



**MADAGASCAR EDUCATION SECTOR PROGRAM IMPLEMENTATION GRANT
ALLOCATION: REPORT FROM THE GRANTS AND PERFORMANCE COMMITTEE**

For Decision

Please note: Board papers are deliberative in nature and, in accordance with the GPE Transparency Policy, are not public documents until the Board has considered them. It is understood that constituencies will circulate Board documents among their members prior to Board consideration for consultation purposes.

1. STRATEGIC PURPOSE

1.1. The purpose of this paper is to request the Board to approve an allocation for an education sector program implementation grant (ESPIG) to Madagascar, as recommended by the Grants and Performance Committee (GPC) following its discussion of the grant application during its January 17-19, 2018 meeting.

2. RECOMMENDED DECISION

2.1 The GPC recommends the Board approve the following decision:

BOD/2018/02-XX–Approval of Allocation for an Education Sector Program Implementation Grant to Madagascar: The Board of Directors with respect to the application submitted in the fourth round of 2017:

1. Notes compliance with the requirements for accessing the fixed part of the maximum country allocation, as described in the application and summarized and assessed in Annex 2 to BOD/2018/01 DOC 05.
2. Notes compliance with the incentives for accessing the variable part of the maximum country allocation and approves the indicators on Equity, Efficiency, and Learning and their means of verification, as described in the application and assessed in Annex 2 to BOD/2018/01 DOC 05.
3. Approves an allocation from GPE trust funds for an Education Sector Program Implementation Grant (ESPIG), as described in the application submitted and summarized in Table 1 in BOD/2018/02-XX 3 (c), subject to:
 - a. Availability of funds.

- b. Board decision BOD/2012/11-04 on commitment of trust funds for ESPIGs in annual installments.
- c. GPC recommendations for funding include (all amounts in US\$):

Table 1 Application Summary and GPC Allocation Recommendations for an ESPIG in US\$:

	Country	Madagascar
a.	Maximum Country Allocation	46,800,000
b.	Allocation Requested (100%)	46,800,000 ¹
c.	Fixed Part	32,700,000
d.	Variable Part	14,100,000
e.	Allocation Recommended by GPC	46,800,000
f.	Grant Agent	World Bank
g.	Agency Fee % - Amount	1.75% - 819,000
h.	Period	4.5 years
i.	Expected Start Date	July 1, 2018
j.	Variable Part Disbursement Modality	Ex-Post
k.	Funding Source	GPE Fund

4. Requests the Secretariat to:

- a. Include in its notification to Madagascar, the relevant grant agent and coordinating agency, for distribution to the local education group (LEG) of the approval of the allocation and the expected timeframe for signing of the Grant Agreement and grant effectiveness, as applicable, the conditions, requests for report-back, and observations on the program as recommended by the GPC and set out in Annex 1 to BOD/2018/01 DOC 05.
- b. Include an update on the issues listed as “conditions” and “report back” in the annual Portfolio Review in accordance with the specified timeline.

3. BACKGROUND

3.1 The Committee assessed the grant application from Madagascar and discussed whether it met the funding model requirements to access the fixed and variable part of the maximum country allocation.

3.2 Prior to the discussion, the following conflict of interest was disclosed:

- Douglas Sumerfield, World Bank, as representative of the grant agent for the proposed program.

¹ Includes US\$1,100,000 for the cost of the grant agent to perform its roles and responsibilities (formerly supervision fees). Per decision BOD/2015/10-02 supervision fees are funded from the maximum country allocation effective from the second funding round of 2016.

3.3 The GPC had a rich discussion regarding the application and found that Madagascar met the requirements with some caveats that need to be addressed.

3.4 The primary discussion points are summarized in Annex 1. The evidence for meeting the requirements and quality standards is set out in Annex 2.

4. **PLEASE CONTACT** Margarita Focas Licht (mlicht@globalpartnership.org) for further information.

5. ANNEXES

5.1 This paper includes the following annexes:

- Annex 1 – GPC Observations, Report-Backs, and Conditions
- Annex 2 – Secretariat Quality Assurance Review Phase 3 (Final Readiness Review)

5.2 The following is available on the [Committee eTeam site](#):

- Madagascar ESPIG Application Package (GPC/2018/01 DOC 04)

