achievement of target. (additional 1 million from DPs) DLRs 8.4: Pass/fail. USD 2 million upon achievement of target from DPs

Annex 4: Technical Assessment

I. Program Strategic Relevance and Technical Soundness

A. Strategic Relevance

1. The central objective of Ethiopian national strategies is to progress to a lower middle-income economy by 2025. In 2015, the Government launched its latest development strategy, the second Growth and Transformation Plan (GTP II), which aims to accelerate structural transformation. GTP II (2015/16 to 2019/20) aims to continue improvements in physical infrastructure through public investment projects and to transform the country into a hub for light manufacturing. Given that demographic pressures of the country increase the demand for quality education, the GTP II strategically addresses the human development needs.

2. Education sector in the country plays an important role to help the GTP II to realize its vision. As a strategic guiding principle, the Education Sector Development Program V (ESDP V) was developed in 2015, and it provides overarching policy framework of the education sector from 2015/16 to 2019/20, precisely the same period of the GTP II. The ESDP V covers all levels of education from pre-primary to primary to secondary to Technical and Vocational Education and Training (TVET), and to tertiary education. The ESDP V translates the nation's strategic priorities and goals into an action program with tangible outcomes at the respective education levels.

3. General Education Quality Improvement Program (GEQIP) jointly funded by donors and the World Bank has supported the ESDPs for a decade. GEQIP I was implemented between 2009 and 2013, and subsequently GEQIP II started in 2013 and is expected to be closed in 2018. Both GEQIP I and II aimed to improve learning conditions in primary and secondary education, providing support to, inter alia, textbooks and learning materials, teacher development and school grants. As a result of the concerted effort by the Ministry of Education (MoE), DPs, and the World Bank, GEQIP I and II yielded tangible outcomes during the project periods. To name a few, under GEQIP I, about 78 million copies of textbooks were provided. Under GEQIP II, about 120 million textbooks for different subjects and grades have been successfully procured and have been distributed or are in the process of being distributed to schools. The latter includes reprints of textbooks for Grades 1-12, mother tongue textbooks and teacher guides for Grades 1 to 8 and supplementary materials in seven languages. About 270,000 primary and secondary teachers have completed or are completing pre-service or in-service training at Colleges of Teacher Education (CTEs) and universities, leading to significant reductions in the percent of teachers who do not have the required qualifications. This includes about 35,000 key teachers in all regions who have received short-term updating trainings in English, mathematics and sciences. School grants whose beneficiaries include 6 year-old students in O class have been annually distributed to almost all public primary and secondary schools nationally. The timeliness of the school grant distribution process has improved over the last three years.

4. The proposed Program builds upon the achievements made by the GEQIP I and II. Given that GEQIP supported the improvement of learning environment for a decade with almost one-billion-dollar investment, the proposed Program envisages two major shifts from its predecessors. One is the shift in the focus from learning environment to learning outcomes, and the other main change is to make the investment more results-oriented (i.e., PforR). These two major shifts reflect the objectives of ESDP V and upcoming ESDP VI as well as strong demand from DPs. They are, hence, widely accepted by the MoE, DPs, and other stakeholders.

5. The proposed Program is also aligned with the World Bank Group's Country Partnership Strategy (CPS) for Ethiopia FY 2017-2021 and the World Bank's Education 2020 strategy. The second focus area of the CPS aims to build resilience and inclusiveness. This includes improved basic education learning outcomes and improved early learning outcomes. The Program also contributes to two of the three pillars of the World Bank's Education 2020 strategy, namely: "investing smartly" in education and "investing for all". By supporting ESDP V, the proposed Program aims to improve the education sector's efficiency, equity and quality as well as to support system-level improvements that can enable more rational education system management.

B. Technical Soundness

6. The technical design of the proposed Program is based on ESDP V, lessons learned from GEQIP I and II, a wide range of consultations with stakeholders, and various studies on the education sector in the country as well as other regions. Detail Program description is discussed in Annex 1.

7. *ESDP V*: The design of the proposed Program is based on the ESDP V – a national education policy and strategic paper. It identifies six priority programs: (i) Capacity development for improved management, (ii) General education (Quality), (iii) General education (access, equity and internal efficiency), (iv) Adult and non-formal education, (v) Technical and Vocational Education and Training (TVET), and (vi) Higher education.[81] The proposed Program strategically selects the first three priority programs as focus areas. Building upon the successes of GEQIP I and II. It thus focuses on improving student participation and learning outcomes, taking into account equity, in pre-primary, primary and secondary education (general education). TVET and Higher Education will have to be treated by other projects. For the same reason, "Adult and Non-Formal Education (ANFE)" is excluded from the Program. The World Bank has not worked on ANFE in Ethiopia, and other donors (e.g., UNESCO) may have a comparative advantage in this domain.

8. *Lessons learned from GEQIP I and II and various studies*: GEQIP became the major education program supported by DPs (including the World Bank) and helped the MoE to realize policy commitments and progress activities under the ESDPs. It is a natural transition for GEQIP to be more deeply integrated into the ESDP through the World Bank's new instrument, PforR. GEQIP made a good progress in ESDP targets. However, there is still room for further improvement, strongly focusing on results. Throughout the GEQIP I and II, internal efficiency has been a persistent issue. Drop-out rate of grade 1 has gradually decreased but remains high at 17.9 percent (as of July 2017). Primary completion rate is low at 35 percent nationally for youth between 15 and 29.[82] Hence, the proposed Program aims to introduce two new interventions to improve the internal efficiency. One is to improve learning ability of students before grade 1 through pre-primary school (O-Class), and the other is to introduce a performance-based awards, providing schools with financial incentives to improve G2/G1 enrollment ratio and survival rate to grade 5. Equity in education also remains a major concern in the country. The proposed Program brings about gender issues more clearly and addresses in three Results Areas of internal efficiency, equity, and quality. Besides, gender issues, the Program supports students with special needs and

[81] General education includes pre-primary, primary and secondary education (grades 0 – 12).
[82] "Investing in Ethiopia's Future" (2015, World Bank) and "Striving for Excellence" (2016, World Bank)

from pastoral communities. Budget for students with special needs were thinly stretched to too many schools in GEQIP II. Therefore, it is proposed that the limited financial and human resources would be concentrated at cluster center schools that help improve assistance for those with special needs at surrounding schools. While GEQIP II provides additional financial resources to emerging regions through school grants, various data including EMIS and household surveys show considerable regional disparities on education indicators, in particular pastoralist community areas. In collaboration with Agriculture GP, the proposed Program aims to support access and quality of education in the pastoralist community. Quality, in particular student learning outcomes, remains the central issue of the education sector. Building upon the achievements through GEQIP I and II, GEQIP-E focuses two unfinished agenda critical to quality education: teachers and learning environment. As evidenced by the teacher licensing written exam results, teacher training did not fully translate to improvement in quality of teachers. The 2015 SDI survey reveals that teacher absenteeism from classroom is high at 27.7 percent. Providing adequate funding and incentives, with proper monitoring of teachers' instructional activities, to woredas and school levels, the proposed Program aims to change teachers behavior in classroom. Teachers are expected to spend more time in classroom, conduct periodic student learning assessments, and constantly provide feedback and remedial actions to students academically lagging behind. For learning environment, school grants and textbooks are widely distributed to schools and students across all regions under GEQIP II. The availability of school grants and textbooks on time at school level, however, remains one of the major concerns. Introducing DLIs on timely delivery of school grants as well as on establishment of a delivery and inventory system for textbooks is expected to enhance the timely distributions of school grants and textbooks to schools.

9. *Partnership*: GEQIP I and II were the education projects widely supported by Development Partners in Ethiopia. Under GEQIP II, pool of contributing development partners expanded. The following Development Partners now financially contribute to the GEQIP II besides the World Bank; DFID (GBP 119.85 million), Finland (EUR 19.8 million), GPE (USD 170 million), Italy (EUR 5.7 million), Norway (NOK 48 million), UNICEF (USD 1 million), and USAID (USD 11 million). During the GEQIP II implementation, the DPs have promoted harmonization among themselves and between the Government and DPs. They all join official missions as well as meetings with the government, and contribute technical inputs and closely monitor the progress of the implementation of GEQIP II.

10. DFID (£90 million), Finland (€16.9 million), and UNICEF (US$4 million) have announced that they would financially and technically contribute to the proposed Program. Norway and USAID are also likely to continue to provide financial support. The design of the proposed Program has been largely accepted by DPs. The MoE, the DPs, and the World Bank had a series of consultative meetings and workshops from the brainstorming stage to Project Concept Note stage to the preparation stages. It is also agreed that the DPs will provide their funds through MDTF and that the World Bank will manage the pooled funding and play a major role in designing, supervising, and monitoring the Program in collaboration with the DPs.

II. Program Expenditure Framework

11. **ESDP V and VI Budget Estimates**: The ESDP V is the Government's education program being implemented between 2015/2016 and 2019/2020. The total program cost is estimated to be about ETB 454 billion (about US$20.6 billion) for five years. ESDP VI is supposed to be

introduced between 2020/21 and 2024/2025, and the proposed Program is expected to commence in 2018/19. Hence, it will be implemented both under ESDP V and VI. From 2018/2019 to 2019/2020, the cost of ESDP V is estimated to be about ETB 207 billion (about US$9.4 billion). Assuming annual cost remains the same, from 2020/2021 to 2021/2022, the cost of ESDP VI would be approximately ETB 207 billion (US$9.4 billion). Hence the total cost of ESDP V and ESDP VI over the four Program years (2018/19 to 2021/22) would be ETB 414 billion (US$18.8 billion). All costs above include all sub-sectors from pre-primary to higher education including TVET as well as both recurrent and capital expenditures.

12. **Budget Estimates - Non-Salary Recurrent at Sub-National Levels (Regions and Woredas):** Non-salary recurrent budget at sub-national levels is estimated to be US$2,200 million for the Program duration (with a financing gap of US$300 million). The government (regions and woredas) contributions are estimated to be US$1,428 million during the same period. (Table 1)

13. Total DP contribution to the Program is estimated at US$430 million, of which US$290 million is IDA financing and US$140 million is from other DPs. (In addition, US$10 million of IDA financing will be allocated to the IPF component.)

A. Assessment of the Expenditure Framework

14. **Effectiveness.** An effective expenditure framework invests resources in inputs that attain intended outcomes. At the macro level, a well-defined sector strategy that is aligned with the Mid-Term Expenditure Framework (MTEF) is necessary. Although it is sub-optimal in terms of setting priorities among desirable outcomes, the ESDP V is a good strategy. The 2014 PFM assessments for Ethiopia found that ESDP IV did not seem well-aligned with the MTEF. However, ESDP V seems better aligned.

15. At the micro level, ESPES conducts analyses highly germane to the question of whether the GEQIP-E Program is likely to result in effective service delivery. It finds that woreda-level education expenditures positively and significantly affect fundamental education outcome indicators: NER for grades 1 to 8, the NER for grades 5 to 8, and the pupil-teacher ratio. All are significantly associated with increased woreda-level expenditure, and the size of these associations is large. Every additional US$1 per capita of woreda education spending is associated with an improvement in the NER of 2.1 percent. For grades 5 to 8, this increases to over 4 percent. For the pupil-teacher ratio, the negative association indicates that a higher education expenditure is associated with a lower pupil-teacher ratio and is strong at 3 percent. These results are all significant at the 1 percent level and robust to changes in specification. The analyses also found that historically disadvantaged regions and woredas received, on the whole, a relatively greater proportion of block grant transfers and often showed a pro-poor bias from such expenditures, with a disproportionate amount of benefits accruing to lower-income households.

16. **Efficiency.** Investments are efficient if they yield value for money. Two main sources of inefficiency are corruption that diverts resources from their intended purposes and poor implementation that interferes with the expeditious flow of money to the procurement and distribution of goods and services to their intended beneficiaries. The 2014 PFM analyses found that corruption is not a major issue at federal or subnational levels relative to many countries in

SSA and in other regions.[83] Their assessments of controls for payroll and non-salary goods and services and procurement are especially relevant to GEQIP-E's funding of subnational non-salary recurrent costs. Although GEQIP-E is not funding salaries, national and subnational governments tend to prioritize payroll obligations for political reasons, and poor management of payroll expenditures can infringe on budgets for non-salary recurrent expenditures which GEQIP-E does fund. ESPES did not find that fraud and corruption were an issue for *woreda*-level salary payments, which constitute the majority of *woreda*-level expenditures.[84] The 2014 PFM assessments found that the controls for non-salary recurrent expenditures were adequate, such as the proper segregation of duties in order to prevent an employee or group of employees from being in a position both to perpetrate and to conceal errors or fraud in the normal course of their duties. As detailed in the financial assessment, MoE's procurement processes present a more mixed picture.

17. The sector evidences some implementation sources of inefficiency, such as acquisition delays by MoE's procurement unit (see the financial management assessment), textbook distribution that can stall at the *woreda* level and schools, or delayed distributions of school grants. The timeliness of the distribution of school grants is improving across time, and Government, the donors, and the World Bank are well aware of and working to reduce other implementation obstacles.

18. **Adequacy.** GEQIP-E will be implemented under the last two years of ESDP V and under the first two years of ESDP VI. In the narrowest sense, the issue of adequacy for GEQIP-E is relative to subnational non-salary recurrent expenditures. Between GEQIP-E's first year (2018/19) and its last (2021/22), the expenditure framework shows that nominal budgets for subnational non-salary recurrent expenditures are projected to increase by 213.3 percent, with Government's dependence on donors to fund this budget category across the GEQIP-E timeframe. However, it is difficult to judge their adequacy relative to the projected non-salary recurrent costs for ESDP V and VI: ESDP V estimates capital versus recurrent costs, but not salary versus non-salary recurrent costs.

19. Obviously, the country's macro status, Government's history of fiscal commitments to the sector, and changes in the costs associated with running the sector independent of incremental investments in transformational interventions will affect the resources available for subnational non-salary recurrent initiatives funded by GEQIP-E. In 2016 the IMF assessed Ethiopia's risk of external debt distress as moderate, noting that relative to 2015, Ethiopia's external vulnerabilities had increased but that Government was now taking action to contain some risks. Between 2007 and 2013, Ethiopia invested an average of 5 percent of GDP and 26.9 percent of total public expenditures in education, indicating strong commitments to education. Although demographic pressures and increasing enrollments at levels of education with unit costs higher than those for

[83] Ethiopia has a robust legal framework for addressing fraud and corruption that its Federal Ethics and Anticorruption Commission and the Regional Ethics and Anticorruption Commissions proactively pursue. Transparency International's surveys of perceptions of corruption for Ethiopia certainly show room for improvement, but Ethiopia gradually declines between 2010 and 2016 in perceived corruption, as a percentage ranking relative to the number of countries rated.

[84] Financial controls on salary payments are extremely onerous and difficult to bypass. During the implementation of the donor-funded Protection of Basic Services (PBS) Program 1 and 2 in 2006 and 2009 and the more recent PBS 3, continuous random audits and spot checks did not reveal any problems such as "ghost workers"—the most common form of fraud in salary payments.

primary education will increase the running costs of the sector, this risk can be managed in several feasible ways that can be mobilized individually or in combination.[85] There is sufficient time for these options to take effect.

B. Financing Plan

20. It is expected that the Government financing for the program would increase from 71 percent to 83 percent during the Program period. The donor (IDA and DPs) contributions to its subnational non-salary recurrent expenditures are expected to decrease from 27 percent to 16 percent across the four years of proposed Program (Table 1). The key inputs for quality education such as school grants, textbooks and learning materials, and teacher training account for approximately 60 percent of the total non-salary recurrent expenditures on general education at regional and woreda levels.

