REPORT OF THE FINANCIAL ADVISORY COMMITTEE

For Decision and Information

PURPOSE

The purpose of this paper is to summarize the deliberations of the Financial Advisory Committee ("FAC") at its face-to-face meeting on 28-29 June 2012 in Oslo, Norway.

Part I contains the FAC's recommendations to the Board of Directors on the following:

- consideration of the amount for supervision allocations in fragile and conflict-affected states;
- the agency fees for the allocations made in December 2011 (omitted from the previous Board decision); and
- allocations from GPE resources for program implementation grants in Ghana, Nicaragua, Sudan and Vietnam.

Part II contains some items for information including the following:

- FAC observations on general trends with regards to program implementation grant applications;
- continued discussion by the FAC on top-ups; and
- continued discussion by the FAC on standards for Supervising and Managing Entities
- discussion on the basis for funding allocations

As can be seen in the agenda for the meeting in **Annex 1**, the FAC also conducted a portfolio review of GPE implementation grants. The FAC's report on this review will follow shortly. A list of meeting participants is also contained in Annex 1. **Annex 2** contains the Secretariat's Final Readiness Review Reports of each of the applications submitted.

PART I: RECOMMENDATIONS OF THE FINANCIAL ADVISORY COMMITTEE

1. Supervision Allocations and Agency Fees

The Governance document of the Global Partnership for Education Fund ("GPE Fund")[1] specifies that supervision allocations and agency fees are eligible expenditures from the GPE Fund.

a. Supervision Allocations

To date, supervision allocations of US$100,000 per year (for the approved implementation period plus an additional year for the work conducted for the six month period before and after) have been payable to agencies serving as Supervising Entity ("SE") for allocations from the Catalytic Fund or allocations for program implementation grants from the GPE Fund. This amount was standard regardless of the country implementing the GPE allocation. Managing Entities ("MEs") do not receive supervision allocations.

The FAC recognizes that in countries that are fragile or conflict-affected[2], actual costs associated with tasks undertaken by SEs to ensure appropriate oversight of funds use and activity implementation could very well exceed the standard supervision allocation of US$100,000 per year. This is based on observations from the World Bank serving as

[1]http://www.globalpartnership.org/media/docs/publications/funds_governance.pdf. "Agency Fees" are defined in the document as "the fees charged by a Supervising Entity or Implementer and agreed by the Board when approving an Allocation in order to assist in the defrayment of administrative and other costs incurred in connection with the management and administration of Transferred Funds". Note that the Global Partnership now refers to Implementers as Managing Entities. Revisions to this document will be presented for approval by the Board of Directors shortly. "Supervision Allocation" is defined as "the portion of the Trust Fund allocated to a Supervising Entity to offset costs associated with supervising an Activity, as approved by the Board at the time of approving an Allocation to a Supervising Entity."

[2]The Global Partnership for Education uses the definition that used by the World Bank, i.e., those countries and territories that have had (i) a score of 3.2 or below (or no score) on the average Country Policy and Institutional Performance Assessment (CPIA);or (ii) the presence of a UN and/or regional peace-keeping or peace-building mission during the past three years.

SE for a number of fragile states and on estimates from UNICEF regarding anticipated costs of the SE role in Afghanistan.

The FAC considers it appropriate that an SE working with fragile and conflict-affected context receives a supervision allocation greater than the standard supervision allocation to reflect the incremental activities and associated additional costs of carrying out the supervision role in these countries.

Analysis of supervision activities and related costs will be prepared by the Secretariat and will be presented to the FAC for their consideration as soon as possible. The FAC would then provide its recommendation to the Board of Directors for approval of a supervision allocation specifically for grants to fragile and conflict-affected countries.

Requested Decision

The FAC recommends that the Board of Directors approves the following decision:

> **BOD/2012/07-XX – <u>Supervision Allocations</u>:** The Board of Directors requests:
>
> a. the Secretariat to provide to the Financial Advisory Committee as soon as possible a proposal for the amount for supervision allocations in fragile and conflict-affected states; and
>
> b. the FAC to provide a recommendation on this issue to the Board of Directors.

b. Agency Fees

Depending on the source of the funds from which an allocation is made, each agency that acts as SE or ME may charge agency fees, as a percentage of the approved allocation amount, according to its own norms on fees charged for managing external funds. These fees are additional to the allocation amount and the supervision allocation.