ANNEX 1 – GPC OBSERVATIONS, REPORT-BACKS, AND CONDITIONS

Madagascar	
Observations	<p>The Committee is pleased to see that Madagascar has developed, and its partners have endorsed, a full education sector plan following several years of political crisis that limited the ability to plan strategically for the longer term.</p> <p>The Committee appreciates the government’s commitment to increasing education budgets following years of declining budgets during the political crisis. However, taking into consideration the progress that remains in achieving universal primary education and the education inequities that persist, the Committee expressed concern about the projected timeline for reaching the GPE benchmark for the primary education budget’s share of the education budget, which is currently below the 45 percent benchmark. Nevertheless, the Committee notes that the achievement of this benchmark is projected to be reached by 2022–falling within the program timeline and thus meeting the funding model requirement.</p> <p>The Committee appreciates the quality of the application as well as the co-financing with IDA, which enables significant support to the implementation of the country’s new education sector plan.</p> <p>The Committee acknowledges the need to closely monitor the effects of the variable part indicators through the third-party verification process managed by the project facility unit, and to take measures to mitigate potential unintended negative consequences at school level.</p> <p>The Committee acknowledges that the unallocated 8.9 percent of the ESPIG amount (US\$4.2 million) aims to address situational needs that may arise in an effective and timely manner, building on lessons learned from multiple grant revisions of the previous grant. However, the Committee expressed concern about this unallocated amount and emphasized that any reallocation must follow the provisions on revisions in the Policy on Education Sector Program Implementation Grants.</p>
Report-Backs	<p>The Committee requests that the government give high priority to its planned efforts to increase the budget for primary education, and that the local education group (LEG) through the coordinating agency (CA) report on this annually through the joint sector review (JSR).</p> <p>While recognizing the extremely low baseline of access to school for children with disabilities in Madagascar and the resulting steep path ahead for ensuring their inclusion, the Committee commented that the target of 15 percent of disabled children included in the school system is very low. The Committee requests the country report back at JSRs on results achieved through actions implemented in this area, and to see if a higher level of ambition on that matter could be further fostered.</p>
Conditions	N/A

ANNEX 2 – SECRETARIAT QUALITY ASSURANCE REVIEW PHASE 3 (FINAL READINESS REVIEW)

Quality Review – Phase 3

Proposed amount
Fixed part: US\$32.7 million (including US\$1.1 million in supervision costs)
Variable part: US\$14.1 million
IDA: US\$55 million
Implementation period: 4.5 years
Implementation date: July 1, 2018
Grant agent: World Bank

1. BACKGROUND AND EDUCATION SECTOR OVERVIEW

1.1 COUNTRY BACKGROUND

Madagascar, an island nation in Southern Africa,² is the fifth largest island in the world with a land mass of 587,000 km² and 24.89 million inhabitants in 2016. It is very vulnerable to the effects of climate change.

The Malagasy economy has been improving gradually, with GDP growth expected to reach 4.1 percent in 2016, exceeding the average rate of 2.6 percent recorded over the previous five years. However, with an extreme poverty rate of 77.8 percent in 2012, Madagascar is among the poorest countries in Africa.

Although in the 2000s Madagascar did make some progress in the achievement of the Millennium Development Goals, the political crisis from 2009 to 2014 dealt a setback to this progress. Today its education, health, nutrition and water access outcomes are among the lowest in the world.

Madagascar continues to face immense development goals: 90 percent of the population lives in poverty; per capita GDP stands at US\$400; one child in two under the age of five suffers from chronic malnutrition; and Madagascar is ranked 158th out of 188 countries in the 2016 World Development Index.

Madagascar	
Population	24.89 million ³ (2016, Country Profile, World Development Indicators)
Human Development Index Rank	158 ⁴ (2016, out of 188 countries)
GDP	US\$9.99 ⁵ (2016, Country Profile, World Development Indicators)
Per capita GDP	US\$401.3 ⁶ (2016, World Bank Data)
World Bank Income Level Classification	Low-income economy (\$1,005 or less) ⁷ (2017, World Bank Data)

² <http://www.worldbank.org/en/country/madagascar/overview>

³ http://databank.worldbank.org/data/views/reports/ReportWidgetCustom.aspx?Report_Name=CountryProfile&Id=b450fd57

⁴ <http://hdr.undp.org/en/countries/profiles/MDG>

⁵ http://databank.worldbank.org/data/views/reports/ReportWidgetCustom.aspx?Report_Name=CountryProfile&Id=b450fd57

⁶ <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD>

⁷ <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

1.2 EDUCATION SECTOR OVERVIEW

1.2.1 Learning outcomes:

The learning achievements of Malagasy pupils at the primary level are low overall. National and international assessments at the primary level, specifically the *Programme d'Analyse des Systèmes Educatifs de la Confemen* (PASEC) and the Early Grade Reading Assessment (EGRA), have identified an alarming decline in pupils' reading (French, Malagasy) and mathematics skills. While in the 1997 and 2004 PASEC surveys Madagascar was among the highest performing countries, in 2015 it was among the lowest (9th out of the 11 countries in the cluster evaluation).

Comprehension outcomes also reveal enormous differences in performance, based on language. The poor mastery of French by pupils at the T2 level penalizes their outcomes in classes taught in French starting in the third year of primary school (*Cours Élémentaire*—CE), thus affecting learning throughout their school careers.

The lack of qualified teachers, particularly in rural and isolated areas, is another concern. In 2013, only 18 percent of teachers at the primary level had teaching diplomas and almost half of teachers in public and community primary schools were teachers that had not received pre-service training or short induction courses to prepare for their future positions as teachers (these are the *enseignants non fonctionnaires* (ENFs) or non-civil service teachers). The quality of education is also negatively impacted by high pupil/teacher ratios in some areas. Although there is little disparity in the teacher pupil ratio between urban areas (1:42) and rural areas (1:47), there is a significant gap in the trained teacher pupil ratio between rural schools (1:196) and urban schools (1:96).

1.2.2 Equity

Preschool education has expanded significantly as a result not only of the annual increase in the supply of public education but also the number of public and community preschool activity centers, which have increased exponentially. The preschool enrollment ratio for children between the ages of 3 and 5 is estimated to have reached 28.1 percent in 2015-2016, with parity indexes slightly in favor of girls.⁸ However, analysis of the access rate at age 5 in 2014-2015 shows significant disparities in access by region.