Table 1: Expenditure framework for the proposed Program (in million US$)

	2017/18	2018/19	2019/20	2020/21	2021/22	Total
				Forecast [1/]		
Non-salary Recurrent Expenditures on General Education, net of ESPES contribution		222	291	374	540	1,427
Federal		0	0	0	0	0
Regional [2/]		154	203	261	426	1,044
Woreda, net of ESPES contribution [2/]		67	89	114	114	384
School grants (Regions and Woredas)		79	89	101	114	382
Textbooks (Regions and Woredas)		30	32	35	37	134
Teacher Training (Regions and Woredas)		26	29	33	37	124
IDA ESPES contribution		7.5	9.9	12.7	12.7	42.8
DP contribution (IDA + donors) [3/]	26 (Prior Result)	83	109	105	107	430
Financing Gap		70	73	75	82	300
Total regional + *woreda* non-salary recurrent education expenditures + IDA + other donors' contribution to education		313	410	492	660	1,900

[85] These include economic growth, holding constant on Government revenues as a share of GDP and on public education budgets as a share of total government expenditure; increasing total public revenues and expenditures, as encouraged by the IMF; shifting larger shares of education expenditures to households especially at the tertiary level; and using the same resources more efficiently. Food (primarily student food) accounts for 20% of tertiary recurrent spending and 35% of non-salary recurrent spending. The 1 billion ETB spent on university students' food in 2012 could have a) paid for an additional 48,000 teachers at lower primary grades or b) financed the school grant program for all of the more than 40,000 primary schools in the country in a year.

Total + Financing Gap	383	483	567	682	2,200
Total Government contribution to subnational non-salary recurrent education expenditures (*in %*)	71%	71%	76%	83%	76%
Total IDA ESPES contribution to subnational non-salary recurrent education expenditures (*in %*)	2.4%	2.4%	2.6%	2.0%	2.3%
Total proposed Program (IDA + donors) contribution to subnational non-salary recurrent education expenditures (*in %*)	27%	27%	21%	16%	22%

1/Forecast figures for the period 2018/19 - 2019/20 come from the government's Medium term Macroeconomic and Fiscal Framework (MEFF). For 2020/21 and 2021/22 the federal block grant total value is expected to increase by the rate of the previous year

2/ The regional block grant share going to the education sector, averaged over the last three years, was 22%, with 25% of the share for education being allocated to non-salary recurrent expenditures. The woreda block grant share going to the education sector was 35%, with 6% of the share for education being allocated to non-salary recurrent expenditures.

3/ The total DP financing is US$440 million. Its PforR expenditure share is US$430 million of which US$26 million is used for prior results and another US$40 million for an advance. The IPF share is US$10 million,

21. **Financing Gap:** There is currently a financing gap of approximately US$300 million. The financing gap is deemed to be only a moderate risk because it is likely that the Government would receive additional sources. One potential source is expected from an IDA's Refugee Window. Ethiopia is eligible for this Window. Another possible source is from Global Partnership for Education (GPE). GPE has already started discussing with MoE on potential additional financing to support the sector.

22. **Fiscal Affordability and Sustainability:** It is anticipated that MoE would receive adequate budget allocation to implement ESDP V and VI. The Government of Ethiopia has a good track record in budget allocation to the education sector. Government's investment in education as a percent of GDP averaged 4.7 percent since 2000. This is relatively high, compared to 4.3 percent of Sub-Sahara African countries. As a percent of total government expenditures, it increased sharply between 2002 (16.2 percent) and 2006 (24 percent). It has remained high during the subsequent years, averaging 23.4 percent relative to the 16.6 percent SSA average. Fiscal sustainability is also expected to improve during the Program period. As shown in Table 1, financial dependency on DPs is expected to decrease from 27 percent to 16 percent. In addition, unlike GEQIP I and II where financing of school grants and textbooks has been mostly dependent upon DPs, MoE would start financially contributing to those items. The MoE would contribute approximate US$10 million for school grants over the period project. Financial contributions to textbooks are to be confirmed.

III. Program and Results Framework and M&E

23. A Results Framework is developed with specific and measurable indicators and realistic annual targets in consultation with the MoE and DPs. KPIs are established with a strong focus on results. All KPIs are directly linked with the PDO statement addressing the four Results Areas (internal efficiency, equitable access, quality and system strengthening), taking into account cross-cutting issues of gender, special needs, and pastoralists. Achieving the targets of KPIs would help

the MoE to accelerate the ESDP activities and fill the gap in its ambitious targets many of which are still not yet achieved. KPIs are interlinked with and supported by Intermediate Results Indicators (IRIs) and DLIs. A greater emphasis was put, through IRIs, on the process of achieving KPIs. DLIs would provide appropriate incentives to the MoE, regions, woredas, cluster schools, schools, and/or concerned education entities such as CTEs. Such incentives would help them expedite the process and achieve agreed targets within the specific time band.

A. Disbursement Linked Indicators

24. A total of eight DLIs and associated DLRs have been agreed with the Government to incentivize achievement of results in the four result areas of the Program. During the DLI selection process, lessons learned from GEQIP II on potential implementation bottlenecks and evidence from local and international literature have been taken into consideration. The DLIs are a mix of process, output, intermediate result, and outcome indicators. If DLI targets are successfully achieved within the agreed timeframe, the Program will achieve all KPIs and bring significant positive impact on the general education system of the country. Annex 3 provide detailed information about DLIs.

B. Managing Risks and Improving Capacity

25. Under the IPF-TA component, consultants would be hired to help MoE and REBs undertake M&E tasks to update progress on achieving the targets. At the central and regional levels, besides Program Steering Committee and Regional Program Steering Committee, a minimum of four long-term consultants will be placed in both the Ministry and each region to provide support on (i) planning and project coordination, (ii) financial management, (iii) procurement, and (iv) environmental and social safeguards (i.e. at least 48 consultants in total at regional level). These consultants will build the capacity of the MoE and REBs by bringing in specialized expertise in key operations areas and help the Program implementation with timely updated information in the results framework.

IV. Economic Justification of the Program

Justification for public provision and finance

26. **Market failure, spillovers, redistribution of wealth** – Public financing and provision of education are common in most countries. The economic argument for public intervention is a market failure where individuals at young ages are unable to borrow from the credit market to finance their education. It is also justified by significant economic spillovers where less educated individuals benefit from more educated individuals (e.g.: see Gille 2011). Finally, public financing and provision is a means of wealth redistribution to promote equity.

Expected economic impact

27. **Measuring economic impact** – To measure the expected economic impact of this PforR, its costs and monetary benefits are modelled and an internal rate of return is estimated. While ideally this analysis would compare the costs and benefits of the government program with and without the PforR contribution, in the case of ESDP V and as with many education programs in Sub-Saharan Africa, the World Bank and other DPs have been involved in the design and financing since the early planning stages. As a result, there is no well-defined government program in

absence of this PforR. To assess the expected economic impact, an internal rate of return for ESDP V is modelled by comparing costs and benefits with and without the program.

28. **ESDP-V impact on human capital** – The PforR's PDO indicators (see the results framework) for efficiency, equity and quality reveal the program's anticipated impact on human capital. PDO indicators 1-3 result in an increase in educational attainment, and indicators 4-6 result in an increase in cognitive skills. The links between earnings and both educational attainment and cognitive skills are well established suggesting that educational attainment and cognitive skills are important determinants of individual productivity and human capital. Globally, an additional year of schooling is associated with approximately 10 percent higher earnings (see Montenegro & Patrinos 2014). An estimate of a Mincerian earnings function using the Ethiopian 2013 Labour Force Survey associates an additional year of primary schooling with 15.5 percent higher earnings and an additional year of secondary schooling with 13.7 percent higher earnings. While no data currently exists to measure the association of cognitive skills with earnings in Ethiopia, internationally, one standard deviation difference in test scores is associated on average with 17 to 22 percent higher earnings (Patrinos & Psacharopoulos 2010).

29. **Modeling approach** – To assess the economic impact of ESDP V, an internal rate of return is estimated by measuring the costs and benefits of the program for a representative first grade student. The benefits of the program are the change in his or her expected future earnings less the expected future recurrent education costs based on changes, resulting from the program, to (1) his or her grade survival rates which determine the probability distribution of his or her years of schooling; and (2) his or her cognitive skills. These benefits are assumed to last until 5 years after the program ends. The costs are the total government and donor investment cost per first grade student. This provides a conservative estimate of the internal rate of return because it assumes only first grade students benefit. To simplify the analysis, the benefits resulting from PDO indicators 1 and 2 (regarding reduction in first grade dropout rates and 5th grade survival rates) and from PDO indicators 4 and 5 (regarding increasing learning achievement at 2nd and 8th grade levels) will be considered.

30. **Modeled benefits** – PDO indicators 1 and 2 are expected to change the grade survival rates for a representative 1st grade student while PDO indicators 4 and 5 are expected to increase his or her cognitive skills. Table 2 presents the modeled transition rates, survival rates and the association between an additional year of schooling and earnings both at baseline (pre-program) and at the end of the program based on the PDO indicator targets (post-program). Post-program transition rates change only in the first grade reflecting the target for PDO indicator 1; this affects the subsequent survival rates. The 5th grade transition rate is increased to match the target for PDO indicator 2. Increases in cognitive skills resulting from PDO indicators 4 and 5 are modeled to increase the association between years of schooling and earnings. The link between changes in cognitive achievement and the association between years of schooling and earnings is based on the finding from international data that one standard deviation in cognitive skills is associated with 17 percent higher earnings. This requires converting PDO indicators 4 and 5 which are denoted in percent of students achieving minimum proficiency into standard deviations. Neither of these two PDO indicators has a target assigned yet as the baseline data is unavailable. Consequently, reasonable targets are assigned for this analysis based on the increase in 8th grade math and English proficiency between 2011 and 2015: 2nd grade cognitive skills are modeled to increase by 0.028

standard deviations and 8th grade cognitive skills by 0.026 standard deviations. These are quite small increases compared to findings from impact evaluation studies of various education interventions on cognitive skills. The association between an additional year of schooling and earnings increases by 2.8 percent for primary leavers and an additional 2.6 percent for secondary leavers. The sensitivity of the resulting internal rate of return to these figures is discussed below.

Table 2. Modeled survival rates and impact of schooling on earnings

	Baseline (current data, as counterfactual)			Target (by end of year 4)		
grade	transition rate from one grade to the next	probability of attaining grade level	increase in earnings per year of schooling	transition rate from one grade to the next	probability of attaining grade level	increase in earnings per year of schooling
1	82.1	100.0	15.5	83.6	100.0	15.5
2	91.6	82.1	15.5	91.6	83.6	18.3
3	90.7	75.2	15.5	90.7	76.6	18.3
4	82.8	68.2	15.5	82.8	69.5	18.3
5	91.0	56.5	15.5	91.0	58.0	18.3
6	92.4	51.4	15.5	92.4	52.8	18.3
7	91.7	47.5	15.5	91.7	48.8	18.3
8	79.9	43.6	15.5	79.9	44.8	18.3
9	83.2	34.8	13.7	83.2	35.7	19.1
10	30.3	29.0	13.7	30.3	29.8	19.1
11	88.0	8.8	13.7	88.0	9.0	19.1
12	-	7.7	13.7	-	7.9	19.1

31. **Modeled costs** – Two sets of costs are considered for this analysis and are presented in Table 3. The first are the recurrent costs of attending school which were estimates as part of an education financing review in 2015 based on data from 2011. Private expenditure was estimated using the Household Income, Consumption and Expenditure Survey of 2011. The second set of costs is the investment costs of the program. The total cost of ESDP V is US$2.068 billion. As this analysis measures the impact on the representative first grade student, the final cost per first grade student in ETB is 3,799.

Table 3. Costs per student of education and the program

Recurrent costs per student (2017 ETB)	
Primary	
Public	852
private (hh expenditure)	1,786
Secondary	
Public	1,007
private (hh expenditure)	2,528
Program cost per 1st grade student	
number of 1st grade students	3,040,063

total cost of program (millions US$)	2,068
… per year (millions US$)	517
… per 1st grade student (US$)	170
… per 1st grade student (ETB)	3,799

32. **Internal rate of return** – Based on these modeled costs and benefits, the program would yield an internal rate of return of 22 percent for a representative first grade student. This is expected to be an underestimate because (1) it assumes that the only beneficiaries are first grade students, (2) it ignores savings from reductions in repetition rates, and (3) measures the benefits from only four of the six PDO indicators.

33. **Sensitivity analysis** – Table 4 presents the modeled internal rate of return under different modeling scenarios to understand how the modeling assumptions affect it. First, it is assumed that a standard deviation change in cognitive skills results in the approximate international average presented in Patrinos & Psacharopoulos (2010); however, if, in Ethiopia, a standard deviation increase in cognitive skills results in only a 5 percent increase in earnings, then the internal rate of return would be 14 percent. Likewise, the association between years of schooling and earnings is based on labour force survey data and is not a causal relationship. If an additional year of schooling only caused 5 percent higher earnings, then the internal rate of return would be 15 percent. If the program in fact has no impact on cognitive skills at all, then the internal rate of return would be 7 percent. This highlights the importance of cognitive skills for achieving a high rate of return. Increasing attainment may have large increases in earnings in the future, but it also increases costs in the near term through opportunity cost of lost earnings and schooling costs while delaying the benefits until further into the future. Finally, if the program was delayed for three years and only 25 percent of the PDO targets were achieved in the fourth year, then the internal rate of return would be 12 percent. With the exception of not having any impact on cognitive skills, the various scenarios presented in Table 3 suggest a large return on investment for the Government of Ethiopia and worthwhile investment for the World Bank.

Table 4. Modeled internal rate of return for a student in 1st grade

IRR for the program	22%
IRR by scenario (sensitivity analysis)	
low impact of cognitive skills on earnings	14%
low impact of schooling on earnings	15%
no impact on cognitive ability	7%
3 year delay in program	12%

World Bank value-added

34. **Institutional knowledge and global expertise** – The World Bank has been working with the Government of Ethiopia in the education sector for at least ten years. This project marks the third consecutive education program for the World Bank. Over this time the World Bank has developed significant institutional knowledge about Ethiopia's education sector and a trusting relationship with the client government. Additionally, this program marks a shift to a results-based

engagement which will increase the role of analytical work and policy dialogue. The World Bank's global expertise in education monitoring and evaluation and policy research will be critical to a successful and fruitful results-based program.

Annex 5: Summary Fiduciary Systems Assessment

I. Introduction

1. An integrated fiduciary systems assessment for GEQIP-E was carried out on the implementing agencies of the ESDP consistent with Operational Policy/World Bank Procedure for PforR Financing. This annex provides summary of the fiduciary systems assessment.

2. In additional to the assessment, the Integrated Fiduciary Assessment (IFA) used the implementation support and supervision mission reports of previously implemented education sector projects, the 2014 Public Expenditure and Financial Accountability (PEFA) reports that covered the federal government and six regions, woreda Public Financial Management (PFM) benchmarking rating[86], and relied on the IFA of Enhancing Shared Prosperity through Equitable Services (ESPES) Additional Financing given that part of the expenditure framework for the Program is non salary recurrent expenditure of the government which is already covered by the ESPES. The review assessed financial management, procurement system rules and procedures and their application, including oversight mechanisms at the program implementing entities as well as fraud and corruption and complaint handling mechanisms.

3. The IFA aimed to review the capacity of the sample participating entities on their ability (i) to record, control, and manage all Program resources and produce timely, understandable, relevant, and reliable information for the Borrower and the World Bank; (ii) to follow procurement rules and procedures, to support the program development objective and address risks associated with the Program; and (iii) to ensure that implementation arrangements are adequate and risks related to fraud and corruption as well as complaints handling mechanism are reasonably mitigated by the existing framework. The IFA examined the program expenditure framework to determine whether it is comprehensive, clearly defined, and whether it is part of the Borrower's budget and financial management processes.

4. Overall, the IFA concludes that the examined program financial management and procurement systems are adequate to provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to principles of economy, efficiency, effectiveness, transparency and accountability, and for safeguarding Program assets once the proposed mitigation measures have been implemented. Appropriate systems to handle the risks of fraud and corruption, including effective complaint-handling mechanisms, have been agreed on and established.

II. Key findings of a fiduciary assessment

Financial management

5. The 2014 PEFA assessment has been completed for the federal government as well as regions which noted good improvements in areas of budget credibility and internal control systems. Weaknesses continue to remain in internal audit function, high staff turnover and capacity constraints in procurement and internal audit, and delay in reports etc.

[86] The Woreda PFM benchmarking exercise was included in the current ESPES operations and aims at assessing woredas as per 22 Performance Indicators (PIs) of public financial management, some of which are similar to PEFA indicators. The final outcome of this exercise would be PFM reform of the woredas, starting with the weakest.