Program implementation grant allocations can be made from any of five trust funds.[3] For three of the five funds, only the World Bank may serve as SE or ME and the

[3] These are the multi-donor Catalytic Fund, the European Commission ("EC") Catalytic Fund for ACP countries, the EC and German Catalytic Fund, the multi-donor GPE Fund and the EC GPE Fund.

applicable agreements include an administration fee that is intended to cover the World Bank's costs of managing these external funds so no additional agency fee is payable.

In addition no agency fee is payable to the Word Bank for its role as SE under the multi-donor Catalytic Fund. When an agency other than the World Bank serves as SE or ME for an allocation from the multi-donor Catalytic Fund, an agency fee may be payable.

In the case of the multi-donor GPE Fund, on the other hand, all SEs or MEs, including the World Bank, may request additional agency fees based on its own norms for managing external funds. For allocations from the multi-donor GPE Fund, the World Bank charges an agency fee of 1.75%.

The decision approving the program implementation grant allocations in December 2011 did not include the Board's approval of the agency fees as at the time, as it was not yet determined from which fund each allocation would be made. Table 1 below sets out the amount of fees applicable to each of those allocations.

Table 1: Agency Fees payable on December 2011 program implementation grant allocations

Country	Supervising Entity	Funding Source	Allocation Amount (in $US million)	Agency Fee Rate	Agency Fee Amount (in $US million)
Afghanistan	UNICEF	Catalytic Fund (multi-donor)	55.7	2%	1.114
Cote d'Ivoire	World Bank	GPE Fund	41.4	1.75%	0.725
Guinea-Bissau	World Bank	GPE Fund	12	1.75%	0.210
Mali	World Bank	GPE Fund	41.7	1.75%	0.730
Moldova	World Bank	Catalytic Fund (multi-donor)	4.4	n/a	n/a
Mongolia	World Bank	Catalytic Fund (multi-donor)	10	n/a	n/a
Timor Leste	World Bank	Catalytic Fund (multi-donor)	2.8	n/a	n/a
TOTAL			**168**		**2.778**

The exact amount of the agency fees was not discussed at the FAC's meeting in Oslo, but was included in this report after the meeting, which was cleared by the FAC. Therefore, a decision is now being requested to approve the payment of these fees, retrospectively.

Requested Decision:

The FAC recommends that the Board of Directors approves the following decision:

> **BOD/2012/07-XX – <u>Agency Fees for December 2011 Allocations</u>:** The Board of Directors approves the payment of the applicable agency fees for the allocations for program implementation grants approved in December 2011 (decision BOD/2011/12-01).

2. Applications for Program Implementation Grants

a. Introduction

Table 2 on the next page is a summary of the program implementation grant applications reviewed by the FAC at its meeting on 28-29 June 2012, including the FAC's recommendations (including supervision allocations and agency fees).

Table 2: Allocation Amounts, Implementation Periods, Supervising Entity, Supervision Allocation and Agency Fees

Country	Funding Source	Amount Requested (in US$ million)	Amount Recommended by the FAC	Agency Fee Rate and Amount (in $US million)	Implementation Period Requested	Implementation Period Recommended	Supervision Allocation (in $US million)	Supervising Entity
Ghana	GPE Fund	75.5	75.5	1.75% 1.321	3 years	3 years	0.4	World Bank
Nicaragua	GPE Fund 2 (EC)	16.7	16.7	n/a	3 years	3 years	0.4	World Bank
Sudan	GPE Fund	77[4]	**50.7**	1.75% 0.887	3 years	**4 years**	0.5	World Bank
Vietnam	GPE Fund	84.6	84.6	1.75% 1.481	3 years	3 years	0.4	World Bank
Total:		253.8	**227.5**	**3.689**			**1.7**	

[4]Sudan's application was for US$77 million, although its indicative allocation was only US$76.7 million.

Each Local Education Group ("LEG") applied for the maximum amount available under the indicative allocations list that is currently applicable.[5] In the case of Sudan, the indicative allocation was US$76.7 million, but the LEG applied for US$77 million.