The access disparities between rural and urban areas begin at the preschool level and favor urban centers. While children in urban areas have almost universal access in the first year of primary school, approximately one child in 10 does not have access to primary school in rural areas. These differences are accentuated at the end of primary school and beginning of secondary school: while in urban areas 7 and 8 children out of 10 are likely to complete the last year of primary school and the first year of secondary school, respectively, in rural areas just 4 and 5 children, respectively, are likely to do so.

Access to general secondary school education has increased over the past decade, with the Gross Enrollment Ratio (GER) rising from 27.5 percent in 2004 to 49.8 percent in 2013. However, by region there are significant disparities, with access ranging from 78 percent in Analamanga to 17 percent in Androy in 2014-2015. The rate of access to the first year of secondary school (or 6th grade) rose from 32.5 percent in 2004 to 46.3 percent in 2008 and 54.5 percent in 2013. The rate of transition from the last year of primary school to the first year of general secondary school was 65.4 percent in 2014-2015 (with a parity index slightly in favor of girls "65.6/65.3"). By region, this rate varies from 88 percent for the Diana region to 41 percent for the Androy region.

⁸ *Education Sector Plan*, p. 63.

1.2.3 Efficiency

Analysis of the enrollment ratio⁹ shows that primary education suffers from a lack of internal efficiency that is reflected in high repetition and dropout rates. In 2013-2014, on average, one child in five annually was repeating the year. The average dropout rate is 16 percent for the first four years and 22 percent in T1 (or *Cours Préparatoire 1*), and 48 percent of the children between the ages of 5 and 18 who drop out prematurely are between the ages of 5 and 14.¹⁰ At the primary education level, the data show that the overall efficiency index is trending downward from 55 percent in 2008 to 51 percent in 2013. This means that 45 percent or more of the resources mobilized for this level of education are not transformed into outcomes or are wasted owing to pupils repeating years and dropping out throughout the cycle. If there were no repetition, the internal efficiency coefficient at the primary level would be 62 percent in 2013 and 82 percent not counting dropouts.¹¹

Given the persistently high access rates in the first year (Gross Access Rate—GAR) and repetition and dropout rates at all levels of education, the primary school completion rate is estimated at 68.7 percent in 2013 and 69.3 percent in 2014. This means that a significant proportion of the cohort of pupils entering the first year of primary school (*Cours Préparatoire 1—CP1*) drops out before the last year of primary school (*Cours Moyen 2—CM2*). Thus the Millennium Goal of 100 percent of the official age group for this year of studies (CM2) completing primary school is expected to be far from being achieved without a clear policy and/or decision aimed at improving the internal efficiency of primary school.

Moreover, in general the number of students registered for the primary school teaching certificate (*Certificat d'Aptitude Pédagogique à l'Enseignement Primaire—CAP/EP*) increased during the period 2008 to 2013, from 1,238 to 2,683 before declining slightly to 2,125 in 2014. However, the success rate declined during the same period: the rate of 66.4 percent achieved in 2008 is no longer reached, with only one third of candidates passing this exam. Finally, the randomness in the assignment of teachers has deteriorated slightly from 19 percent in 2005-2006 to 20 percent in 2013-2014, if all teachers are considered. With the local recruitment of ENFs, the distribution of teachers in isolated regions is easier to manage than with the assignment of civil servants. However, steps must still be taken to improve the distribution of teachers in schools by making assignments more equitable and more consistent between the various teaching locations. To ensure that teachers are assigned on the basis of the number of pupils, rigorous monitoring of local recruitment of ENFs is necessary. The assignment of civil service teachers should follow a highly structured personnel deployment plan, based a clear management policy dictated by real school needs.

1.2.4 Monitoring of Sector Performance

To ensure increased monitoring of the education sector plan, the local education group decided to introduce a National Education Sector Support Platform (PNPSE), which above all aims to support the sector implementation of the education sector plan and the establishment of a policy dialogue and coordination instrument aimed at better alignment and greater accountability toward the beneficiaries in the education sector. The members of the PNPSE naturally include the ministers responsible for education, but also other members of the Government, Members of Parliament, national and international nongovernmental organizations (NGOs), unions and representatives of the teaching staff, parents, national directorates or groups of private education institutions, and representatives of the productive sector. The technical and financial partners (TFPs) are also represented and the coordinating agency (UNICEF) plays a lead role among the partners.

⁹ *Education Sector Plan*, pp. 66-67.

¹⁰ An analysis of the internal efficiency coefficients (semi-longitudinal profile) by level of education in 2008 and 2013 is available in the 2016 *Education Country Status Report (CSR)*, p. 86.

¹¹ CSR, p. 86.

The PNPSE has already played a key role in the preparation of the Basic Education Support Project (PAEB) by working closely with the grant agent in the design of the various components and the distribution of the various sources of financing (IDA and GPE) and by supporting a high-quality policy dialogue on project implementation issues.