6. Although improvements are noted, general gaps remain in the areas of property management, cash control, monthly bank reconciliation, delay in presenting consolidated audit reports to regional councils, inadequate performance audit coverage by Office of Regional Auditor Generals (ORAGs), weak capacity of the budget and finance standing committee for oversight role. In addition to these general weaknesses at woreda level, for the education sector, transparency needs to be improved in disclosing to the public audit reports, budget execution and school grant utilization reports. There continues to be weak performance of internal audit affecting the oversight on the school grant fund and internal control weaknesses are noted on annual financial and school grant audits. There is delayed budget preparation, approval and dissemination process for the special purpose grant. Overall, it is the conclusion of the assessment that the financial management risk is rated as "Substantial". To address the challenges and risks noted, mitigation measures are proposed which are outlined in the Program Action Plan.

7. The key performance issues and risks under the Program from the side of financial management– ranging from planning and budgeting and revenue prediction up to audit and accountability are detailed below:

a. **Planning and budgeting:** The Government of Ethiopia has a well-functioning planning and budgeting system for the block grant system. The timeliness of budget proclamation, notification, break downing and recording has improved over time. However, there is significant delay in preparing detailed annual work plan and budget for the special purpose grants leaving an average of nine months for implementation. The reasons for such delays have been attributed to lengthy consolidation of annual work plan and budget, delay in conducting the workshops for budget discussions and the late start of the exercise. The budget preparation and dissemination should strictly follow the government's budget calendar for block grant budget preparation and dissemination.

   *Budget control***:** At all the visited woredas, the budget control is satisfactory. Availability of sufficient uncommitted budget balance is confirmed before payment is being made. However, most of the visited woredas were using manual budget ledger to control expenditure and commitments instead of the budget control module of the IBEX. Lack of adequate skill on the system and insufficient number of computer hardware were the reasons for using the manual control. The manual control is time-consuming and may generate errors. Furthermore, variance analysis between budget and actual expenditure was not used as a management tool to identify bottlenecks and find resolution to the issues.

   *Execution and monitoring***:** The budget execution of non-salary recurrent costs is very encouraging both at regional and woreda levels. Budget trend shows that the annual total budget and its execution in the regions and woredas was at most times above 95 percent over the past three years. However, there are certain weaknesses in the special purpose grant budget execution and monitoring: (i) there are substantial discrepancies between the proclaimed and working budgets; and (ii) there is very low budget utilization rate particularly for textbooks procurement and teachers' development program. Reasons for low budget utilization are mainly due to delay in procurement, and delay in the annual work plan and budget preparation. Supplementary budget should be submitted for timely approval and the utilization for the other components should be closely followed up.

b. **Transparency:** The school grant guidelines (SGG) stipulates that "at each school and ABE center, a school grant notice board must be placed in a public place, accessible to parents and community members, with details about school grant program, when and how much was received, and how the school grant received was used". However, the actual practice differs from school to school, but mostly disclosure is not done consistently, and when it is done, the disclosure is either not complete or the posters have faded away. To enhance transparency, program budget and financial information need to be disclosed on the MoE website or through other means. Furthermore, each school must comply to the SGG and post the necessary information to the public.

c. **Treasury management and fund flow:** The system of treasury management and flow of funds is robust with the usage of Z accounts (zero balance accounts). This arrangement represents the Treasury Single Account. The system enhances the treasury management control. Woredas and zones use single account whereby one bank account is maintained for all budgetary institutions. The practice improves the cash management system and saves resources and accountant time by reducing number of unnecessary records and report producing otherwise required. The predictability of fund release is satisfactory for the block grant allocation. The fund flow for the special purpose grant is through a special account to be opened at MoFEC and to the regions and woredas from there on. For the special purpose grant, particularly the release of school grant fund requires further attention. Although the SGG states that school grant fund should be released to schools by October 31, this timetable is not usually met. As was seen from the data from 2013 to 2016, most transfers were made either in the 2nd or 3rd quarters. Timely release of school grant fund would allow the schools to properly plan and use the resource in the year. Delay in the transfer of the school grant is mainly due to (i) delay in the allocation breakdown by the REBs; (ii) schools not submitting their previous school grant utilisation document; (iii) and schools not complying with the SGG which requires opening of a bank for schools receiving fund above ETB 15, 000; and (iv) lack of clarity on how to release the resource of school grant for special needs students. To mitigate these risks, the EMIS needs strengthening (through the IPF component) to have up to date data on school enrolment, training should be provided to school cluster supervisors on financial management who will further train the schools on reporting of utilisation and allowing the regions to approve cash transfer to schools which are not in proximity with banks. The MoE should clearly define the modality of resource allocation for special need students and disseminate the same to the regions. Proper cash flow planning should be made and school grant should be released timely.

d. **Accounting and financial reporting:** The PEFA notes strong accounting and reporting systems in the country. Zones and woredas use the pool system for financial management activities. Finance related proclamations, regulations, directives, guidelines and working manuals are available in most woredas. The IBEX, which is the government's accounting software, has been rolled out to all regions and almost all woredas. The software is used to capture the non-salary recurrent cost data from woreda, region and federal level. By design, the IBEX as is now, cannot capture data for the special purpose grants. The chart of account is not designed to accommodate for expenditure of projects. Therefore, MoFEC has rolled

out the IBEX on a standalone basis with modified chart of account to regions and woredas where there is some donor financed projects. The usage of this software was agreed for the implementation of GEQIP II. However, even after the project implementation of three years, only four regions out of eleven were able to produce reports using the software as of quarter ended April 7, 2017. Regions should be trained and the software should be used by all regions to capture the special purpose grant data. IT support from regions should be strengthened to ensure full compliance. With regards to reporting, timely report is produced in most cases by the woredas and regions. All visited woredas submit complete package of reports although analysis for advances and payables needs further strengthening.

*Accounting and reporting as school level***:** under GEQIP II, approximately 35,000 schools have received school grant fund. Schools are expected to maintain a simple accountability arrangement by preparing cash books and presenting their cash books to the WoFED regularly for accountability purposes. However, the audit report for school grants continue to reveal weaknesses in maintaining the cash book, retaining all relevant source documents and submitting their cash books to the WoFED. As indicated above, the school cluster supervisors should be given training on basic financial arrangement so that they can support primary schools under their supervision. Furthermore, when the SIP training is made to school directors, including a basic book keeping training could strengthen the capacity at school level.

e. **Internal audit and internal control:** The PEFA notes that internal control procedures are well embedded in financial proclamation, regulation and various directives and manuals. The PEFA also clearly acknowledges the internal control to be the strongest area of the PFM. The financial management system at the entities visited has sufficient controls to ensure authorization, recording and custody controls.

Non-salary payment controls: There was satisfactory segregation of duties in the payments approval cycle as well as to key processes, including payroll preparation, procurement, staff advances, use of real assets, and personnel administration. As noted from various audit reports and the woreda PFM benchmark rating, weaknesses remain such as: expenditures/payments misclassification or coding and posting errors; lack of complete documentation (including per diem payment forms not completed properly, payments not supported by invoices, training payments not supported with participant attendance sheet, and improper per diem payments), bank reconciliations not done monthly, regular cash count not done, and weak property management control.

Cash and bank management: The assessment team noted that in the majority of visited woredas, monthly bank reconciliation was performed and up-to-date. Regular cash count is conducted and reconciled with ledger balance. However, previous audit report findings disclosed that several woredas covered by the audit did not prepare monthly bank reconciliation and did not conduct regular cash count. This is also captured in the woreda PFM benchmark rating.

Receivables and payables: One of the repeated control weaknesses observed from audit reports is the failure to clear on a timely basis the outstanding receivables and payables.

Similarly, subsidiary ledgers are not always maintained for receivable and payable balances. Aging analysis is being done for the Special Purpose Grant (SPG) which should be continued and used as a management tool.

Internal control of school grants: Strict adherence to SGG by all schools is very essential to make sure that grants are used only for the intended purpose of improving the quality of education. Though training of trainers on the financial management of school grants were provided and these trainings were further cascaded to most members of Parents Students and Teachers Associations (PSTA), it was observed that in some schools, proper cash books and files for supporting documents were not maintained and few schools have incurred ineligible expenses. The school grant audit continues to reveal deviations from the SGG in terms of processes and procedure. The financial management system of schools needs improvement through continuous trainings and workshops.

School enrollment data: The integrity of the data is essential as school grant allocation is based on it. In most of the visited woredas, the planning, monitoring and evaluation officers and inspectors from WoFED take part when school management conducts school enrolment data. The school principal makes sure that school enrollment data is properly filed in the standard format (as in the SGG) takes the accountability by submitting the data signed and sealed to WEO. It is only upon the scrutiny and approval of WEO that annual school enrolment data is officially submitted to ZEO, REB and to MoE. The EMIS unit at regional level and zonal level aside from consolidation conduct inspection and do the validation of school and woreda data.

Internal control over textbooks: Newly printed textbooks can either be delivered directly to the schools or to the regional central stores for distribution by the REB depending on the contractual agreements. Like any fixed assets and consumables, text books are registered in the government's Model 19 template (goods receiving voucher) upon receipt by store keepers and Model 22 (issue voucher) when issued to individuals. The assessment has noted weak accountability on the side of woredas and schools as some text books were kept at woreda and school stores idle for a long time. MoE made attempt to make woredas and schools responsible for not distributing books to students and rigorous inspection has been carried out by respective federal, regional and zonal education offices to resolve this issue. A continuous assessment of the flow and distribution of textbooks is highly recommended.

*Internal audit***:** In each budgetary institution, at region level, there is internal audit unit. At woreda level the internal audit service is given at pool level which is accountable to the head of WoFED. Internal audit is an area that is generally considered to be the weakest link in the PFM system. The weaknesses found include quantitative and qualitative staffing problems, coupled with a high staff turnover. Due to lack of the appropriate skills, the internal auditors mostly do not perform system and risk based audit but focus on traditional audit-vouching (concentrating on per diem payments and cash shortage). Most internal audit units include school audits in their annual work plan although the plan is not followed through due to the limitations explained above. Given the vast number of schools

receiving the school grant, the external audit review is not sufficient hence this calls for strengthened involvement of the internal audit function.

f. **External audit and oversight**: the non-salary recurrent cost of the education sector is being audited quarterly as part of the continuous audit which forms the final annual audit report and through the Office of the Federal Auditor General (OFAG) for the MoE and through the Office of Regional Auditor General (ORAGs) for the REBs. The audits are conducted annually and are presented to parliament and regional councils respectively for follow up. The audit reports for ESPES and GEQIP II have been submitted timely for the last three years with unqualified audit opinions. Timely action is taken on financial audit report findings with close follow up of the MoFEC. This should be continued.

School grant audits: the school grant audits, covering 3 percent of the schools, received for GEQIP I and II reveal the prominent weaknesses of various noncompliance to the SGG such as not opening bank accounts, lack of standard columnar cash books, lack appropriate supporting documents for expenditure, lack of notice board for notifying school grant fund and utilization, payments approved by Kebele representative instead of PSTA and lack of record for goods received. Furthermore, the involvement of internal audit at woreda level is not satisfactory. It is clear that the external audit review of the school grant cannot cover all the schools with the program. Therefore, the main internal control framework for the school grant fund is the community and the internal audit function at woreda level. It is very clear from the reports that the necessary support is not being provided by the internal audit function. To mitigate this risk (i) the MoE should continue to create awareness through the education sector semiannual meetings and follow up on the school grant audit findings regularly; and (ii) the SIP committee which comprises of the school director, teachers, students and parents should be given a very simplified checklist to strengthen their oversight role over the school grant fund. The checklist can be submitted to WoFED and WEO which can decide on high risk schools for their intervention; and (iii) each region should ensure that there is enough budget allocated for the WoFED internal auditors to monitor the schools as per their annual plan. The MoE should continue to create awareness through the education sector semiannual meetings and follow up on the school grant audit findings regularly.

8. Based on the above, the Financial Management risk assessed for this operation is classified as "Substantial". To address the challenges and risks noted as well as to support the PFM reform agenda with a focus on decentralized structures, mitigation measures are outlined in the PAP which needs to be supported by the IPF component which consists of capacity building activities.

Procurement

Procurement performance

9. About 20-25 percent of MoE's budget is expended via procurement channels and is guided by the framework for public procurement. Per a study commissioned by the World Bank[87], the operational environment in Ethiopia for MoE and its supply chains has two complex dimensions: (i) Ethiopia's three-tier federal structure and concomitant decentralization; and (ii) the absolute

[87] Review of Procurement Systems and Practices in the Education Sector Ethiopia", December 18, 2016.

complexity of the supply chain for educational materials. Public service delivery for over 20 million students, located in 9 regions and 2 city administrations, through 35,000 schools, with over 1000 textbook titles and in 40 languages is an onerous management and logistical challenge. Through GEQIP, MoE has achieved considerable success in holding the price line stable and even reducing costs for textbooks. Price lines so far have been consistently decreasing from the first printing to the second and the third.

10. In terms of volume, as of September 2017, under GEQIP II, textbooks worth US$37 million, and goods (vehicles, motorbikes and ICT materials) worth US$5 million have been delivered. Contracts for textbooks worth US$20 million, and a contract for supply and installation of educational cloud infrastructure worth US$26.4 million are under execution. In addition, procurement of textbooks worth US$43.6 million are under bid evaluation process. Overall, MoE's procurement achievements have been significant. However, moving forward, this performance should not be taken for granted and could be at risk because of sub-optimum bidding efficiency indicators. The challenge for MoE under GEQIP-E is to create conditions to ensure its performance and execution efficiency improve. The acquisition delays are significant and they effectively reduce the effectiveness of public service delivery. The causality is complex and it cannot be attributed to any single factor.

High value contracts

11. Under GEQIP I and II, all ICB contracts were handled by the Procurement Services Administration Directorate of the MoE. There were high value TLMs and ICT procurement activities under GEQIP II. The maximum values of single contracts were US$26.4 million for ICT infrastructure, and US$26 million for textbooks. However, the values for most ICB textbooks, and other goods and services were below US$10 million. Thus, the likelihood of a single contract amounting to or exceeding more than 25 percent of Program expenditure is low under GEQIP-E. However, high value contracts under the Program shall be monitored during support missions to ensure that the Program is in conformity with the World Bank's policy on high value contracts in PforR financing.

Procurement planning

12. In most of the reviewed entities, including MoE, REBs and universities, it is observed that they have procurement plan which is derived from the annual work plan. 14 percent of the entities visited (3 CTEs and one REB) do not have any experience of preparing procurement plan.

13. The MoE, REBs, universities and CTEs are required to prepare a procurement plan with the standard format. Procurement plan format for government financed procurement activities is provided in the procurement directives. Procurement plan should contain description of the item to be procured, procurement method, cost estimate and milestone dates. Milestone dates are mostly not met in the reviewed entities. Recording the actual dates for monitoring the procurement plan is not practiced in most entities as well.

14. In 62 percent of the entities surveyed, the procurement process is initiated on a case by case basis from user departments/units after annual procurement plan is approved and budget is released. All entities reported that delayed release of budget is one reason affecting the procurement planning process. Moreover, many procurement activities are not initiated as per the

plan due to delay in the preparation of specifications and TORs by user departments/units. In addition, procurement plan is not adequately used as a management tool for monitoring progress.

15. Preparing realistic plans which contain all information and using procurement plans for monitoring and decision making are weak areas in most implementing agencies at sub-national level. Hence addressing this risk is an important element in the implementation of the Program through capacity building and other measures such as timely release of the annual budgets of implementing agencies.

Procurement performance issues and risks

The key procurement performance issues and risks under the Program are detailed below:

16. **Applicable procurement procedures**: Public procurement is regulated by the Public Procurement and Property Administration Proclamation No. 649/2009. which was issued on September 9, 2009. The revised Federal Public Procurement Directive was issued in June 2010 which defines roles, responsibilities and business processes. The federal level proclamation and directives are mirrored at regional level. The federal and regional proclamations and directives establish the procurement oversight responsibility, procurement organizational structure, procurement methods and procedures and complaint handling procedures.

17. Under the Program, all implementing agencies are expected to use government procurement procedures for executing the procurement of goods, works and services. The procurement laws and procedures are based on UNCITRAL model law and provide a solid foundation for procurement operations. At federal level, the government is considering improving specific elements of the procurement law. The regulatory bodies located within the regional financial bureaus are gradually occupying their mandated space and will require sustained support and guidance to effectively exercise their regulatory role. Considering the limited supervision capacity of the regulatory bodies and concerns on the supervisory bodies' autonomy within MoFEC and BoFED, there is risk in the application of the procurement laws during the implementation of the Program.