As can be seen from the table above, the FAC is recommending that the Board of Directors approve all the applications as presented by the relevant LEGs, other than the request of Sudan, which the FAC recommends be subject to conditions as noted in the draft decision below. In addition, given the ambitious nature of the program in a fragile and conflict-affected context, the FAC also recommends that the implementation period in Sudan be extended to four years rather than three. The FAC notes that this is an exception to the Policy on Timeframes recently approved by the Board of Directors. The decision requests that the LEG may re-submit its application for the textbook distribution component of its program for funding by 31 August 2012. This will be reviewed by the FAC at its next face-to-face meeting, currently scheduled for 10-12 October 2012 in Washington, DC and the recommendation of the FAC on this component will be delivered to the Board of Directors for its next face-to-face meeting in November or December 2012.

The Secretariat's Final Readiness Reviews under the Quality Assurance Review process are provided in **Annex 2**. In section c. below, the FAC has included its comments for the LEG, which the decision requests to be communicated by the Secretariat to the LEGs in its notification of the approval of the allocation.

[5]http://www.globalpartnership.org/finance-and-funding/global-partnership-for-education-fund/indicative-allocations/

b. Requested Decision

The FAC recommends that the Board of Directors approves the following decision:

BOD/2012/07-XX-- **Approval of Allocations for Program Implementation Grants**:

The Board of Directors:

1. approves the following allocations from GPE trust funds to be used for program implementation grants as described in the applications submitted for funding in June 2012:

a. Ghana:

i. US$75,500,000 for a three-year implementation period, with the World Bank serving as Supervising Entity;

ii. US$400,000 for a supervision allocation; and,

iii. applicable agency fees.

b. Nicaragua:

i. US$16,700,000 for a three-year implementation period, with the World Bank serving as Supervising Entity; and

ii. US$400,000 for a supervision allocation.

c. Sudan:

i. US$50,700,000 for a four-year implementation period (as an exception to the three-year limit in the Time Frames for Grant Agreement Signing and Implementation and Procedures for Proposed Revisions to Implementation Grant Programs), with the World Bank serving as Supervising Entity,

iii. US$500,000 for a supervision allocation; and

iii. applicable agency fees.

The program components that are approved for Sudan are Component 1 (increase access) and Component 3 (strengthen systems).

The Board of Directors requests the Local Education Group in Sudan to submit to the Secretariat, by no later than 31 August 2012, an application for Component 2 (provision of textbooks), for a maximum amount of US$26,000,000, which includes:

- a justification for the unit costs; and
- strengthened process for conflict sensitivity and gender analyses.

The Financial Advisory Committee will consider recommending an allocation for this component at its next face-face meeting.

d. Vietnam:

i. US$84,600,000 for a three-year implementation period, with the World Bank serving as Supervising Entity;

ii. a supervision allocation of US$400,000; and

iii. applicable agency fees.

2. requests the Secretariat to include in its notification to each of the relevant Local Education Groups regarding the approval of the allocations the Financial Advisory Committee's comments on the program set out in BOD/2012/07 DOC 02.

c. FAC Recommendations to the Local Education Group on each Application

The following are the FAC's comments on each of the applications which the decision requests be communicated to the relevant LEGs.

i. Ghana:

1. There is concern that the monitoring and evaluation proposed for the program may be insufficient, noting in particular the need to ensure appropriate targets for the activities, adequate oversight of financial management of the school grant component, and consideration of how the impact on results of capacity building activities will be demonstrated.

2. The financial management system at the local level should be reinforced in order to assure effective implementation of the program at the district level.

ii. Nicaragua

1. The FAC expressed concerns regarding the lack of civil society involvement in the development of the program, and the lack of community participation in preschool education.

2. Due to Nicaragua's geography, the risk of natural disasters should be appropriately managed in relation to school construction activities.

iii. Sudan

1. The LEG should develop and implement procedures for an equitable and conflict-sensitive selection of sites for construction of schools and recommends that the Joint Sector Review include a verification of these procedures.