Madagascar each year organizes joint sector reviews (at the national and regional levels) and the reports on these reviews are available. The challenge for the country now will be to implement holistic reviews dealing with issues facing the sector as a whole. Madagascar is supported by the Secretariat of the Global Partnership for Education in an initiative with two other partner countries (Chad and the Democratic Republic of the Congo) for the exchange of best practices with a view to strengthening national capacities in the organization of sector policy reviews. Madagascar's consultation framework will thus constitute a basis for consultation and dialogue in the implementation of the sector plan and the Basic Education Support Project (PAEB).

2. FIXED PART REQUIREMENTS

2.1 Requirement 1: A credible, endorsed Education Sector Plan (ESP), or alternatively, a Transitional Education Plan (TEP)

The sector plan covers all of the education sector and is based on a national vision (**overall vision**). It defines the overall vision of the country for education, which is among the goals of the National Development Plan (2015-2019) and the international objectives for the development of education, particularly, Sustainable Development Goal 4 (SDG 4). The plan is the first for Madagascar that aligns medium- and long-term development goals for the entire education system with three ministries responsible for education and consolidates coherent subsector action plans with a common financial framework (**comprehensive**).

The plan proposes a strategy (**strategic vision**) aimed in particular at reducing repetition rates by establishing 9 years of basic education (primary and junior secondary school), i.e., five years in primary school and four years in secondary school, divided into three sub-cycles (five years of primary school and four years of junior secondary school, followed by three years in senior secondary school) [sic]. The *Rapport d'état du système éducatif national* (RESEN) (Education Country Status Report—CSR) has made it possible to update the data and develop a simulation model that has resulted in a quantifiable policy option that can be assessed and is achievable (**the sector plan is achievable and evidence based**).

The plan, which was prepared after the political crisis, emphasizes strengthening the management and governance of the education system (**sensitive to the context**), while proposing responses to disparities in access by having communities construct schools and by improving the intake of children with minor or moderate disabilities into the formal system (goal of 15 percent in 2022) and children with significant or severe disabilities into specialized institutions (15 percent in 2022) (**pays attention to disparities**).

An independent assessment was conducted in early April 2017, and the authorities revised the document on the basis of its recommendations. The ESP package was submitted to the GPE Secretariat on June 16, 2017.

Conclusion: Madagascar has finalized and endorsed the sector plan and has thus met this requirement.

2.2 Requirement 2: Evidence of commitment to ESP or TEP and its financing

Government commitment: The decline in the share of current public spending on education observed in recent years is a matter of some concern; this spending has declined from 26 percent in 2014 to 15 percent in 2016 after adjustment of the budget. In a “verbal communication” signed by the three ministers responsible for education on October 5, 2016, the Government has undertaken to give priority to the education sector by ensuring it a minimum of 20 percent of the national budget starting in 2017. Moreover, on the day of the endorsement of the plan, the Prime Minister undertook to increase the share of the budget for education to 26 percent starting in 2018.

The medium-term macro-budget framework (MTMBF) also reflects an increase in public spending on education from 20 percent to 22 percent between 2018 and 2020. The estimates show that the country will make a significant effort to bring non-debt current spending levels to the minimum of 25 percent (i.e., 28 percent in 2017, 30 percent in 2018, 29 percent in 2019 and 25 percent in 2020).

The plan calls for a gradual increase in the share of education spending on primary education from 37 percent in 2017 to 44 percent in 2019 and to 45 percent from 2022 based on the trend outlined in the financing model. As underscored by the partners in the endorsement letter, the monitoring of this requirement must be considered within the overall context of the specific attention paid to progress in the reform of basic education. Short- and medium-term budget prioritization in the primary subsector is an essential condition for the success of the basic education reform and also a response to the concern for proposing more equitable education services.

Commitment of the partners: The Education Sector Plan (ESP) establishes an external funding requirement of approximately US\$90 million per year. The external partners have undertaken to increase their contributions by 35 percent over the period 2017-2022 to US\$61 million in 2022. To the extent that capital expenditures will be financed largely by external assistance, implementation of the major reforms set out in the ESP’s three-year action plan could end up being postponed if new external financing is not available in the short and medium term. Nevertheless, the partners confirmed in the endorsement letter that these external resources had been estimated on the basis of a reasonable percentage reflecting the expected renewal of projects and the provision of additional financing. The current level of commitment (US\$81 million) shows that the framework is credible.

Conclusion: The evidence of Madagascar’s commitment to financing the sector plan is credible since the share of public spending on education will go beyond 20 percent starting in 2018 and the share of education spending on primary education will reach 45 percent during the program implementation period. Moreover, the local education group has undertaken to provide regular reports on the share of expenditure allocated to primary education. This requirement is thus met.

2.3 Requirement 3: Availability of data

A sector analysis published in February 2016 takes account of the demographic analysis, costs and financing of the sector, the performance of the sector, and the capacity of the system. The CSR has also covered issues of vulnerability and equity (marginalized groups, girls, children with special needs).

The 2014-2015 statistical yearbook is available and the 2015-2016 version is being finalized. In 2015 and 2016, Madagascar had also reported on at least 10 out of the 12 indicators required by the UNESCO Institute for Statistics for global monitoring of progress in education.