18. **Accountability for procurement decisions:** One of the essential features of the procurement proclamations issued by the federal government and regional states is that heads of institutions relegate power of procurement decisions to Procurement/Tender Approval Committees. In most institutions, such bodies make final procurement decisions based on recommendations made by bid evaluation committees and/or procurement units. On the other hand, however, heads of procurement units or the heads of Procurement, Finance and Property Administration Directorates do also make procurement decisions on procurement activities which are below a given monetary threshold without taking such decisions to higher bodies such as Procurement Approval Committees.

19. Overall, accountability for procurement decisions are provided for in the procurement laws of the federal government and regional states. But the fact that members of the procurement decision making bodies are highly placed officials within the respective IAs and such members are not well versed about procurement procedures result in delays in decision makings. Moreover,

interference in decision makings or seeking the approval of higher bodies which have relegated power of decision making results in considerable delays particularly in the MoE.

20. **Organizational structure and staffing***:* Following the procurement reform in Ethiopia, there have been improvements in the organizational settings of procurement units in various Government organizations. There are responsible procurement units with different naming at all levels of the procuring entities. The difference in naming also indicates that the unit is responsible for executing varying functions other than procurement such as Property Administration, General Service and Finance. The procurement units cleared and approved organizational structure that, on average, allows for the recruitment of five procurement staff per unit. In the institutions surveyed, the staff mix includes first degree holders as well as diplomates. The compensation structure for the procurement staffs in the IAs surveyed is very low and not attractive to bring procurement proficient personnel who have good experience and track record in the area. Moreover, it is not attractive enough to retain those who are currently working in the field.

21. The total number of staff available in each procurement unit varies from entity to entity. In 65 percent of the entities (including the MoE, Oromia and SNNP REBs), the number of procurement staff provided in the organizational structure is not adequate as compared to the volume of work they are currently managing and there are often requests for the recruitment of additional procurement staffs. Fifty-nine percent of the entities stated that the number of procurement staff provided in the structure is not sufficient to efficiently manage procurement in the implementing agencies. The inadequacy of the procurement staffs in each entity directly affects the effectiveness and efficiency of the procurement function and compromises quality in procurement processes (e.g., quality of bidding documents, evaluation, award, etc.). This may result in users' complaint on the timeliness and quality of the procured materials.

22. Except in Amhara and Ethiopia Somali REBs and Bahir Dar University, all the sampled entities indicated that the structure does not provide for progressive procurement staff positions (career ladder). Lack of career ladder in the organizational structure for the procurement unit as well as inconsistency in job titles cause dissatisfaction on the procurement staff, resulting in high procurement staff turnover in search of higher positions or better job titles in other places.

23. Procurement regulatory bodies at federal and regional level provide training to procurement staff in procuring entities. However, the level, depth and quality of training provided is simple, for short duration (three to five days) and is only aimed at acquainting staff with the procurement regulations and directives of the respective federal and regional states. Basic training in management of procurement of goods and equipment, works, and consultancy services in the required duration, quality and depth is offered to only four staff in MoE. Thus, there is a need for the provision of quality training which equips procurement staff with the basic principles and procurement processes from planning to contract management and which will enhance their performance in GEQIP-E.

24. Staff turnover in the past three years has been observed in 52 percent of the entities reviewed. In total, 31 staff have left their position over the past three years in 15 of the sampled entities including the MoE. One major reported problem causing staff turnover is the low level of remuneration to procurement staff. Moreover, there is no career development structure for

procurement staff in public procurement units which discourages staff to remain in procurement units. The high level of staff turnover, inadequate procurement proficient personnel, inadequate program for quality training to staff, and unattractive remuneration and working environment remains as a major risk in the procurement system in the country and also a challenge to be reckoned with under GEQIP-E.

25. **Record keeping and document management systems***:* All the visited REBs and universities do have separate record keeping rooms, though the filing system is not well organized. In the MoE, it was noted that the same room that is used as tender opening hall is also used for keeping of bids. However, contract and procurement files are kept in shelves within procurement staff offices. The filing system, however, is irregular and tracing a case is not simple. Procurement records are not maintained in a well-organized manner and this is the major challenge in most implementing agencies. Procurement records cannot be referenced/checked easily during procurement audits and PPRs since such records are not readily available and accessible. Facilities such as office space and computers, photocopy machine, shelves and office furniture are reasonable at regional bureaus, universities and CTEs level. However, few entities (14 percent) have been found with shortage of office furniture and equipment such as photocopy machine. Shortage of office space for procurement is noted in Oromia REB and MoE.

26. Inadequate manual or electronic record keeping in safe and secure place is a major risk area which needs to be addressed in the Program in all the implementing entities to make the Program credible and to keep record keeping requirements in accordance with Government requirements in this regard.

27. **Preparation of bidding documents** is a practice in most of the entities who apply open bidding procedures. REBs, CTEs and the universities use the SBD issued by the BoFED/ FPPA, and the MoE use the SBD issued by the World Bank for ICB contracts. Almost all agencies who have a practice of preparing bidding documents use either English or Amharic languages. The concept of SBDs is almost unknown by the procurement units of 34 percent of the surveyed entities (REBs and CTEs). Out of randomly checked 5 entities for content of prepared bidding documents, in the 2 entities where the SBDs are used, completeness and accuracy is still an issue as important sections of the SBD such as Bid Data Sheet, Evaluation and Qualification Criteria, and Special Conditions of Contract are not properly filled out and use of ambiguous evaluation criteria are noted in the issued bidding documents. In some IAs one page invitation to bid which doesn't contain most of the bid information including the evaluation criteria is considered as a bidding document.

28. On the other hand, in MoE and in some universities, such as the Addis Ababa University, the use of SBDs is common and at a satisfactory level. In MoE use of World Bank's SBDs for procurement of textbooks, and goods and equipment through ICB, and the use of SRFP for the selection and employment of consultants is common and at an acceptable level. The use of SBDs issued by FPPA when approaching the national market is also used in an acceptable manner.

29. Under GEQIP-E, the MoE and other implementing agencies shall use Government procurement procedures and hence are expected to use BDs/SRFPs which are issued by the Federal Public Procurement and Property Administration Agency (FPPA). However, the SBDs/SRFPs

issued by FPPA are not suitable for textbooks and IT equipment procurement as well as for the selection of consultants. Hence MoE should prepare BDs/RFPs to be used for the procurement of these goods and services and negotiate with FPPA to use these SBDs/SRFPs. The World Bank's SBDs and SRFPs can be adapted for this purpose.

30. **Procurement processes**: In REBs, CTEs and universities, both the bidding document preparation and evaluation and award of contracts are performed in a reasonable time, apparently owing to the low value of contracts and since the procurement method mostly used in such agencies is Shopping/Request for Quotations. The time taken to evaluate bids in REBs, CTEs and universities is found to be on average 4 days for shopping and 22 days for NCB.

31. In the case of ICB tenders handled by MoE, which handles, about 95 percent of the procurement activities under GEQIP, significant delays are noted in bidding document preparation and evaluation. The time taken for evaluation of sampled ICB contracts varies from 2 to 6 months, the average being 5 months while the normal bid validity period in the respective Bidding Documents issued is 90 days. Despite such delays, it was also noted that the bid validity and bid security validity monitoring mechanism is poor and not systematized.

32. Since delays in procurement processing have a considerable effect on the timely delivery of inputs for the attainment of PDO, procurement processes need to be monitored and mitigation measures be taken as outlined in the PAP.

33. **Contract management**: In the MoE and almost all universities, contract administration staff are assigned to do contract administration work. The remaining agencies administer contracts through their procurement staff or other staff randomly assigned to administer contracts. Most of the staff involved in the contract administration work do not have the required skill and experience in contract management and same size of the agencies do not manage contracts strictly as per the provisions of the signed contract. In addition, in the entities surveyed, no contract management manual exists which guides staff responsible/assigned for contract administration work. Contract administration is a neglected area in most of the agencies and needs more improvement specifically in the development of the contract management manual and assignment of capable/experienced staff.

34. In the MoE, as of late, under GEQIP II, contract administration is being carried out by better qualified contract administration consultants. However, under GEQIP I and II, contract administration in the procurement of TLMs and other goods and equipment has been a major challenge. Some of the challenges in this regard are outlined below.

35. Letter of Credit (LC) opening and payments processing: during execution of GEQIP I and II, MoE has faced delays in opening LC due to MoE's long standing delinquency list of undeclared payment items with its Bank (Commercial Bank of Ethiopia). Up to two months of delay have been observed in opening of LC. Due to such delays the contract periods are extended accordingly.

36. At MoE, payments are processed first through procurement unit and then Finance unit. The procurement unit checks the payment request by suppliers and justifies with all the required documentation and passes it to Finance unit. The finance unit checks status of payments including

previous payments against the contract, and all documents including proof of receipt of goods or services are verified prior to the release of payment. Then the finance unit notifies and sends a proof of payment to the procurement department when payment is completed. Major delays have been observed in effecting final payments of textbook contracts. The final payment of textbooks upon delivery (20 percent of the total) are tied with inspection acceptance and verification of quantities delivered. However, failure to establish a robust system for collection of goods receiving notes (GRNs) from delivery points by MoE and delay in carrying out the desktop quantity verification, 20 percent payment to three suppliers has been delayed for more than 6 months. Processing time for payment in CTEs and REBs, however, is undertaken within the contract terms and time in majority of the agencies.

37. Pre-and post-shipment inspection: Due to lack of independent accredited inspection body within the country, verifying textbooks quality in line with the provisions of the contracts has been a challenge. In addition, MoE insisted that they physically check the samples prior to shipment from the origin. However, MoE lacks the laboratory equipment and certification to determine if the sample is compliant with the bidding documents. The inability to verify quality of delivered materials due to lack on in-country capacity has caused considerable delays in several contracts. Recently a provision in the contracts has been introduced to enable MoE to use Independent Accredited Inspection Superintendents who will carry out pre-and post-shipment inspection. MoE is advised to use this consistently in all program funded textbook purchases.

38. Procurement management information systems are limited to a basic procurement monitoring sheet that is updated once a week. However, implementation of this system is considered to be inconsistent at regional level. When information is required it is generally aggregated based on the input from each case file.

39. **Verification of quantities:** The system to monitor the receipt of quantities at diverse destinations appears to be well established. In case of major textbook procurement, there is no well-established system of reporting or collection and data transmittal of copies of goods receiving notes from each region and woreda to MoE. This data is consolidated to determine if the total quantity received is consistent with the contract quantity. Based on this data aggregation the procurement officer processes the documents to release the final payment to the supplier. Lack of such robust system, creates delay in the quantity verification system.

40. Contract management challenges observed also include delays in contracting, supplier non-compliance with the delivery schedules, expiring performance guarantees before the end of the contract, which all relate to inadequate communications, supervision and individual performance factors.

41. **Unresolved contractual claims:** The majority of the agencies reported that they don't have outstanding unresolved claims with suppliers and only three agencies, including MoE, reported that they have unresolved claims. The MoE has a pending case with a foreign supplier that were contracted in 2013 to print and supply different types of books but which was terminated before the GEQIP I was phased out. But when the MoE decided to terminate the contract, the supplier already shipped 35 containers of books to Ethiopia which are still placed in Semera, Modjo and Addis Ababa dry ports/customs warehouse and the MoE had already paid 80 percent

of the contract amount of USD 2 million through LC. This case clearly shows the experience and skill gap the procurement unit has in managing contracts through alternative dispute resolving mechanism which costs the MoE such huge amount of money and disrupts the program.

42. **Oversight:** Reliable internal control system such as internal audit, procurement approval board, and external audit is crucial for achievement of the project objectives. Among the agencies where the internal audit is a practice, almost half of the agencies reported that the internal auditors don't have the capacity to identify procurement issues and provide feedback for program improvement. The MoE internal auditors also lack the capacity to identify procurement issues and provide feedback.

43. The regional procurement regulatory bodies such as BoFED for the REBs and CTEs, and the MOFEC for MoE and universities do also have a practice of supervising the agencies at least once in the past three years. But there is a limited practice in providing feedback and recommendations for the entities.

44. Despite having the limited oversight practice, the limited capacity of internal auditors along with their lack of effective identification of procurement issues is a serious risk for the Program. Hence, procurement as well as procurement audit training should be facilitated for internal auditors so that they will have the capacity to identify the procurement issues to help in the betterment of the procurement function at all levels. Most importantly, due to lack of an effective oversight mechanism in place, it is recommended that Government should appoint an independent procurement auditor to carry out annual procurement audits of institutions covered under the Program.

45. **Complaints handling mechanism**: As per government's procurement laws any complaint received from contractors/suppliers/consultants should initially be directed to the head of the entity whose responsibility is to handle the complaint after a thorough investigation and analysis of the facts. At federal level if the complainant is not satisfied with the decision at institutional level it can take the case to the Complaints Handling Board which has its secretariat in the FPPA and which is considered an independent complaint hearing body. However, at regional level such independent bodies are not provided for in the procurement laws and such complaints are normally addressed to the procurement regulatory body which in most of the regions is housed in the regional BoFEDs except for SNNP and Gambella Regions where there are 'independent' regulatory bodies like the FPPA.

46. Complaints hearing mechanism is a critical factor for transparency and accountability in a modern procurement system. Lack of such an independent body brings the issue of transparency and accountability into question. In the absence of such independent bodies the program shall put in place an oversight mechanism such as annual procurement audit to ensure that there is accountability in procurement decisions at all level.

47. Market Analysis: The MoE is responsible for procurement of text books, goods and services and selection of consultancy services which are strategic for the program. MoE procures the development/printing and distribution of textbooks centrally through ICB or NCB procedures depending on the estimated contract value.

48. In Ethiopia, following the implementation of the GEQIP a competitive market for textbooks is developed. For bids for the development, printing and distribution of textbooks, on average 50 bidders buy the bidding documents from different parts of the world but around 15 bidders submit their bids. The market competition is relatively fair in ICB procedures although the submission rate is around 30 percent. Ethiopia is considered to have attained a relatively fair price for textbooks during the implementation of the GEQIP and that the prices have in fact declined through time. Data available indicate that MoE has attained value for money in its development, printing and distribution of textbooks under the GEQIP.

49. An analysis of the textbook market in Ethiopia indicates that the textbook market is by and large dominated by Indian publishers. Most of the publishers awarded textbook contracts are Indian publishers and printers. New entrants in the market are limited. However, there are some new entrants from Dubai, Korea and etc. of a limited number in the textbook market in Ethiopia. This is an area in which the MoE should work on to encourage new entrants in the textbook market to enhance competition and to avoid dependence on a limited market which might have an implication on textbook prices and technological and material choices. On the other hand, the other area of procurement for high value contract is the IT equipment and software package. As the MoE is intending to expand its Education Cloud Network to more schools and universities, this market is also considered to be of significant importance to the MoE. This market is also considered to be competitive. However, this market is also highly dominated by Chinese vendors although there are few suppliers participating in this market from Europe and the Americas. Again, here also the MoE should strive to encourage other new entrants from other continents to enhance competition. This could be done through pre-bid conferences and by encouraging other actors to participate in such bids.

50. The program also procures other types of relatively low value contracts such as procurement of vehicles, motorcycles, consultancy services etc. There are established markets for these types of low-value contracts from which MoE can acquire such goods and services.

51. Overall there are established markets for the procurement of TLMs, IT equipment and other goods and services for the program. However, to make the market more competitive, the MoE should strive to encourage new entrants in to the market system. However, delays in bid evaluations and award and signing of contracts in the MoE are currently working against such an objective of creating a competitive market environment. Such procrastinations in decision makings and lack of transparency in the procurement process discourages existing market players and potential new entrants from participating in bids issued by MoE.

52. **In conclusion:** Under GEQIP I and II, the MoE has made a significant stride and attained reasonable success in the acquisition of TLMs, IT equipment and other goods and services. However, procurement planning and using procurement plans as monitoring and management decision making tools have not been at their best particularly at sub-national level and at the MoE. Moreover, the efficiency in procurement processing has been a major challenge. Delayed arrival of strategic goods at destination, by and large because of considerable delays in the preparation of BDs, bid evaluations, and award and contract signing, is observed under the GEQIP. The causes for such delays in the MoE include; (i) inadequate procurement management capacity; (ii)

inadequate lead time; (iii) slow internal approval processes; (iv) challenges in obtaining and consolidating data on requirements per woreda; (v) delays during the initiation phase and pre-bid launch; (vi) delays during the evaluation phase; (vii) contract award delays; and (viii) down-stream logistical challenges. Moreover, inadequate contract management has contributed to the delays in a considerable manner. The procurement capacity of REBs, universities and CTEs needs considerable improvement to handle procurement activities under the Program.