2. The comprehensive education sector plan under development should include provision for increased domestic financing for education and efficient use of education funds, including teacher deployment.

iv. Vietnam

1. This is an innovative, thoughtful and student-centered program that includes a focus on learning and pedagogical reform.

2. The LEG is encouraged to continue to discuss opportunities for furthering Vietnam's bilingual education policy in the implementation of the program, where appropriate.

3. It is expected that the Government of Vietnam will provide to the LEG, in the context of its Joint Sector Review process, a plan to scale up the program. It is expected that the scaled-up program will be integrated into the government's systems.

4. The Secretariat should work with the LEG to strengthen the Results Framework.

PART II: ITEMS FOR INFORMATION

1. General Observations from the FAC on Trends in Program Implementation Grant Applications

Following review of all four applications, the FAC discussed common trends.

Generally, the FAC agreed that the four country implementation grant applications that were reviewed are in line with the GPE's strategic priorities as they currently stand (prior to approval of the Strategic Plan). Further guidance will need to be provided to LEGs following approval of the Strategic Plan.

Concerns were expressed by FAC members regarding the modalities chosen, as each of the applications was based on a project modality rather than a program integrated into government systems. It is noted that some for some of the allocations a Project Implementation Unit was proposed, and there was concern that GPE activities require separate units rather than supporting the strengthening of existing government structures. There was a sense that the GPE is sliding backwards when it comes to aid effectiveness, particularly in regards to systems-strengthening and the use of country systems**.** The FAC noted that the ongoing work of the Secretariat on aid effectiveness, beyond only the use of modalities should contribute to the work of the FAC.

FAC members noted that many of the programs were very ambitious for a three-year implementation period and notes that it may be necessary to extend implementation timelines beyond the standard 3 year in order to meet results. This is particularly the case in fragile and conflict-affected situations. The FAC also expressed a general concern that the partnership may not have adequate analytical and quality assurance tools to work in fragile states and conflict-affected situations. FAC members noted the need for the Final Readiness Review reports to be more sensitive to these kinds of situations.

FAC members also noted that the World Bank was proposed as SE by each of the LEGs for all four applications. The FAC expressed the need to challenge in particular bilateral donors to volunteer to act in this capacity.

A question was also raised regarding whether GPE would support all countries in all circumstances, or whether there may be particular situations that may warrant the GPE

to hold back financial support. Further guidance from the Board of Directors on this issue may be sought in the future. The need to ensure more civil society involvement in the LEGs, especially in development of plans, was also noted.

2. Continued Discussion of Top-ups

A further presentation on top-ups was made to the FAC by the Secretariat. The Secretariat requested guidance from the FAC whether top-ups should be limited to progress on learning outcomes (as it is not an element of the Needs and Performance Framework ("NPF") formula) or on girls' education (which is already contained in the NPF). The Secretariat also sought guidance from the FAC on their preference between two options:

i) A pilot that would provide allocations completely outside of the NPF framework. The pilot, it was proposed, could include five countries that would receive up to 10 million each after predetermined results had been achieved.

ii) Increase the indicative allocations for second applications, based on progress on first allocations on the top-up theme (learning outcomes or girls' education).

While a few members supported the use of top-ups and incentives for performance in general as an innovative idea, several FAC members expressed reservations.

Many were sceptical to using cash-on-delivery systems. Concern was raised regarding the very limited experience with using such systems, including by the World Bank. Moreover, it was pointed out that there is still no global metric linked to learning outcomes and there is thus a risk of inequitable treatment of countries. Creating perverse incentives was noted as another risk. Members pointed out that the interest from developing countries themselves to top-ups may be limited.

FAC members also challenged the argument that top-ups would be important for providing incentives for focusing on learning outcomes and pointed out that two country projects had just been presented that specifically focused on learning outcomes. These countries had done so without having had specific incentives.

One FAC member noted that top-ups could be used in the context of IDA category iii countries that are currently ineligible for program implementation funding in general. Otherwise, it was pointed out, the system would simply increase funds for countries that are already receiving funding.

It was noted that innovative approaches tested out by civil society might be useful in further designing the top-ups system. Finally, it was pointed out that testing out top-ups could potentially reap benefits in the future.