Madagascar has participated in a number of international education assessments, including PASEC (1998 and 2005; and 2014 for the 2nd and 5th grades of primary school in mathematics, French and Malagasy). Moreover, in 2012 the household survey (ENSOMD) conducted a reading test to assess literacy levels. An EGRA assessment was conducted in 2015 to measure Malagasy and French reading skills for the 2nd and 5th grades of primary school. The new plan proposes to implement a mechanism for assessing learning outcomes at the regional level using a harmonized assessment system and the creation of pools of assessors. The completion of assessments of learning outcomes each year has been agreed with the Government. These assessments will cover French and mathematics and will target two education levels. In 2019, when Madagascar will be subject to a PASEC assessment, the additional assessment will supplement the PASEC and will target just one year of education. These assessments will be directed by the National Learning Outcomes Assessment Committee, an entity made up of technical experts from the various directorates of the Ministry. Moreover, simplified service delivery indicator (SDI) surveys will be conducted each year to monitor key indicators such as teachers' skills and absenteeism. These annual assessments should be representative at the national level.

Moreover, the current certification mechanism (the *Certificat d'Études Primaire Élémentaires* (CEPE) exam) at the end of the 5th grade of basic education will be gradually abandoned and replaced by a basic education completion diploma at the end of the 9th grade.

Conclusion: The Secretariat of the Global Partnership for Education considers that this requirement has been met.

3. ESPIG

3.1 PAST ESPIG PERFORMANCE, IF APPROPRIATE

Since 2005, Madagascar has received three allocations from the GPE for a total amount of US\$209 million.

The project currently being financed by the Global Partnership for Education (GPE), the Emergency Education for All Support Project (PAUET) in the amount of US\$84.5 million, aims to end the decline in the performance of the education system resulting from the unconstitutional regime change that occurred in early 2009 by contributing to the continuation of basic education services. The project specifically finances crucial interventions such as: (i) subsidies for community teachers and the purchase of school kits; (ii) subsidies for schools, teacher training, school meals and the construction of new classrooms; and (iii) social empowerment activities, capacity-building and strengthening of the system.

The project was restructured four times in June 2015 and May 2017 to allocate additional funds to the school meals services provided by the World Food Program (WFP) in the south of the country, which was affected by drought, and subsequently to include new activities and increase the scope of existing activities in line with the project goals, owing to additional resources becoming available as a result of fluctuations in the exchange rate between the U.S. dollar and the ariary.

A third project restructuring request was validated on May 24, 2017 to reallocate a portion of the uncommitted funds and to postpone the project closing date by seven months to December 31, 2017 to ensure the continuation of the current activities given the cost savings achieved and to complete activities that had been delayed. A fourth request for restructuring involving a reallocation of expenses was validated on November 10, 2017 to reassign US\$2,200,935 million [sic] to (i) pay the school grants (*caisse école*) in five vulnerable regions that had been the beneficiaries of the IDA project that had just ended; and (ii) the additional cost of redistributing school kits.

The project encountered a number of exogenous problems, such as the drought and political instability, and was also faced with a poor alignment between its financing cycle and the cycle for the Madagascar sector strategy. To remedy the latter issue, the project financing cycle will be aligned with that of the new strategy (2022), which also corresponds to the term of the cofinancing from the grant agent. This alignment is aimed in particular at reducing the number of restructurings and the associated transaction costs.

3.2 ESPIG DESCRIPTION

This project received cofinancing from the World Bank and the GPE Fund in a total amount of US\$100.7 million based on six principles: (1) alignment with the education sector plan; (2) the national scope of the activities; (3) a high degree of selectivity of activities; (4) national implementation supported by a facilitation unit; (5) decentralization of project implementation; and (6) performance-based disbursement for a portion of the financing.

Constructed around five components, the project calls for financing from the World Bank for component 1 (US\$17.7 million, teacher training focusing on early learning in reading and mathematics); component 2 (US\$32 million, improvement of school attendance and preparation for learning throughout preschool education, construction and health) and component 5, which provides funds in emergency situations.

The GPE financing will cover two components and disbursement-linked indicators (DLIs) in the areas of equity, efficiency and quality of learning. The World Bank and GPE financing is broken down by component to improve the clarity of the GPE financing. This has been done at the request of members of the local education group.

Components 1 and 2 of the program are aimed at responding to the challenges related to the poor learning outcomes in early education, improving the preschool education supply, and better preparing children for entry into the primary school system.

Financed on the basis of performance, component 1 aims to gradually improve learning outcomes by introducing regional training plans, improving the teachers' skills in teaching French and mathematics, and developing the curriculum. The activities aim to enhance quality by reducing teacher absenteeism and increasing the actual teaching time from 3 hours and 9 minutes to 5 hours and 46 minutes, based on the sector plan goal.

The aim of component 2 is to better prepare the entry of children into the school system by taking measures to stimulate the demand for education: constructing 1,000 early childhood education centers and 800 classrooms using the community approach and organizing deworming campaigns benefiting 2.7 million children.

While the overall goal of the Basic Education Support Project (PAEB) is to improve learning outcomes and promotion rates in the two primary sub-cycles of basic education, the GPE financing will be central to achieving this objective by improving school management to increase the pupil promotion rate (component 3, US\$13.1 million) and supporting the implementation of key sector reforms, strengthening the education system and implementing the project (component 4, US\$14 million). The financing linked to the variable part totals US\$14 million and the unallocated amount for the program stands at US\$6.5 million, with the GPE covering 65 percent.