Fraud and Corruption

53. In recognition to the threat of fraud and corruption on the on-going democratization and development process, Ethiopia has proclaimed and established the Federal Ethics and Anti-Corruption Commission (FEACC) in May 2001 (Proclamation No. 433/2005) mandated to carry out both preventive and curative approaches for combating corruption in public offices and enterprises. Likewise, all the regional states have proclaimed and established their respective Regional Ethics and Anti-Corruption Commission (REACC) to carry out both preventive and curative approaches in public offices and enterprises. The commissions further have extended their reach to cover federal institutions, zones and woredas, which include GEQIP-E implementing institutions (MoE and institutions accountable to it, universities, REBs, and WEOs). In addition, fraud and corruption prevention and control is further strengthened using internal auditors (WoFEDs) and the Council's Budget/ Audit Committee). Besides, the system of control has been further strengthened through institutionalizing of a structure for the management of complaints that arise in the course of service delivery, mismanagement of resources, procurement administration, etc. Overall, FEACC has the mandate for coordinating anticorruption efforts across regions, including in rural woredas, urban local governments, zones and preparing a national report on anticorruption efforts across the country.

54. Thus, the legal framework and the structural arrangement for fraud and corruption can handle the Program requirements. In this respect, the Program will rely on FEACC who will be responsible to prepare a national report on anticorruption efforts across the country and share this information with the World Bank. The MOU signed between the World Bank's Integrity Vice Presidency (INT) with the FEACC on October 3, 2011 provides the framework for cooperation and sharing of information on fraud and corruption allegations, investigations and actions taken, including on procurement. In this regard, it is recognized that the mandate of FEACC including Addis Ababa branch office, since 2017, has been circumscribed to preventive activities while curative practices are transferred to the Federal Attorney General Office. Accordingly, alignment of the agreement is required so that FEACC will accomplish the tasks in cooperation with the Federal Attorney General Office, REACCs and others concerned and share with the World Bank.

55. The performance assessment of FEACC/REACCs indicates that preventive and curative activities have been undertaken across public institutions, including MoE, Higher Education Relevance and Quality Agency, Technical Skill and Training Institute, Higher Education Strategic Center, Educational Materials Production and Distribution Center . Similarly, woreda level school audit findings and the accomplishments of FEACC, as documented in the Annual reports for 2013/14, 2014/15, and 2015/16, were displayed in public institutions including universities that have been technically supported in the management of procurement that highlights the effort set forth in the prevention and control of fraud and corruption. Whilst the efforts are encouraging, the

various preventive and curative activities undertaken signify the need to strengthen fraud and corruption prevention and control so that it will be possible to sustain the achievements.

56. In light of the above, the assessment has highlighted fraud and corruption prevention and control limitations such as EAC staffing, recording, organizing, and reporting capacities; information sharing; effectiveness of internal auditors; and transparency and people's participation. The following are summary of the findings of the assessment, including key challenges and proposed mitigation measures.

57. **Alignment of the mandate of FEACC with the MOU signed between the World Bank's Integrity Vice Presidency (INT)**: It is recognized that the mandate of FEACC including Addis Ababa branch office, since 2017, has been circumscribed to preventive activities while curative practices are transferred to the Federal General Attorney Office. Accordingly, alignment of the agreement is required so that FEACC will accomplish the tasks stated in the MOU in cooperation with the Federal Office of the Attorney General, REACCs and others concerned and share to the World Bank.

58. **Staffing**: The staffing pattern and quality/commitment of sector /woreda based ethics officers have displayed variations in performance that are exacerbated by staff turnover (within the respective jurisdiction). Although FEACC and REEACs have formulated regulations that require the placement of ethics officer(s) in all government institutions, only 60 percent of WoFEDs and WEOs of the visited woredas did have fulltime EAC officers (40 percent of woredas have fulltime EACs, 20 percent were focal persons). Besides, the effectiveness of working with focal persons (Afar) was a concern. Correspondingly, enforcing woreda level placement of qualified EAC Officers at least in WoFEDs and WEOs strengthens fraud and corruption prevention and control of public resources.

59. **Staff capacity**: As recognized by F/REACCs, limitation in staff capacity is also reflected in lack of fraud and corruption records. Lack of capacity to systematically record, classify, and report public complaints is also a common problem in Public Complaint Handling Offices (PCHO). Hence, it will be necessary to formulate common formats and indicators that meet the requirements of all parties including the World Bank; training of EAC and PCH Officers at woreda level on the sector as well as in M & E

60. **Budget/ logistics**: The operation of PCH Offices at various levels was constrained by the lack of budget /logistic facilities. In this regard, a progress has been noted in SNNP woredas that initiated allocation of financial resources that facilitated in addressing and enhancing /enforcing the implementation of decisions.

61. **Auditors capacity**: The performance rate of internal auditors varies from woreda to woreda (number of schools audited per woreda/staff size). Besides, the function of internal audit in Afar both at REB and WoFEDs was very limited/weak (none of the schools have been audited) that requires the provision of capacity building support to enhance the performance rate of auditing staff.

62. **PSTAs capacity**: In general, the practice of SIPs indicated capacity limitations. The focus of SIPs had been on the identification of expenditure items (equivalent/identical in value with resources allocated) while it is generally constrained by lack of elaborated objectives (that display intentions/the link with the program, and the framework for activity design), resource estimates, mechanism for implementation, and monitoring and evaluation activities.

63. **Transparency and information sharing**: the system of transparency and information communication to the public and among woreda offices/EAC officers in terms of recording and reporting capacities need to be enhanced. In association, regions should be aware of such information sharing and reporting requirements on fraud and corruption allegations, investigations and actions taken, including on procurement.

64. **Complaint handling mechanisms**: The system of control has been strengthened through instituting a system for the management of whatever type of complaints arising in the course of service delivery, mismanagement of resources, procurement administration, etc. These arrangements include: procurement complaint arrangement organized at each level of the government's structure i.e. at woreda, region and federal as per the country's Procurement and Property Administration Proclamation. At woreda level, WoFED is responsible for the management of all the woreda level procurements as well as for handling procurement complaints. At regional level, similar complaints are handled by BoFED and the sector concerned while appeals are reviewed/decided by a Procurement Board. Further appeals on procurement complaints decisions then will be submitted to FEACC/REACCs and its representations/ EAC officers.

65. Accordingly, capacity building measures/ requirements need to be provided to strengthen/ improve the effectiveness of fraud and corruption prevention and control practices that should be implemented prior or during the Program years.

66. **Sharing of debarment list of firms and individuals**: The Government of Ethiopia commits to use the World Bank's debarment list to ensure that persons or entities debarred or suspended by the World Bank are not awarded a contract under the Program during the period of such debarment or suspension. FPPA has a website and will provide a link to the World Bank debarred list for use by implementing agencies. The update of the debarment list as well as the deviation from the list of debarred firms will be monitored as part of the annual Program audit/annual Program assessment.

III. Fiduciary risk and mitigating measures

Addressing fiduciary risk

67. Based on the findings noted above, the fiduciary risk assessed for this operation is classified as "substantial". Overall, the fiduciary assessment concludes that the examined program financial management and procurement systems are adequate to provide reasonable assurance that the financing proceeds will be used for intended purposes, with due attention to principles of economy, efficiency, effectiveness, transparency and accountability, and for safeguarding Program assets once the proposed mitigation measures have been implemented. Appropriate systems to handle fiduciary risks including fraud and corruption, and effective complaint-handling mechanisms, have been agreed on and established. Risk mitigation measures for the identified risks are discussed and agreed with government.

68. Summary of risks and mitigation measures is presented in Table 1. The key mitigating measures are included in the PAP.

Table 1: Summary of risks, proposed mitigation measures/action plan

Risk description	Proposed mitigation measures/action plan	Risk rating
Financial management		
Plan and budgeting		
Proclaimed budget is different from working budget	Submit supplementary budget to the government following the government procedures	Moderate
Delayed annual work plan for special purpose grants	Align the AWPB with the government budget calendar	Substantial
Low budget utilization for textbooks procurement and TDP	Finalize the planning exercise early and conduct semiannually a re-planning session to reflect on actual utilization	Substantial
Transparency		
Budget utilization and financial information not disclosed to the public	Program audit and financial information should be disclosed on the MoE website or other modalities and follow the SGG and disclose school grant information to the public	Moderate
Accounting and reporting		
Standalone IBEX not fully in use for the SPG	Roll out the stand-alone IBEX system to all GEQIP regions and woredas **(**This is expected to be finalized within the implementation period of GEQIP II (closing date June 2018)	Substantial
Weak accounting at school level	Each region should provide training and workshop to the school cluster leaders on financial management annually	Substantial
Treasury management and fund flow		
Delay in school grant fund transfer	Enhance the capacity of the EMIS, finalize the school grant allocation at the beginning of the year	Substantial
Internal control and internal audit		
Lack of monitoring mechanism for distribution of textbooks	Establish an assessment mechanism on a yearly basis to see if the text books have reached the intended beneficiaries.	Moderate

Weak internal audit function at woreda level	Strengthen the staffing and qualification of the internal audit function Establish clear division of labor for internal audit staff members to enhance accountability (being looked at the ESPES)	Substantial
Internal control weaknesses at school level	Regions should allocate adequate budget for woreda internal audit units to monitor schools SIP committees should be provided with simplified checklist for monitoring the school grant utilization at the school level	Substantial
External audit		
3% of schools' audit may not be completed	Early engagement with the auditors to finalize the audit timely (submitting the school grant audit as part of the financial audit is a financial covenant)	Substantial
Action not taken timely on audit report findings	Take timely action on all audit report findings of the program (MoE and REBs)	Substantial
Procurement		
Lack of a system of coordination between stakeholder directorates in planning and implementation of procurement	Establish a workable system (task force chaired by PRMD Director) to ensure coordination between procurement and key stakeholder directorates	Substantial
Lack of a system for safe and secure procurement records management and tracking	Establish proper record keeping and procurement information tracking system	High
Lack of experience and capacity in preparation and use of procurement plan for procurement monitoring	Implement capacity building program for management and procurement staff to enable proper preparation of procurement plan and using it as a monitoring tool	Substantial
Lack of proficient and qualified procurement and contract management staff to plan and execute the Program	Implement a strategy that enables procuring entities to hire qualified and experienced procurement and contract administration staff	High
Use of SBDs which do not provide adequate information and lack clarity in qualification and evaluation criteria	Implement capacity building program for procurement staff in the preparation of bidding documents, evaluations etc.	Substantial
Delays in procurement processing, in decision making, evaluation of bids, award and contract signing,	Establish at each entity key procurement process performance indicators and	Substantial

	monitor the implementation of such standards	
Inadequate oversight mechanism at federal and regional levels	Strengthen internal audit and appoint independent procurement auditor for annual program procurement audit	Substantial
Limited publishers, printers for development, printing and distribution of TLMs	Enhance competition by encouraging new entrants and existing bidders and by making the bidding process credible	Medium
FPPA's SBDs/RFPs not suitable for procurement of textbooks, IT equipment and consultancy services	Adapt World Bank's SBDs for Procurement of textbooks and IT equipment and SRFP for selection of consultancy services and negotiate with FPPA for use of these SBDs/SRFPs for the Program	Substantial
Fraud and corruption and complaint handling mechanism		
The operation of REACC and EACs in the education sector (Afar) was not substantiated with performance reports;	Study on the causes of weak functioning; and implement measures/ recommendations.	Substantial
Major Program related sectors at Woreda level lacks EAC Officers;	Assign fulltime EAC Officers at woreda level at least in WoFEDs and WEOs	Moderate
EAC as well as PCH officers at all levels have weak recording, organizing, and reporting capacities;	Build/strengthen the capacity of EAC officers on the sector; monitoring and evaluation; recording, organizing and reporting Introduce/ develop jointly agreed reporting formats	Moderate
Varying level of performances/ coverage of internal auditors:	Study on the causes of varying performances; and implement measures/ recommendations (formulate benchmarks)	Substantial
Transparency and people's participation:	Provide capacity-building support on the principle of transparency and real people's participation.	Low
Weak awareness /capacity of offices/ officers on the MOU signed between the World Bank's Integrity Vice Presidency (INT) with FEACC	Build/ create awareness on the MOU signed between the World Bank's Integrity Vice Presidency (INT) with FEACC	Moderate

69. **Reviewing implementation progress**: The World Bank fiduciary team will review the implementation progress of the Program in the following areas:

- Review of reports: This can be quarterly financial Reports, annual Program financial reports and relevant progress reports on the implementation of Program Action Plan and DLIs, etc.
- Conducting field visits or fiduciary specialist will participate in missions or supervision/implementation support field visits;

70. The objective is to understand the achievement of agreed actions; to monitor the continuing adequacy of systems, risks and mitigation measures, and covenants and agreements; and to understand the status of capacity.

71. **Monitoring fiduciary risks:** The frequency and breadth of fiduciary systems implementation support may be varied in accordance with changes in the risks to the Program. Given the risk profile shown above this Program will be reviewed twice. In regards to fiduciary aspects, it is expected that as implementation progressed, substantial improvements in procurement and financial management capacities will reduce the risk profile and may afford a reduced supervision schedule. This will be determined by the World Bank's fiduciary systems team in consultation with other pooling partners to monitor compliance with the Financing Arrangement and fiduciary provisions of legal covenants.

Annex 6: Summary Environmental and Social Systems Assessment

1. The World Bank has conducted the Environmental and Social Systems Assessment (ESSA) for managing the environmental and social effects of the proposed Program in a manner consistent with Operational Policy on *PforR Financing*. The ESSA assesses Ethiopia's existing environmental and social management systems for the education sector; describes the extent to which the applicable government environmental and social policies, legislations, procedures and institutional systems are consistent with the six 'core principles' of PforR Financing; and recommends actions required to address the gaps identified during the assessment and enhance performance during Program implementation. The six core principles of the PforR Financing are (i) general principle of environmental and social management; (ii) natural habitats and physical cultural resources; (iii) public and worker safety; (iv) land acquisition; (v) indigenous peoples and vulnerable groups; and (vi) social conflict. The ESSA provides an assessment of the current conditions and proposes measures strengthen the system.

2. The ESSA of the Program was conducted by the World Bank to assess the environmental, social and safety management capacity of implementing agencies; review existing legal frameworks at operations level; and identify potential environmental and social benefits, impacts and opportunities in the education sector. Specifically, the ESSA was conducted to (i) identify environmental and social risks associated with the Program; (ii) assess the strengths and weaknesses of the legal, institutional, and implementation frameworks; and (iii) recommend measures to strengthen national and regional systems and capacity to deliver the Program in a sustainable manner.

3. ESSA mainly focuses on the identification of existing capacities and gaps of MoE and its counterparts at all levels including regional education bureaus, woreda education offices, universities, colleges, schools, to achieve environmental and social objectives against the range of environmental and social impacts that may be associated with the Program.

4. The preparation of the ESSA was undertaken based on various methods of data collection. The methods used for undertaking this ESSA were (i) desk reviews; (ii) key informant interviews; (iii) group discussions and consultations; (iv) public disclosure; and (v) analysis of ESSA preparation. The assessment was undertaken in MoE, which is the key implementing agency; GEQIP II Coordination Office; Ministry of Federal and Pastoral Development Affairs; and Benishangul-Gumz REB.

5. The Program will use government system for program implementation, oversight, FM, procurement, safeguards, M&E, and reporting arrangements. The Program is implemented by several institutions at various levels. The MoE will have the overall responsibility for policy guidance and oversight for Program implementation and the MoFEC is responsible for GEQIP-E financial coordination. The universities and at regional level, the REBs, CTEs, WEOs, and schools will be involved. The PCO will be established and will be responsible for consolidating the information provided by implementing agencies. The PCO will have a specific environmental and social system with the responsibility for the ESSA proposed program action plan coordination, implementation, monitoring and evaluation.

6. The Program has many environmental and social benefits. Overall, the risk assessment and screening suggests that the environmental and social impact of the Program is likely to be positive, owing to benefits such as improved education system for the children through ensuring access to better facilities; access to better and accessible classrooms; environmentally friendly schools; improved sanitation in the surroundings. The social benefits also include equitable access to education across regions, support to pastoralists and emerging regions access to quality education, ensuring gender equality in general education, and support to mother tongue education.