The Chair noted that among the FAC members, a few were supportive, a number were not supportive and some required more information. Given the diverse opinions of the FAC, the Chair formed a Working Group to work with the consultant hired by the Secretariat on developing a further iteration of the paper for the next face-to-face meeting of the FAC in October 2012.

3. Standards for Supervising and Managing Entities

A short presentation was given by the Secretariat on the issue of standards for Supervising and Managing Entities. It was noted that a "certification" system was not well-supported. While a review of the systems of the currently eligible agencies (multilateral and donor agencies represented in the constituencies of the Board of Directors), is beneficial to assist the FAC and Board in its decision-making, a more robust system may be required if the Board of Directors agrees, in the context of the Strategic Plan, to expand eligibility, including to non-government organizations.

4. Presentation by the Trustee on Options for the Basis of Funding Allocations

The Trustee gave a presentation regarding options for the basis of allocating funds from the GPE Fund. The options included basing allocations on cash and promissory notes only and/or whether to include donor receivables (and at what level). As the current set of allocations may be made based on cash and promissory notes already available, no recommendation is needed at this time. However it may become an issue in the future based on the timing of applications being made for grant allocations.

ANNEX 1: AGENDA AND PARTICIPATION LIST



Meeting of the Financial Advisory Committee
Oslo, Norway
28-29 June 2012

Agenda

Thursday, 28 June 2012

Time			Presenter Document
08:15-08:45 (30mins)	**Coffee and Registration**		
08:45-09:45 (1 hr)	**Welcome and Agenda Setting** ➢ Welcome ➢ Overview of agenda ➢ Purpose/desired outcomes of meeting ➢ Update since last teleconference, including Berlin Board meeting (GRA, Strategic Plan, federal states)	**Information**	Chair DOC 01
09:45-10:15 (30 minutes)	**GPE Trust Funds: Status of Pledges and Contributions** ➢ Financial update on all trust funds	**Information**	Secretariat
10:15-10:30 (15 mins)	**Coffee Break**		
10:30-11:00 (30 minutes)	**Grants for Developing Education Plans and GPE programs** ➢ Update on application process and status of approvals	**Information**	Secretariat

11:00-12:30 (1 hr 30 min)	**Status of the Portfolio** ➢ Update on grant implementation	**Information** **Possible Recommendation(s)**	Secretariat DOC 02
12:30-14:00 **(1 hr 30mins)**	**Lunch**		
14:00-14:15 (15 mins)	**Introduction to Implementation Grant Reviews** ➢ Approach ➢ Template for recommendations	**Information**	Chair
14:15-15:30 (1 hr 15 mins)	**Sudan Program Implementation Grant Application**	**Recommendation**	Secretariat
15:30-15:45 (15 mins)	**Coffee Break**		
15:45-17:00 (1h 15mins)	**Vietnam Program Implementation Grant Application**	**Recommendation**	Secretariat
17:00-17:15	**Wrap-up of Day 1**		Chair
18:30	**Bus leaves for dinner from outside hotel**		
19:00-21:00	**Dinner at "Frognerseteren"**		

Friday, 29June 2012

08:30-09:00 (30 minutes)	**Coffee**		
09:00-10:15 (1h 15 minutes)	**Nicaragua Program Implementation Grant Application**	**Recommendation**	Secretariat
10:15-11:30 (1h 15 minutes)	**Ghana Program Implementation Grant Application**	**Recommendation**	Secretariat
11:30-11:45	**Coffee**		
11:45-12:30 (45 minutes)	**Program Implementation Grant Recommendations: finalizing recommendations and identification of trends**		Chair
12:30-14:00 (1h 30 min)	**Lunch**		
14:00-14:30 (30 minutes)	**Experience with new application and review systems** ➢ Perspective of Secretariat and the World Bank as Supervising Entity	**Information**	Secretariat World Bank
14:30-15:15 (45 min)	**Top ups** ➢ Continued discussion of approach	**Input**	Secretariat