The goal of component 3 is to increase the promotion rate for pupils by improving the management of schools through the establishment of an equitable national school grants system and by professionalizing the skills of the school principals. The key indicator is the average promotion rate for all pupils in the first two sub-cycles of basic education. The first subcomponent consists of creating and financing a single national, harmonized,

verified and equitable school grants program. This tool is aimed at keeping household expenditures on education and other school-related costs to a minimum to reduce dropout and repetition rates in primary school.¹² The single school grants system should take the form of a pooled fund to which all of the technical and financial partners could contribute. Discussions are currently under way on the implementation of a financing tool and aligned procedures. This component will also finance the development of a skills framework for the transparent recruitment of school principals,¹³ the distribution of the school management guide (management of the school subsidy), and local training programs to improve teacher practices, learning outcomes and the promotion of pupils in the early years of school.

The objective of component 4 is to support the planning and implementation of the major reforms of the ESP¹⁴ and strengthening of institutional capacities, enhancement of the system for the assessment of learning outcomes, and the provision of technical assistance in the context of the implementation of the sector plan.

The key reforms supported by the component include the design and implementation of a language policy that will aim to increase the use of the maternal language as the language of instruction during the first sub-cycle, with French gradually being introduced in the second sub-cycle to become the teaching language in the third cycle. In terms of curricular reform, the project will mainly support activities focusing on strengthening the curricula for the first two cycles (primary education) in mathematics, reading and writing.

¹² For the first year of the project, school subsidies will be paid based on the existing distribution key while a study will assess the relevance of this key. This amounts to US\$133 per school for small schools in urban areas, US\$150 per school for small schools in rural areas, US\$233 to US\$400 for medium-sized schools in urban areas, US\$250 to US\$417 for medium-sized schools in rural areas, US\$500 per school for large schools in urban areas, and US\$517 per school for large schools in rural areas.

¹³ Approximately 14,200 school principals and supervisors are expected to benefit from these activities.

¹⁴ Transformation of the system through a change in its structure into three sub- cycles of three years each, its objectives, its profiles and end-of-cycle programs, its organization and assessment methods, and its training and supervision mechanisms.

Table A: ESPIG Components and Costs

	GPE Financing US\$	% of total (GPE)	IDA Financing US\$	Total Amount US\$	% of total
MCA Total	46,800,000				
Fixed part					
Program component					
A Teacher training with a focus on reading and mathematics			17,700,000	17,700,000	17.4%
B Improvement of attendance and preparation for learning through the construction of preschool and health establishments			32,000,000	32,000,000	31.4%
C Improvement of school management to increase the pupil promotion rate	13,400,000	28.6%		13,400,000	13.2%
<i>Creation and financing of a single, harmonized, verified and equitable national program of school subsidies</i>	10,400,000				
<i>Support for the professionalization of school principals</i>	3,000,000				
D Support for sector reforms, enhancement of the system and project implementation	14,000,000	29.9%		14,000,000	13.8%
<i>Support for the reforms set out in the plan (language policy, curriculum and communications, and studies for implementation of the third cycle of the ESP)</i>	4,400,000				
<i>Enhancement of the capacity of the system through monitoring, evaluation and planning activities, communications campaigns on the ESP, and strengthening of administrative management</i>	9,600,000				
Repayment of the project preparation advance			3,000,000	3,000,000	2.9%
Unallocated	4,200,000	8.9%	2,300,000	6,500,000	6.4%
Supervision cost*	1,100,000	2.3%		1,100,000	1.1%
Component subtotal	32,700,000	70%	55,000,000	87,700,000	86.2%
Variable part					
A Equity	4,700,000	10%		4,700,000	4.6%
B Efficiency	4,700,000	10%		4,700,000	4.6%
C Learning outcomes	4,700,000	10%		4,700,000	4.6%
Variable part subtotal	14,100,000	30%		14,100,000	13.8%
GRAND TOTAL (incl. the supervision cost)	46,800,000	100%	55,000,000	101,800,000	100%
Grant agent fee**	820,000				

*Includes the direct costs of the grant agent, such as program management, administration and any other direct implementation cost.

**The grant agent fee is not included in the MCA and is calculated as a percentage (agreed with each grant agent) of the total of the fixed and variable parts.

3.3 ASSESSMENT OF THE PROGRAM DOCUMENT

The Basic Education Support Project (PAEB) has been designed to support the main reforms of the Malagasy education sector plan, from the early childhood subsector through to support for the expansion of basic education. The project aims to increase access and retention in the system (through the construction of schools and the provision of school subsidies) and also to enhance the quality of learning (through the establishment of a dedicated monitoring structure and more training for qualified teachers). It should be noted that the main recommendations of the Quality Assurance Review (QAR 2) on the fixed part (focusing on the issue of early learning, the linking of the changes to the training of teachers with the revision of the curriculum, and the construction of simple formative assessment tools available to teachers) were taken into account in the components of the PAEB.

The design of the program emphasizes the complementarity of the activities (the components of the fixed part support the achievement of targets that will release the disbursement of the variable part, particularly as regards equity and learning outcomes), thus enhancing the general consistency of the approach and, above all, facilitating the policy dialogue between the various stakeholders in the sector. Moreover, the activities set out in the PAEB respond to the main challenges observed in the sector analysis, i.e., to reduce the discrepancies in education access and quality in urban and rural areas.