7. The Program's interventions are also expected to have the following limited and reversible environmental and social risks associated with the Program: dust and noise during renovation activities, chemical wastes of school laboratories, occupational health and safety, lack of considering cultural appropriateness while insuring quality education, exclusion of non-special needs vulnerable children, likely occurrence of conflict, poor grievance redress system, and shortage of budget for the implementation of safeguards.

8. The Program will support activities that focus on improving equity, internal efficiency and learning outcomes in general education. Activities include provision of teaching and learning materials, teachers and education leaders training, school grants, capacity building and technical assistance.

9. The ESSA shows that the overall risk for the proposed Program on the environmental and social safeguards and safety management perspective is 'moderate'. This is mainly because the Program does not support construction activities involving civil works and land acquisition and loss of assets. The Government of Ethiopia has the necessary legal frameworks for environmental and social management and institutions to ensure consistency with the six core principles of the PforR Financing. The environmental and social legal frameworks of Ethiopia are found adequate. The primary legislations that support environmental and social management in the education sector in Ethiopia are the Constitution, Environmental Policy of Ethiopia, Environmental Impact Assessment Proclamation No. 299/2002, Solid Waste Management Proclamation No. 513/2007; Research and Conservation of Cultural Heritage Proclamation No. 209/2000; Environmental Impact Assessment Procedural Guideline (2003); Environmental and Social Management Plan Preparation Guideline (2004); National Policies for Equitable Access to Quality Education; National Social Protection Policy; Cultural Policy; National Policy on Ethiopian Women; and other Laws, Strategies, and Guidelines Enforcing Special Support for Developing Regions and Vulnerable Groups.

10. Even though the legal bases are strongly established, their implementation is not consistent in all regions and varies across regions in terms of environmental and social impact assessment (ESIA) preparation, review and approval; Environmental and Social Management Plan (ESMP) preparation and implementation; preparation and implementation of safety management plan applicable to the respective activities of the Program; monitoring and enforcement on safeguards management; and stakeholder consultation, as required at all levels.

11. An assessment of environmental and social regulations, policies and procedures, including institutional capacity and practices indicates the existence of limited environmental and social risks associated with the proposed Program implementation. The analysis indicates that five out of six

core principles of PforR financing are applicable to this Program and the assessment of the Program identifies the gaps and opportunities to strengthen the system and the findings are discussed in the Table below:

Core Principle 1: General Principle of Environmental and Social Impact Assessment and Management
Findings: Core Principle 1 is considered in terms of environmental and social management at GEQIP level. Overall, the analysis found that while the environmental impacts of GEQIP-E tend to be addressed by the education sector, a system-based approach is not in place. While there is a national legal and regulatory framework for environmental management, the education sector (and particularly MoE) has no defined system for ESIA and for collecting and managing environmental data on its impacts.
Core Principle 2: Environmental Considerations – Natural Habitats and Physical Cultural Resources
Findings: No major gaps that specifically relate to natural habitats or physical cultural resources were identified given the Program context. However, there may be a possibility that some schools might be located nearby natural habitats or areas rich in physical cultural heritage.
Core Principle 3: Environmental Considerations – Public and Worker Safety
Findings: Core Principle 3 is applicable to the Program as some schools could use school grants for purchase of chemicals for laboratories. The analysis found that Core Principle 3 is applicable in terms of the use of chemical laboratories and disposal of hazardous wastes by the schools.
Core Principle 4: Social Considerations – Land Acquisition
Findings: There is apparently no ground that the implementation of GEQIP-E will cause land acquisition and loss of assets. As a result of this, Core Principle 4 is not applicable for the Program.
Core Principle 5: Social Considerations – Indigenous Peoples and Vulnerable Groups
Findings: This core principle is applicable on the basis of the following considerations: Gender disparity in schools, pastoralist education/emerging regions, Special Needs/Inclusive Education; and other non-special need vulnerable children.
Core Principle 6: Social Considerations – Social Conflict
Findings: When schools in all woredas do not receive appropriate school grant and/or citizens do not share benefits equally, there could be conflicts during project implementations and become obstacle for sustainability.

12. Overall, the ESSA shows that existing environmental and social systems need to be strengthened for satisfactory Program implementation. As a result, environmental and social management system need to be established under MoE (within PCO) for the proper implementation, coordination monitoring and reporting of safeguards implementation. There should be budget arrangement in place to enhance the institutional capacity through training and providing technical assistance in the preparation of environmental and social management guidelines.

13. Monitoring and supervision of due diligence measures related to environmental and social issues will be the responsibility of MoE and the World Bank supervision team (further agreement will be reached during the stakeholders consultation and will be incorporated).

14. The proposed action plan will strengthen the MoE's capacity and fill the identified gaps for managing the environmental and social issues with regard to implementation of the Program. The recommendations and actions of the ESSA targets to ensure that risks identified in the assessment are properly addressed to meet the PforR financing core principles through strengthening the environmental, social and safety management capacity and performance of

implementing agencies at all levels. The proposed and agreed actions will be implemented by MoE to make sure that the identified gaps are adequately addressed and the Program is implemented in accordance with the PforR financing policy.

15. Based on the analysis, the ESSA identified the following main areas for action, which are included in the PAP, to ensure that the Program interventions are aligned with the core principles for improved environmental and social due diligence at MoE and its counterparts at regional and woreda levels.

Table 1. ESSA Recommended Program Action Plan

Action	Due date	Responsible body	Output
Establish ESMS at MoE (and some regions if required) including functional GRM; assign environment and social specialist having furnished office and other facilities; develop and adopt ESMS guidelines (ESMG), screening checklists, and manuals; ESMP, and develop detail training plan & provide training at all levels	Within 3 months of effectiveness	MoE, EBs	ESMS established. staff and furnished office in place. ESMG, manuals and checklists prepared
	Y1-Y2	MoE and REBs	ESMS established. staff and furnished office in place. Prepared ESMG, checklists manuals and ESMP; waste management plan that comprises of protocol for handling, storing, transporting and disposing of used/expired laboratory chemicals and other hazardous wastes if applicable
Conduct proper and timely community/ project affected persons awareness raising briefings/ consultations on environment and social impacts of Program activities; the established GRM and ESMS; and develop/adopt consultation format and procedures	Y1-Y2	MoE, REBs, WEBs and Schools	GRM system strengthened (including establishing up-take locations). Developed training plan and number of training raining participants report disaggregated by gender

Ensure Program benefit sharing and equitable access for non-special need vulnerable in school children	Y1-Y2	REBs, WEBs and Schools	Report on types of benefits delivered and number of non-special need vulnerable beneficiaries disaggregated by gender
Conduct bi-annual environment and social management performance review and annual environment and social audit	Y1-Y4	MoE and REBs	Number of biannual technical review meetings reported. Cleared annual environment and social audit report.

Annex 7: Systematic Operations Risk Rating (SORT)
Ethiopia: GEQIP-E

Systematic Operations Risk-Rating Tool (SORT)	
Risk Category	**Rating (H, S, M, L)**
1. Political and Governance	H
2. Macroeconomic	S
3. Sector Strategies and Policies	L
4. Technical Design of Project or Program	M
5. Institutional Capacity for Implementation and Sustainability	S
6. Fiduciary	S
7. Environment and Social	M
8. Stakeholders	M
9. Other	-
OVERALL	**S**

1. The key risks affecting the overall risk ratings are the following. First, political and governance challenges associated with the recent social and political unrest have led to temporary disruptions in education service delivery in some parts of the country. Any further deterioration in the security situation could affect the impact of the proposed Program. Second, the response to the recurring drought and floods in the country may affect the ability of the Government to allocate adequate budget to implement the Program. Third, ESDP VI, which the Program will partially support, is yet to be developed and approved. Although it is expected to pursue the same objectives and subprograms, large changes in ESDP VI could pose a risk to the PforR operation. Fourth, delay in decision making, and limited institutional capacity for implementation and monitoring due to the Program involving multiple implementing agencies across the entire country, including MoE, REBs, WEOs, universities, CTEs, and schools. Fifth, fiduciary risks associated with delays in school grant transfers, low budget utilizations, weak reporting from schools, weak internal audit functions, and weak procurement system.

2. **These risks will be mitigated through the following activities.** First, the Program proposes to target gender, disability and geographic sources of inequity, which can play a role in

ensuring that all groups share the benefits of growth and in helping resolve some of the societal issues. Second, the Program will require the government to increase its contribution to costs related to key education sector inputs such as school grants and textbooks that have been covered by external partners for the last few years to improve sustainability. Third, the Financing Agreement will include a clause to ensure that the successor Program does not compromise achievement of objectives of the PforR. Fourth, stakeholders from the central government to regional and, to the extent possible, woreda levels, will be consulted in the design of the subprograms to ensure deeper understanding and ownership. Fifth, the Program has put in place DLIs to expedite decision making process and incentivize achievements, and capacity building measures with a focus on strengthening implementation and M&E systems at different levels of educational administration. Finally, the TA component will enhance capacity at woreda and schools levels to improve reporting and internal control functions and enhance procurement capacity at MoE and REB level.

Annex 8: Program Action Plan

Action Description	Due Date	Responsible Party	Completion Measurement
1. Technical			
1.1. Prepare Program Operations Manual, including M&E, communication plan, and verification procedures	1 month after effectiveness date	PMRD	POM adopted by the Government
1.2. Establish PSC and PCO; hire/assign personnel for Program coordination; M&E; fiduciary; safeguards; and technical experts for MoE and emerging regions	Y0-Y1	MoE, REBs	PSC and PCO operational; staff in place for Program coordination, implementation, M&E, fiduciary and safeguards.
1.3. Prepare guidelines for performance-based awards to schools	Y0	SIP Directorate	Guidelines for performance-based awards to schools approved and disseminated
1.4. Develop on-line textbook distribution and inventory management system	Y0	EMIS, CDID	Online textbook distribution and inventory management system established
1.5. Ensure Program objectives are reflected in ESDP VI	Y2	MoE, DPs	Program scope and objectives are part of ESDP VI
2. Fiduciary Systems			
2.1. Create budget line at MoE level for school grant and textbooks	Y0	MoE	Budget line for SG created and government fund allocated
2.2. Align preparation of AWPB with the government's budget calendar; submit supplementary budget request timely; and monitor budget utilization through quarterly IFRs and annual re-planning sessions	Y1-Y4	MoE	AWPB aligned with government budget calendar
2.3. Monitor school grant utilization by (i) providing SIP committees with simplified checklist for monitoring; and (ii) allocating adequate budget to woreda internal audit units to monitor schools	Y1-Y4	MoFEC; MoE, REBs, WEOs	Budget monitoring and internal audit strengthened
2.4. Ensure that 3% of schools are included in annual audits and	Y1-Y4	MoE, REBs, WEOs,	Action taken on external audit

MoE, MoFEC and REBs to take timely action on all audit report		universities, CTEs, and schools	findings within three months of receipt of audit findings
2.5. Disclose Program audit and financial information on MoE website or other modalities. Post annual allocation and utilization school grant on school notice boards	Y1-Y4	MoE, schools	Audit and financial information disclosed to the public
2.6. Strengthen procurement system and capacity by (i) establishing and monitoring procurement performance standards (ii) MoE maintaining three procurement and two contract administration staff, and each REB, university and CTE to maintaining one procurement staff during the operation (iii) improving procurement information tracking system and documentation; and (iv) appointing an independent procurement auditor to carry out procurement audit annually of the GEQIP-E and implement action plan before the end of each fiscal year.	Y0-Y4	MoE, REBs, universities, and CTEs	Performance standards attained for key procurement processes
2.7. Assign fulltime EAC officer at woreda education offices	Y0-Y2	MoE, REB and Woredas	EAC officers assigned in WEOs
3. Environmental and Social Systems			
3.1. Establish ESMS at MoE (and some regions if required), including functional GRM; environment and social specialist with facilities; guidelines, checklists, manuals and ESMP for ESMS; training on environment and social at all levels	Y0-Y4	MoE, REBs	Before effectiveness: ESMS established; and ESM guidelines and ESMP, waste management plan, & protocol prepared Y1-Y2: GRM system strengthened; training plan prepared and implemented

3.2. Conduct proper and timely awareness raising briefings/consultations on environment and social impacts of Program activities, established GRM and ESMS for community/project affected persons	Y1-Y2	MoE, REBs, WEOs, schools	Report on briefings and consultations, including number of participants by gender
3.3. Include vulnerable school children with non-special needs to share Program benefits	Y1-Y2	REBs, WEOs, schools	Report on types of benefits delivered and number of beneficiaries by gender
3.4. Conduct bi-annual environment and social management performance review and annual environment and social audit	Y1-Y4	MoE, REBs	Reports on biannual technical review meetings, and annual environment and social audit

Annex 9: Implementation Support Plan

1. The proposed implementation support plan is consistent with the Government's ESDP that the PforR operation will be supporting. The implementation support plan also considers the Program-specific challenges and risks as defined in the SORT, and the lessons learned from the implementation of the Program predecessor - GEQIP II. Program implementation rests under the responsibility of the PMRD under the MoE's overall responsibility for policy guidance and oversight with targeted and continuous implementation support and technical advice from the World Bank and DPs.

2. The implementation support strategy is based on several mechanisms that will enable enhanced implementation support to the Government, on-time and effective monitoring of the Program, and guidance to implementing agencies on technical, fiduciary, environmental and social aspects as necessary. The implementation support thus comprises (a) joint review meetings and missions; (b) regular technical meetings and field visits; (c) progress report on DLI achievement; (d) M&E; and (e) harmonization among DPs and other stakeholders.

3. The World Bank's implementation support will broadly consist of the following:

- Capacity-building activities to strengthen the ability to implement the Program, covering the technical, fiduciary, and environmental and social dimensions
- Provision of technical advice and implementation support geared to the attainment of the PDOs, DLIs, and intermediate results indicators
- Ongoing monitoring of implementation progress, including regularly reviewing key outcome and intermediate indicators, and identification of bottlenecks
- Review and verification of DLI progress following agreed protocols
- Monitoring risks and identification of corresponding mitigation measures
- Close coordination with other DPs to leverage resources, ensure coordination of efforts, and avoid duplication

4. The World Bank's implementation support team will be composed of country office based Task Team Leader (TTL) and co-TTL, and both HQ-based and country office-based operations and specialist staff, who will be closely working with the client on a regular basis on implementation monitoring. Consultants will also be engaged for additional support in the key areas of reforms including governance, fiduciary, and safeguard management.

5. The role of the DPs will be critical in the implementation support of the PforR, similar to GEQIP I and II. DPs will provide financial support for the proposed Program, contribute technical inputs, closely monitor implementation progress, participate in joint review meetings and missions, and provide technical assistance. DPs will align their TA/direct financing to facilitate improved implementation support and capacity building. The World Bank is expected to continue to manage the pooled funding. Grant agreement between the World Bank and the Government will layout financing arrangements for the Program. Administrative Agreements between the World Bank and each DP will clarify roles and responsibilities of the World Bank and DPs.

6. Joint MoE/DPs quarterly meetings and semi-annual review missions will be helpful to bring pool DPs and the government to a common platform to review implementation progress and achievement of results, and to provide support to timely resolve implementation issues and build institutional capacity.

Table 9.1. Main focus of Implementation Support

Time	***Focus***	***Skills Needed***	***Resource Estimate***
First twelve months	Technical review/support	ECD	2 weeks
		Gender mainstreaming	2 weeks
		Special needs and inclusive education	2 weeks
		Curriculum and textbooks	6 weeks
		Teacher development	8 weeks
		School improvement planning and SG	6 weeks
		ICT in education	4 weeks
		Learning assessment	4 weeks
		EMIS	4 weeks
		Inspection	4 weeks
		Operations	3 weeks
		M&E	4 weeks
		Economist	4 weeks
	Procurement training and monitoring	Procurement	46 weeks
	FM training and monitoring	FM	6 weeks
	Environmental and social monitoring and reporting	Environmental and social	3 weeks each
	Institutional arrangement and Program coordination	Coordination and leadership	TTL and Co-TTL: 30 weeks
	Administration	Administrative support	10 weeks
12-48 months	Technical review/support	ECD	6 weeks
		Gender mainstreaming	6 weeks
		Special needs and inclusive education	6 weeks
		Curriculum and textbooks	18 weeks

		Teacher development	24 weeks
		School improvement planning and SG	18 weeks
		ICT in education	12 weeks
		Learning assessment	12 weeks
		EMIS	12 weeks
		Inspection	12 weeks
		Operations	9 weeks
		M&E	12 weeks
		Economist	12 weeks
	Procurement training and monitoring	Procurement	12 weeks
	FM training and monitoring	FM	18 weeks
	Environmental and social monitoring and reporting	Environmental and social	9 weeks each
	Institutional arrangement and Program coordination	Coordination and leadership	TTL and Co-TTL: 90 weeks
	Administration	Administrative support	30 weeks

Table 9.2. Task Team Skills Mix Requirements for Implementation Support

Skills Needed	***Number of Staff Weeks per FY***
Program management (TTL and Co-TTL)	*30*
Education specialist	*9*
Operation officer	*3*
M&E	*4*
Economist	*4*
FM specialist	*6*
Procurement specialist	*4*
Environmental specialist	*3*
Social safeguard specialist	*3*
Administrative support	*10*

Table 9.3. Role of Partners in Program Implementation

Institution/Country	***Role***
DFID, Embassy of Finland, UNICEF	Pool partner Provide TA

	Participate in joint review meetings and missions

Annex 10: Investment Project Financing (IPF) based Technical Assistance (TA)

Introduction

1. The Program includes an IPF based TA of US$10 million to strengthen the capacity of the Government to implement a results-based operation and mitigate implementation risks.

2. The IPF will support achievement of the PDO by (i) addressing key gaps in policy and capacity at the national and subnational levels to deliver sustained results under the Program; (ii) preparing the education system to respond to recurrent disasters which undermine the achievement of results; and (iii) providing support for management of the system to deliver under a results-based modality.

3. The IPF based TA has three components: (i) enhanced capacity for delivering sustained results; (ii) emergency response preparedness; and (iii) GEQIP-E management.

IPF Component 1: Enhanced capacity for delivering sustained results (US$500,000)

4. Under this subcomponent, TA will be provided to (i) establish a sound policy framework for expanding early childhood education in Ethiopia; and (ii) integrate ICT for improved service delivery.

Subcomponent 1.1: National policy framework for preprimary education (US$250,000)

5. As discussed in earlier sections, high quality preprimary education is critical for Ethiopia to achieve the key outcomes of improved student learning and completion of basic education. Although preprimary education has become a major part of government education sector planning, the absence of a clear policy for ECCE service delivery is preventing effective scale-up. Under Results Area 1, the Program will support scaling up of QEAP to ensure quality O-Class provision in the country, but in order for this effort to be sustainable, an enabling environment will be crucial. MoE established the National Policy Framework for Early Childhood Care and Education (ECCE) in 2010 under the ESDP III, jointly with the Ministry of Health and Ministry of Women, Children and Youth Affairs. However, ESDP V did not specify any revision of this Policy Framework. Under the proposed Program, the National Policy Framework will be revised to reflect rapid changes in the ECCE landscape in Ethiopia, harmonize the multiple policy efforts from the MoE and REB, and incorporate lessons learned from various interventions in pre-primary education. Furthermore, this activity will provide a foundation for a roadmap toward comprehensive and inclusive pre-primary education, which will eventually be extended to early learning for 4- to 6-year-old children. This subcomponent will finance consultancy services for development of the National Policy Framework.

Subcomponent 1.2: ICT for education (US$250,000)

6. ESDP V identifies ICT as a means to improve the quality of teaching and learning in general education. Through its ICT intervention, GEQIP II aims to improve learning conditions, learning experience, and learning outcomes for learners in selected secondary schools and universities. Specifically, GEQIP II has supported the provision of e-cloud infrastructure in 300 secondary schools and 10 universities, and the development of e-learning system. As the full rollout of the ICT infrastructure is expected to be completed by May 2018, it will not be possible to assess its implementation and impact on the quality of teaching and learning within GEQIP II

period. Hence, the IPF component will provide support to conduct a study to review implementation challenges, assess the impact of introducing ICT in secondary schools, and make recommendations for policy reform and future interventions.

IPF Component 2: Emergency response preparedness (US$1.5 million)

7. Ethiopia is highly vulnerable to disasters, in particular famine and drought. The World Bank's recent regional study on the quality of education highlights evidence from a number of studies which show that natural disasters reduce the educational attainment of the rural poor, particularly girls. Enabling the education system to cope with and respond efficiently to such disasters is an important area of ensuring that all of Ethiopia's children benefit from enhanced quality of schooling. This is especially important as the population living in drylands and vulnerable to weather shocks and climate change is expected to increase by 2030.

Subcomponent 2.1: Strategy for restoring education services in response to disaster (US$1.5 million)

8. The IPF-TA component will provide technical assistance to enhance the capacity of the MoE and of the relevant regional and woreda offices to anticipate, prepare for and implement an emergency plan to cope with drought (enhanced food and water insecurity) and other disasters.

9. A detailed strategy will be developed by the MoE which will: (i) identify the areas and schools that are vulnerable in drought "hotspot" woredas; (ii) the interventions that would be promoted to mitigate the risk (for instance, ensuring there is resilient water supply at the school); (iii) the protocols for triggering the disaster response in schools; (iv) detailed design of the interventions that would be implemented or scaled up in the event of a disaster (such as school feeding and emergency provision of water); and (v) the implementation and financing mechanisms for implementation or scaling up of these interventions including adequate budget allocations.

10. The operation will also invest in building capacity of regions and woredas to effectively implement the strategy in case of an emergency. This capacity enhancement will include training of regional, woreda and schools on emergency preparedness in line with the strategy.

Subcomponent 2.2: Contingency emergency response component (US$0)

11. The IPF component will also include a zero allocation Contingency Emergency Response Component which the Government will have the option of accessing in case an emergency is declared in any of the country's regions as a result of a disaster[88]. The operation will provide up to US$5 million from the IPF component for emergency response in line with the agreed strategy if the Government chooses to utilize this facility. The financing will be transferred to the MoE, regions, or woredas. They could receive an amount of up to US$5 to implement the emergency interventions.

IPF Component 3: GEQIP-E management and evaluation (US$8 million)

Subcomponent 3.1: Program management (US$4 million)

[88] In the event of a disaster in the country, the MoE, through MoFEC, can formally request the World Bank up to US$5 million from the IPF component in order to respond to emergencies. Funds will be spent on activities that support students to remain in the school.

12. The IPF-TA component will provide support to improve Program management, implementation, monitoring and evaluation. First, the IPF component will provide support for operations, capacity building activities, and hiring of key consultants at MoE and REB levels to effectively coordinate, implement and monitor the Program. Specifically, consultants will be hired for PCO, technical directorates, financial management, procurement and contract administration, ethics and anti-corruption, and safeguards. The IPF component will also enhance REBs capacity in Program coordination; procurement management; and safeguards. Furthermore, capacity building activities should be carried out for procurement, financial management and governance in areas such as trainings on financial management; advanced goods and equipment procurement management to the MoE, REBs, CTEs and universities staff and procurement endorsing committees; training to EAC officers on the sector in the area of recording, organizing and reporting of fraud and corruption and compliant as well as providing capacity-building support on the principle of transparency and real people's participation. The four emerging regions will receive increased capacity and technical support of this nature, given their tremendous needs.

Subcomponent 3.2: Program evaluation (US$4 million)

13. Second, the IPF component will finance comprehensive Program evaluations at mid-line and end of the Program**.** The objectives of Program mid-line and end-line evaluations are to (i) review implementation challenges and progress towards achievement of the PDO and result indicators, and provide guidance on necessary adjustments to be made; (ii) assess the effectiveness and impact of the Program; and (iii) generate evidence for improving effectiveness of the subprograms, specifically SIP/SGs. This subcomponent will also finance the third-party validation of results achievement under the PforR.

Implementation arrangements

14. Implementation arrangements for the IPF will follow the Program implementation structure. The PCO under PRMD will be responsible for coordinating and monitoring the IPF activities. The PCO with support from implementing agencies (MoE directorates and agencies), REBs, WEOs, universities, CTEs and schools, will manage/implement the IPF activities. The IPF budget will be reflected in the AWPB, with provisions for the main activities and sub-activities to be prepared and implemented by the implementing agencies, and no-objection from the World Bank.

Fiduciary Arrangements

Financial Management

15. Financial management assessment was conducted in accordance with the Financial Management Practices Manual for World Bank-financed investment operations issued by the Financial Management Sector Board on March 1, 2010, and reissued on February 4, 2015, and the supporting guidelines. In conducting the assessment, the World Bank team has reviewed the financial management system of MoE, universities, CTEs and MoFEC.

16. The project will build on the strengths of the country's public finance management (PFM) system such as the budget process, classification system, and compliance with financial regulations. The Program also benefits from the country's internal control system, which provides sufficiently for the separation of responsibilities, powers, and duties, and it benefits from the effort

being made to improve the internal audit function. The experience of MoE and MoFEC in the World Bank financed operations is an asset to the Program.

17. The FM arrangements for the Program follow the Government's channel 1 fund flow mechanism, where funds from donors flow directly to MoFEC and from then to the MoE, universities and BoFEDs (for CTEs). MoFEC will open a separate designated account for the IPF component. Increasing the capacity of the COPCD within MoFEC is recommended given the number of additional projects designed in the education sector. The Program will use report-based disbursement, with submission of Interim Financial Reports (IFRs) with two quarters' expenditure forecast to the World Bank and replenishment of project accounts accordingly. MoFEC will submit IFRs quarterly within 60 days of the quarter end. The project will have independent auditor's report every year, to be submitted to the World Bank by MoFEC within six months of the year end.

18. The conclusion of the FM assessment is that the FM arrangements meet the World Bank Policy/Directive: Investment Project Financing (updated on August 17, 2017). An action plan has been developed to mitigate the risks identified in the Program. Detailed arrangements are described below.

Financial management, budget preparation and approval

19. The Program will follow the government's budget system, recorded in the government's budget manual.[89] MoE follows the government budgeting process and cycle to prepare and approve budget. Accordingly, MoE will prepare in detail the AWPB of the IPF component in consultation with the universities and CTEs for certain activities and obtain the necessary approval from the World Bank and MoFEC following the government's budget calendar. The budgets should be prepared in detail to provide for adequate information on the sub- components and activities. The approved budget will be finally approved by MoFEC and form part of the entities annual budget to be proclaimed by the parliament.

Budget Control

20. Budgets should be regularly monitored at all levels. The budget monitoring system at MoE was found to be adequate. The budget of the project should be at least quarterly monitored against actual expenditure by all implementers. The budget variances will be adequately explained and justified through the quarterly IFRs.

Accounting

21. ***Accounting policies and procedures:*** The Government of Ethiopia follows a double entry bookkeeping system and modified cash basis of accounting, as documented in the government's Accounting Manual. The implementing entities for this project will use the government's accounting policies and procedures. These policies and procedures will be used for the project with some modification to the fund flow, reporting and auditing aspects of the project which are outlined in the sections of this report.

[89] The Ethiopian budget system is complex, reflecting the fiscal decentralization structure. Budget is processed at federal, regional, zonal (in some regions), woreda and municipality levels. The budget preparation procedure and steps are recorded in the government's budget manual. The budgets are reviewed at first by MoFEC then by the Council of Ministers. The final recommended draft budget is sent to parliament around early June and expected to be cleared at the latest by the end of the FY.

22. ***Accounting software:*** the standalone IBEX system will continue to be used for this component of the project. The activities should be identified and reflected on the chart of account for the project to properly obtain the report from the system.

23. ***Accounting centers:*** Accounting centers for project funds would include: (i) MoFEC; (ii) MoE; (iii) universities; and; (iv) CTEs. These institutions would maintain accounting books and records, and prepare financial reports in line with the government's accounting system. Arrangements for consolidation of the financial information are discussed under Financial Reporting below.

24. ***Staffing***: COPCD is responsible to manage all financial management aspects of channel one projects. Accordingly, the financial management aspect of this project will be overseen by the COPCD. At a minimum, the existing number of accountants at the COPCD, MoE, universities and CTEs should be maintained. Depending on the workload, particularly at the universities and CTEs, additional accountants could be recruited.

Internal Control and Internal Audit

25. ***Internal Control:*** Internal control comprises the whole system of control, financial or otherwise, established by management to (i) carry out the project activities in an orderly and efficient manner; (ii) ensure adherence to policies and procedures; (iii) ensure maintenance of complete and accurate accounting records; and (iv) safeguard the assets of the project. The overarching principle is that regular government systems and procedures would be followed, including those relating to authorization, recording and custody controls.

26. All the implementing entities have adequate internal control systems in place which will be used for this project. There is segregation of duties where by authorization to execute transaction, recording of the transaction and custody of assets involved in the transaction are performed by different persons. Ordering, receiving, accounting for and paying for goods and services are appropriately segregated. Internal control weaknesses around fixed assets, per diem and travel payments, lack of adequate supporting documents for trainings, etc were noted in GEQIP. The internal control procedures of the government should be strictly followed and corrective measures taken timely on all audit report findings.

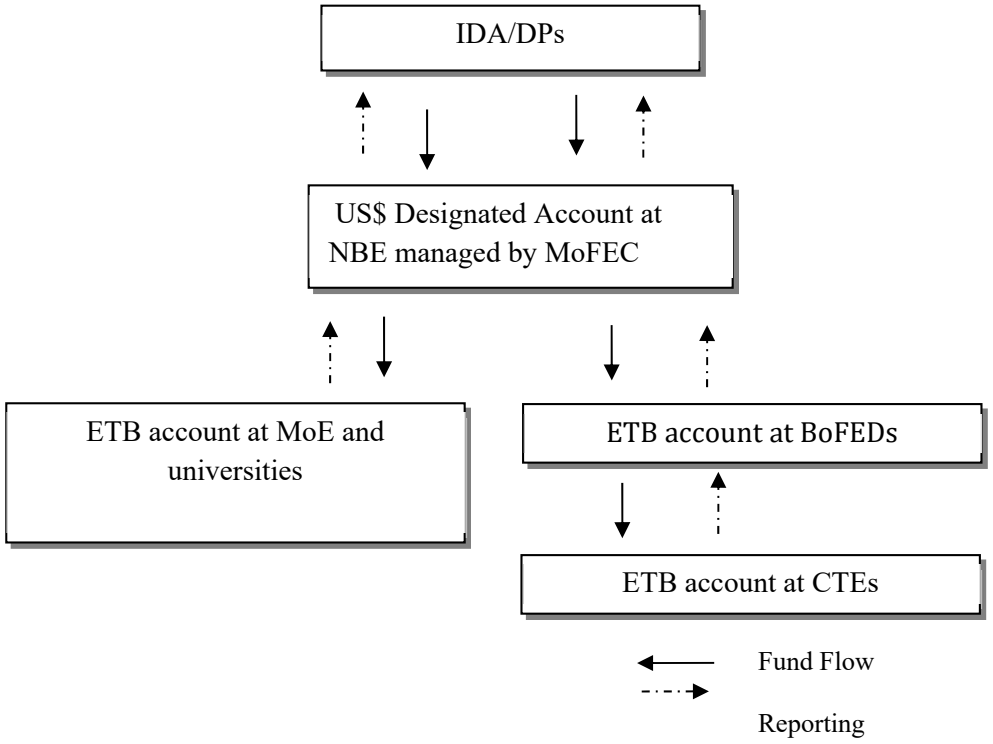
27. ***Internal Audit:*** all implementing entities have internal audit units which are responsible for reviewing all government resources in the entities. These units prepare annual work plans and conduct their audits accordingly. However, based on the experience of GEQIP I and II, the involvement of these units in projects is quite minimal and varies from region to region. All internal audits should include this project in their annual work plan and provide the necessary review accordingly. This will strengthen the internal control over the project resources.

Fund flow and disbursement arrangements

28. ***Fund flow arrangements:*** The Project will follow channel one fund flow mechanism of the government whereby fund will flow directly to MoFEC and then to MoE, universities and regions (for CTEs). The project fund will be deposited into separate designated account to be

opened by the MoFEC at the National Bank of Ethiopia (NBE). Funds from the separate designated US$ account will be further transferred in to ETB account to be held by MoE, universities and regions to be used for payment for goods and services. Fund flow arrangements for the project are as per Figure 3 below.