Capitalizing on lessons learnt of the previous GPE and IDA program implementation, the modality of this new program co-financed by GPE and IDA has been designed to gradually transfer the implementation responsibilities to the Government. Indeed, the previous GPE and IDA programs have been implemented by an independent unit, however in the frame of this new program the various departments of the Ministry of Education will be the sole responsible for implementing all activities. Nevertheless, given the high risks, a facilitating unit will be created under the authority of the Secretary General of the Ministry of Education to support the program financial management and to provide technical assistance to the Departments in charge of activities implementation. Technical assistance will be adapted to the Ministry's real needs and will be of short or long-term duration. Moreover, the country conducted a detailed evaluation and several consultations to identify activities that could be implemented through the Government's procedures, including public finance procedures and channels. It was thus decided that school grants will be transferred to Education Support Fund (Fonds Commun) that will stick to public finance mechanisms and procedures, and that funds for school constructions will be directly transferred by the Administrative and Financial Director to the accounts of the Participatory School Management Committee (FEFFI). Finally, the sustainability of the project is measured in terms of the nature of the activities planned: for the first time, GPE support will not target the payment of community-recruited (or FRAM) teachers but rather provide support for the key reforms of the system: expansion of basic education and enhancement of the quality of learning in the most vulnerable areas. Moreover, the community approach in the construction and management of schools is a key aspect of the sustainability of support at the local level.

As regards the unallocated amount of US\$6.5 million (65 percent of which is covered by the GPE), the experience of the previous project (PAUET) has shown that it is effective to set aside at least 10 percent of the funds and then to examine the impact of funding during the first two years of implementation with a view to possibly allocating increased funding to activities that have a high impact and an implementation capacity that exceeds expectations. For example, the project supports and encourages teacher training organized at the regional level; in this way, the reallocation of a portion of the unallocated amount would be an incentive for the regions and the Ministry programs to achieve results. If their programs are implemented effectively and in a timely manner, they could receive additional funding. As well, the unallocated portion could cover a potential

cost overrun, as has happened in other projects despite detailed costing.¹⁵ In accordance with GPE procedures, in the case of restructuring the allocation of the remaining 10 percent will be decided in close cooperation with the members of the PNPSE. Finally, it should be noted that the IDA funds will finance 100 percent of the program preparation advance, allowing for early implementation of activities and facilitating the work of the Government in achieving the objectives of the sector plan.

As regards the allocation for school grants (the annual disbursement of which is estimated at US\$2.5 million for each disbursement year), the PAD specifies that 80 percent of schools (approximately 24,000 institutions¹⁶) will benefit from the school grants and a precise typology of the distribution standards for schools is provided, in accordance with the commitment to responding to geographic inequalities.¹⁷

4. VARIABLE PART

4.1 Description of the variable part

For the learning outcomes improvement indicator, the program proposes to: (i) create a learning outcomes assessment unit, the aim of which will be to improve support for the quality of learning, with an overall strategy including the implementation of the new school year, the introduction of the 6th grade of primary education in 2020, and the introduction of Malagasy as the language of instruction in the first sub-cycle of basic education; the creation of the assessment unit will involve an initial payment of US\$470,000; and (ii) complete three assessments in French and mathematics (grades 2 and 5) in 2018/19, in French, mathematics and Malagasy (grades 2 and 5) in 2020, and in mathematics and Malagasy (grades 3 and 6) in 2021. The release of a payment of US\$1.41 million per study will be dependent on publication of the results, including data broken down for each of the 22 regions. The result of this activity will be used to prepare training and mentoring strategies for teachers. This approach corresponds to the recommendation of the QAR 2 to vary the levels assessed (early childhood/end of cycle) and emphasizing the way in which the results will be discussed at the technical and political levels.

On the topic of equity, the strategy aims to support the training and deployment of teachers in rural and isolated areas. The results indicator is “the number of new teachers trained who are assigned to rural and isolated areas.” A tranche of US\$470,000 will be paid twice, at the start of the 2018-2019 and 2019-2020 school years) upon presentation of plans that have been subject to consultations and approved for the deployment and redeployment of trained teachers recruited during the period 2018-2022. The second tranche of US\$4.23 million will be disbursed on the basis of subsidies of US\$625 allocated to each trained teacher assigned to rural and isolated areas. In addition to the points mentioned, this activity will support the establishment of a teacher management system to better predict and plan for changes in teaching personnel.

On the topic of efficiency, the project proposes to improve the rate of promotion to higher grades in the first two sub-cycles (primary school) by changing the school year to adapt it to meteorological trends in Madagascar (initial payment of US\$1.6 million), by allocating US\$35,000 to plans established by school districts (CISCOs) to increase the promotion rate and by paying US\$100 to each school that has increased its promotion rate by 2 percent per year. This component of the variable part aims to achieve the general objective of the ESP to increase the average promotion rate in primary school from 57 percent to 70 percent by 2022. It should be noted that this indicator corresponds to the recommendation made in the QAR 2: “One option suggested could

¹⁵ For example, for construction, detailed assessments of needs could reveal that a larger portion of construction sites need more drilling, involve higher local material costs, or require better preparation of the foundations. These final costs will not be evident until after the detailed examination of the site and the contracting process at the local level.