Figure 3: Funds flow arrangement



29. ***Disbursement method***: MoFEC will apply the report based disbursement method. Disbursement will be made quarterly to cover cash requirements for the next six months based on the forecasts contained in the IFRs. The project will have the option of using advance, direct payment and replenishment methods of disbursement. The detail of the documents required and the procedures will be indicated in the disbursement letter for the project.

30. ***Designated account:*** MoFEC will open the Designated Account denominated in US dollars in the National Bank of Ethiopia on terms and conditions acceptable to IDA. The limit of the Designated Account would be 6 months forecasted expenditures.

Financial reporting arrangements

31. ***Financial reporting:*** For this project, MoFEC will prepare quarterly interim unaudited financial reports (IFR). These will be submitted to the World Bank within 60 days of the end of the quarter. MoE, universities and CTEs will submit their reports to MoFEC which will be responsible for consolidation and submission to the World Bank. The format and the content, consistent with the World Bank's standards, were agreed during project negotiation. At a minimum, the report will include: a statement of sources and uses of funds and opening and closing

balances for the quarter and cumulative; a statement of uses of fund that shows actual expenditures appropriately classified by main project activities (categories, sub-components) including comparison with budget for the quarter and cumulative; a statement on movements (inflows and outflows) of the project Designated Account including opening and closing balances; a statement of expenditure forecast for the next two quarters together with the cash requirement; notes and explanations; and other supporting schedules and documents.

32. In compliance with the government's financial rules and regulations as well as IDA requirements, MoFEC will produce annual project financial statements similar to the contents of the quarterly IFRs. The annual financial statement will be similar to the IFRs, with some modifications as to be indicated in the audit TOR. These financial statements will be submitted for audit within three months after the end of each year.

External Audit

33. Annual audited financial statements and audit reports (including Management Letter) will be submitted to IDA within six months from the end of the fiscal year by MoFEC. The annual financial statements will be prepared in accordance with the standards indicated in the audit TOR agreed during negotiation. The audit will be carried out by the Office of the Federal Auditor General (OFAG), or a qualified auditor nominated by OFAG and acceptable to IDA.

34. The audit will be carried out in accordance with the International Standards of Auditing (ISA) issued by the International Federation of Accountants (IFAC). The auditor will prepare a work plan to cover all the major risk areas. The following mechanisms are proposed to systematically monitor the timing of audit reports and the timely action on audit findings: (i) MoFEC in collaboration with the other implementers has the responsibility to prepare audit action plans within one month of the receipt of the annual audit report. (ii) Within two months of the receipt of the audit report, action must be taken on all audit findings and notified to the World Bank.

35. In accordance with the World Bank's policies, the World Bank requires that the Borrower disclose the audited financial statements in a manner acceptable to the World Bank; following the World Bank's formal receipt of these statements from the Borrower, the World Bank makes them available to the public in accordance with The World Bank Policy on Access to Information.

Financial management arrangement for the Contingent Emergency Response

Under subcomponent 2.2, the project will implement the contingent emergency response component. This component is expected to be implemented using the current structure of the federal, regional and woreda level government structure. Accordingly, the financial management and fund flow arrangements already in place for the IPF component will be used. The fund flow arrangement for the IPF component stops at the regional level. However, for the implementation of the emergency response sub component, if the government opts to use the woredas or other implementing agencies such as UN agencies or NGOs for the emergency response component as implementing agencies, FM assessments could be done using simplified documentation templates and procedures drawing on the teams' prior knowledge of the country's public financial management system and experience of other donor financed operations. All financial reporting

and auditing needs for this sub component will be catered under the existing arrangements for the IPF component.

Financial management risk and action plan

36. Based on the assessment conducted, the financial management risk for the IPF component of the operation is rated as Moderate. Risk mitigating measures have been identified and presented in Table 1 as the financial management action plan.

Table 1: Financial management action plan

#	Action	Date due by	Responsible body
1	*Budget* • Finalize budget preparation early before beginning of budget year; • Track budget availability as each transaction occurs. Provide variance analysis with explanation regularly along with reporting.	• Early preparation of annual budgets will be annually • Budget control is during project implementation	MoE
2	*Accounting* • Maintain separate accounting records and documentation for the project implementation transaction that are subject for review of auditors and supervision missions; • IBEX should be configured to report on project sub- component, sub-component, & category of project expenditures; • Maintain the current level of accountants and recruit additional depending on the work load.	• During implementation • Start early & finalize within one month after effectiveness • Within one month after project effectiveness.	• All implementing entities • MoFEC • MoFEC, MoE, universities and CTEs
3	*Internal Audit:* • Ensure the involvement of internal audit units to increase their engagement in providing the required service;	• During implementation	• All implementing entities
4	*Reporting* • Submit quality IFRs to the World Bank within 60 days from end of the relevant quarter in agreed format;	• Ongoing during implementation.	• MoFEC
6	*External audit* • Project audit • Finalize Audit TOR and recruit auditor at early stage of the project; • Project financial statements will be prepared in time; • Ensure that the external auditor has complied with the Audit ToR;	• Recruit within 6 months after effectiveness; • 3 months after end of the year; • Ongoing annually; • Within 6 months after end of year;	• MoFEC

#	Action	Date due by	Responsible body
	• Submit annual audited financial statements, audit report and management letter; • Submit Government's response to the findings in the annual audit report to the World Bank and an action plan for any follow-up actions including the status thereon; • Prepare status report of action taken on audit findings; • Disclose audit reports to the public in accordance with The World Bank Policy on Access to Information.	• Within one month of submission of audit report to the World Bank; • Two months after submission of audit report to the World Bank; • Annually.	

Financial management covenants

37. Financial management related covenants for the IPF part of the Program will include the following:

- Maintaining satisfactory FM system for the Program;
- Submission of IFRs for the Program for each fiscal quarter within 60 days of the end of the quarter covering the quarter, year to date and project life information, in form and substance satisfactory to the World Bank; and
- Submission of annual audited financial statements and audit report within six months of the end of each fiscal year.

Procurement

Applicable procurement regulations

38. Procurement under the IPF component will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers: 'Procurement in Investment Project Financing, Goods, Works, Non-Consulting, and Consulting Services', dated July 1, 2016; 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', revised as of July 1, 2016; and the provisions stipulated in the Legal Agreement

39. The regulations are designed to support a modern, fit for purpose procurement framework. The regulations are guided by the core procurement principles of value for money, economy, integrity, fit for purpose, efficiency, transparency, and fairness. The regulations support these core procurement principles by providing many choices for the Borrower to design the right approach to market.

40. The implementing agencies of the IPF component will use standard procurement documents issued by the World Bank to be used by borrowers for IPF-financed projects as well as standard bid evaluation forms for procurement of goods, works, and non-consulting contracts, and the sample form of evaluation report for selection of consultants

National procurement procedures

41. When approaching the national market, as shall be agreed in the PP, the country's own procurement procedures may be used subject to the following requirements as provided in section 5 paragraph 5.4 of the Procurement Regulations for IPF Borrowers (July 1, 2016):

- Open advertising of the procurement opportunity at the national level
- The procurement is open to eligible firms from any country
- The Request for Bids/Request for Proposals document shall require bidders/proposers submitting bids/proposals to present a signed acceptance at the time of bidding, to be incorporated in any resulting contracts, confirming application of, and compliance with, the World Bank's Anticorruption Guidelines, including without limitation to the World Bank's right to sanction and the World Bank's inspection and audit rights
- Contracts with an appropriate allocation of responsibilities, risks, and liabilities
- Publication of contract award information
- Rights for the World Bank to review procurement documentation and activities
- An effective complaints handling mechanism
- Maintenance of records of the procurement process

42. Other national procurement arrangements (other than national open competitive procurement) that may be applied by the Borrower (such as Limited/Restricted Competitive Bidding, RFQ/Shopping/Local Bidding, and Direct Contracting), shall be consistent with the World Bank's core procurement principles and ensure that the World Bank's Anticorruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply.

Procurement Arrangement for Contingency Emergency Response Component:

43. If the contingency emergency response is to be triggered the strategy to be developed for restoring education services in response to disasters shall also outline how school feeding and emergency provision of water shall be procured to respond to natural disasters. The strategy to be developed may consider the 'Simplified Procurement Procedures and Guiding Principles under Situations of Urgent Need of Assistance or Capacity Constraints of the World Bank to define procedures to be followed when the emergency response is triggered.

Procurement oversight and monitoring arrangements

43. Mandatory thresholds for prior review for the proposed project based on procurement risk levels of the project are provided in Table 2. Based on the risk level of the project, procurement above the applicable thresholds as provided in the table shall be subject to prior review. Such procurement activities shall use the World Bank's Standard Procurement Documents. For contracts to be awarded using Direct Selection, the Borrower shall submit to IDA, for its review and 'no-objection', a sufficiently detailed justification, before inviting the firm to negotiations.

Table 2. Thresholds for procurement approaches and methods (US$ million)

		Open International	Open National	RFQ	Shortlist of national consultants	
					Consulting services	Engineering and construction supervision
Works	≥5.0	≥7.0	<7.0	≤0.2	n.a.	n.a.
Goods, IT, and non-consulting services	≥1.5	≥1.0	<1.0	≤0.1	n.a.	n.a.
Consultants (firms)	≥0.5	n.a.	n.a.	n.a.	0.2	0.3
Individual consultants	≥0.2	n.a.	n.a.	n.a.	n.a.	n.a.

Assessment of the agencies' capacity to implement procurement

44. An integrated fiduciary assessment of the implementing agencies was carried out by the World Bank as part of GEQIP-E. The assessment covered MoE, and sample REBs, universities and CTEs. The assessment reviewed the organizational structure for implementing the proposed IPF component, and staff responsible for procurement in the implementing agencies. The assessment also looked into the legal aspects and procurement practices, procurement cycle management, organization and functions, planning, record keeping, and the procurement environment. Procurement systems of the implementing agencies were assessed to determine the extent to which planning, bidding, evaluation, contract award and contract administration arrangements and practices, procurement oversight and complaint hearing mechanisms provide a reasonable assurance that the project will achieve intended results through its procurement processes and procedures.

45. Under GEQIP, MoE has made a significant stride and has attained reasonable success in the acquisition of TLMs, IT equipment and other goods and services which are considered as important inputs for the attainment of the GEQIP. However, procurement planning and using procurement plans as monitoring and management decision making tools has not been at its best particularly at sub-national level and at the MoE. Moreover, the efficiency in procurement processing has been a major challenge. Delayed arrival of strategic goods at destination, by and large because of considerable delays in the preparation of BDs, bid evaluations, and award and contract signing is observed under the GEQIP. The causes for such delays in the MoE include (i) inadequate procurement management capacity; (ii) inadequate lead time; (iii) slow internal approval processes; (iv) challenges in obtaining and consolidating data on requirements per district; (v) delays during the initiation phase and pre-bid launch; (vi) delays during the evaluation phase; (vii) contract award delays; and (viii) down-stream logistical challenges. Moreover, inadequate contract management has contributed to the delays in a considerable manner. The procurement capacity of REBs, universities and CTEs needs considerable improvement to handle procurement activities under the proposed project.

46. Moreover, the proposed project is to be carried out using the New Procurement Framework. Capacity-building effort to familiarize the procurement and related staff with the Procurement Regulations for IPF Borrowers needs to be considered and included in the design of the project

47. Key issues and associated mitigation measures that have been discussed and agreed upon are shown in Table 3 below.

Table 3. Summary of findings and actions (risk mitigation matrix)

#	Issue/risk	Severity and impact	Mitigation measures	Responsibility and time frame (all actions to be taken within the first three months of the grant approval)
1	Lack of procurement-proficient and contract management staff in MoE	High	Provide attractive remuneration and conducive work environment to attract procurement proficient and qualified contract management staff	MoE and MoFEC
2.	Lack of experience in the New Procurement Framework of the World Bank	High	Arrange training on the New Procurement Framework of the World Bank to procurement and related staff of MoE	MoE/World Bank
3	Low quality and incomplete bidding documents/RFQs	Substantial	Create capacity on the preparation of SBDs/RFQs with the objective of producing and issuing quality BDs/RFQs	MoE/World Bank
4	Inadequate record management system	Substantial	Keep records in safe and secure place with no access to unauthorized personnel Establish record management system	MoE
5	Delays in preparation of BDs/RFPs, Bid Evaluation, Contract	High	Develop accountability framework with defined business standards, and engage beneficiary	MoE

	Award and Contract Signing		technical departments as early as possible	
6	Inadequate facilities, for safe and secure record keeping in IAs	Substantial	Carry out needs assessment; and build the capacities of procuring entities with facilities, such as photocopy machine, office space, tables and chairs, as well as computers and printers to procurement units and their staff	MoE
7	Inadequate contract management practice/delay in delivery of goods and services and lack of system for inspection and acceptance	Substantial	Training to be provided on the basics of contracts management	MoE/World Bank

Procurement plan

48. The MoE has prepared the Project Procurement Strategy for Development (PPSD) which formed the basis for a PP for the first 18 months of the IPF component and which also provides the basis for the procurement methods. This plan was agreed between the MoE and the project team and will be available at the Procurement Directorate of the MoE. It will also be available in the project's database and in the World Bank's external website. The PP will be updated by the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement arrangement and value for money

49. The IPF component aims at supporting capacity building and institutional strengthening activities through technical assistance. The IPF TA is expected to support several capacity development activities at different levels of the educational structure. These include the provision of consultancy services, training programs, and operational support.

50. The procurement objective of the IPF-TA is to deliver best quality capacity building consultancy services for MoE and REBs. To attain this objective, attaining value for money through integrity and sustainable development shall be upheld.

51. The procurement arrangements provided under the PPSD for this project are aimed at attaining value for money in the procurement of services. Apart from provision of training and operation support, the key input under the IPF-TA is the provision of Technical Assistance. The

TAs is low-value contracts with relatively low risk. However, the experience of the MoE in handling the selection of consultants has not been satisfactory. Hence, to attain value for money, procurement arrangements shall be made in such a way that the MoE achieves the best available consulting firms at reasonable prices. To achieve this, risk mitigation measures outlined below need to be fully implemented.

Procurement risk analysis

52. In the PPSD prepared for the IPF-TA component, a risk analysis of the procurement activities was carried out. It is noted that procurement activities under the project are consultancy services aimed at capacity strengthening and to support the management, implementation and monitoring of the Program. The risks associated with the procurement activities under this component are identified and risk mitigation measures are put in place.

53. The MoE, REBs, CTEs and universities are implementers of the IPF-TA component. REBs, CTEs and universities will participate in cascading of training and the development materials and modules. However, the hiring of consultancy services will be carried out centrally by the MoE. MoE has previous experience in implementation of the GEQIP. However, there is still a risk at MoE in properly implementing procurement activities as per the agreed procedures due to lack of procurement proficient personnel and high level of staff turnover. To address this, the MoE shall recruit and deploy procurement proficient staff, and provide procurement and related staff with training on World Bank procurement procedures. Offering of regular training is important to mitigate the risk of high level of staff turnover.

Table 4. Procurement risk and mitigation measures

Risk Description	Likelihood rating (A)	Impact rating (B)	Duration rating (C)	Overall risk rating (A*B*C)	Description of proposed mitigation measures
Limited number of consultants/bidders for TA	M	M	M	M	MoE to engage with market through pre-bid meeting, supplier conferences etc.
Delay in RFB preparation, evaluation, award and signing of contracts and contract management	H	H	H	H	Planned procurement of TA
Unavailability of qualified procurement and contract management staff at MoE	H	H	H	H	MoE negotiate with MoFEC to provide adequate remuneration and conducive work environment for procurement and contract management staff
Lack of experience in the new procurement framework of the World Bank	H	H	H	H	Quality training in World Bank's new procurement framework procedures

Procurement arrangements

54. High or substantial risk contracts are not included in the IPF component. The procurement arrangements for low value contracts is agreed with the client and is provided in the PPSD.

Procurement management Covenant

55. Government shall appoint an independent procurement auditor for carrying out an annual procurement audit of the IPF component along with the PforR procurement audit and submit the same to the World Bank within six months after the end of each fiscal year.

Environment and social safeguards for IPF component

56. The IPF based TA component of the Program aims to support capacity building and institutional strengthening activities at different levels of the education sector through the provision of consultancy services, training programs, and operational support. The IPF based TA component does not involve any procurement of goods, capital investment or civil works. There will be no land acquisition and restriction of access to natural resources.

Annex 11: Map of Ethiopia