¹⁶ CSR, p. 81.

¹⁷ PAD, p. 54: US\$133 per school for small schools in urban areas, US\$150 per school for small schools in rural areas, US\$233 to US\$400 for medium-sized schools in urban areas, US\$250 to US\$417 for medium-sized schools in rural areas, US\$500 per school for large schools in urban areas, and US\$517 per school for large schools in rural areas.

be to mobilize all stakeholders around a more ambitious plan to reduce repetition and dropout rates involving a broad communications effort targeting all stakeholders. This plan will include a package of clearly identified measures (administrative measures, control of absenteeism, improvement of early learning, support for pupils in difficulty, etc.).”

4.2 Assessment of the variable part

On the equity indicator, US\$940,000 has been set aside for DLI 1, which means that there will be two approved plans on which consultations have been held and two disbursements in total based on the proposed plans. The minutes of the consultations with the deconcentrated technical units and minutes on the validation of the PNPSE one month before the start of the two school years will allow for two disbursements at the start of the school years.

There will thus be a remainder of US\$3.76 million to be disbursed. This corresponds to approximately 6,000 teachers deployed and redeployed, specifically: 6,016.¹⁸ Based on the results framework in the program document and the expected outcomes indicated in the application, 6,000 teachers will be deployed and redeployed in rural areas in total (rounded).

On the efficiency indicator (US\$4.7 million), it is anticipated that 57 plans out of the entire project will be compensated. The 57 plans correspond to half of the total number of CISCOS (114 CISCOS). The 10 plans per year correspond to a theoretical ratio: on average, 10 plans [per year] over five project years (i.e., approximately 11.4 plans per year over five years of project execution, rounded down to 10 plans per year).

However, in practice, verification of the increase in the promotion rate by 2 percentage point is dependent on the availability of staff in the year in question and at the beginning of the following school year, resulting in a lag that must be taken into account to be able to compensate the deserving schools. Thus, after discussions with the Government, the project would be able to reward only plans prepared by the CISCOS in the first three years. This will mean 10 plans in year 1, 20 in year 2, and 27 in year 3. The disbursements will be made each year before the start of the school year, beginning in 2018/2019 after verification of the plans submitted by the CISCOS and the minutes on their selection by the independent reviewer.

Schools to be provided with training must be distinguished from schools to be compensated. It is assumed that the schools to be compensated (those that are successful) are a fraction of the schools that have been trained. The 11,050 refers to the number schools that have been successful and not to the number of schools that have been trained.

The 11,050 schools thus correspond to an estimate of:

- 1,750 schools that have increased their promotion rate by 2 percent by the third year;
- 3,800 schools in the fourth year;
- 5,500 schools in the fifth year.

The disbursements will take place in September 2018, November 2019, and December 2020 after verification of the effectiveness of the results by the assessment team based on the CISCO plans.

On the learning outcomes indicator (US\$4.7 million), the disbursement for the assessment unit will be based on the quality of the operational plan of the unit as noted by the independent reviewer in July 2018 (US\$470,000), and the disbursements on the publication of the assessments (US\$1.41 million) will take place

¹⁸ (625*6,016).

in September 2019, November 2020, and December 2021, i.e., three months after the end of the current school year.

5. RECOMMENDATIONS¹⁹

The Secretary recommends approval of the application and request for financing of US\$45.7 million in the context of the implementation of the Basic Education Support Project (PAEB). The preparation of the sector plan and the creation of the National Education Sector Support Platform (PNPSE) shows that a significant political dialogue has taken place to ensure that the priorities of the PAEB result in successful reforms in the sector while enhancing the planning and action capacities of the Government. The program design reflects the commitment to support the Government in issues of learning outcomes, equity, and efficiency at a crucial stage for the Malagasy education sector: the reduction of inequalities between urban and rural areas specifically through a better allocation of trained teachers.

However, the Secretariat will pay particular attention to the issue of the achievement of the 45 percent, which is intended to monitor the level of effort that the Government allocates to the education sector. In this regard, it is requested that the members of the National Education Sector Support Platform produce a status report each year.

As regards the indicators for the variable part, the chosen indicators are relevant for the areas of learning outcomes, equity, and efficiency. The targets and transformative effects are consistent with the conclusions of the discussions held during the QAR 1 and, especially, the recommendations of the QAR 2. The implementation strategies are consistent with the activities that will be implemented in the context of the fixed part. The Secretariat therefore asks the Committee to approve the variable part.

¹⁹ These recommendations were adjusted by the GPC. The final recommendations are found in Board Document BOD/2018/01 DOC 04 Annex 1.

Annex 1: Major Interventions by Development Partners ²⁰

Donor Name	Major Interventions	Financing
UNICEF	Teacher training Construction and refurbishment Education management information system (SIGE) and curriculum reform Education in emergencies	US\$28,000,000
European Union	Regularization of the community-recruited teachers (FRAMs) Training in administrative management Intervention in 9 regions	€32,500,000
French development agency	Training for FRAM teachers Training for secondary school teachers Support for planning and statistics	€10,000,000
USAID	EGRA for grade 1	US\$800,000
UNESCO	Teacher training in mathematics Sexual and reproductive health, AIDS prevention	US\$585,000
JICA	Construction	US\$10,700,000

²⁰ PAD, p. 81-84