15:15-15:45 (30 min)	**Fiduciary Standards and Implementation Capacities for Supervising and Managing Entities** ➢ Continued discussion of approach	**Input**	Secretariat
15:45-16:00 (15 min)	**Coffee**		
16:00-16:45 (45 min)	**Review of FAC work plan for July-December 2012** ➢ Perspectives on of the FAC working methods ➢ Update on current policy work ➢ Update on upcoming implementation grant reviews ➢ Location and date for next face-to-face meeting	**Information**	Chair Secretariat DOC 03
16:45-17:00 (15 min)	**AOB and Wrap-up**		

MEETING OF THE FINANCIAL ADVISORY COMMITTEE

28-29 JUNE 2012, OSLO, NORWAY

PARTICIPATION LIST

Chair:

Camilla Helgø Fossberg

Committee Members:

Charles Y. Aheto-Tsegah (Africa 3)
Miriam Chonya (Africa 1)
Olav Christensen (in place of Elizabeth King) (Multilateral and Regional Banks)
Jordan Naidoo (in place of Susan Durston) (UNICEF)/David Atchoarena (UNESCO)
Nora Fyles (Donor 3)
Margaret Koziol (Donor 6)
Swati Narayan (CSO 1 and 2)
Paula Nolan (Donor 4 and Donor 2)
Sylvia Schmitt (Donor 5)
Vincent Snijders (Donor 1)
Aleesha Taylor (Private Sector and Private Foundations)
Minister Alim Hadidja Youssouf (Africa 2)
Sangay Zam (East Asia and the Pacific)

Alternates:

David Edwards (CSO 3 (Teaching Profession))

Chair of the Board of Directors

Carol Bellamy (Chair of the Board of Directors)

Secretariat:

Bob Prouty (Head)
Prema Clarke
Gisele Goudiaby
Douglas Lehman
Tara O'Connell
Nancy Pinto
Tal Sagorsky
Kouassi Soman

Observers:

Paul Valentin Emog (Ministry of Education, Cameroun)
Apollinaire Tchameni (Ministry of Education, Cameroun)

Padraig Power (incoming FAC liaison)
Hilde Thyness (NORAD)

Presenters:

Chie Ingvolstad (World Bank, Trustee)
Toby Kasper (for too-ups session only, via telephone)

Apologies:

Hamoud Al-Seyani (Eastern Europe, Middle East and Central Asia)

ANNEX 2: SECRETARIAT FINAL READINESS REVIEW REPORTS

i. GHANA (Requested Amount: $US75.5 million over a 3-year implementation period, the World Bank as Supervising Entity)

Country Context

Ghana is located in West Africa's Gulf of Guinea. It has a population of 24.7 million. After years of sustained economic growth, it reached the status of a low middle-income economy in 2011 (i.e. IDA-category 3) with a per-capita income of US$1,240. The economy grew by an average of five per cent per year since 2000, and growth is projected to average eight to nine percent in the next few years. Ghana supports regional peacekeeping efforts and held open and transparent elections in 2009. General elections are scheduled again late this year. The country has adopted a comprehensive decentralization reform with increasing power given to ten administrative regions and 170 districts and municipalities. All stakeholders have committed to preserve recent achievements by supporting an inclusive and equitable National Education System.

Education Sector

Ghana joined the Global Partnership in 2004 and received three annual grants amounting to USD33.2 million to support the implementation of its 2003-2015 Education Plan. Ghana's development partners have appraised and endorsed a revised Education Plan covering the period 2010-2020. Ghana's long-term strategic goal is to provide "equitable access to good-quality and child-friendly universal basic education." The main objectives are (i) to improve access to and participation in quality education; (ii) to bridge the gender gap in education; (iii) to improve the quality of teaching and learning; and (iv) to improve management of education service delivery. The Development Partner Group ("DPG") is led by the United Kingdom Department for International Development ("DFID") and UNICEF, the two co-Coordinating Agencies. Other key partners include JICA, USAID, World Bank and WFP. These partners take part in the broader LEG, chaired by the Government.

Ghana has achieved impressive results in education on several fronts. Access has improved at all levels over the past five years, especially in primary education: The gross enrolment rate reached 96.5 per cent (95 per cent for girls) in 2011; and the completion rate increased to 93.4 per cent (92 per cent for girls). However, the quality of education

and student learning present many challenges. Available data show that only a third of pupils achieved proficiency in English and less than a sixth in mathematics by the sixth grade.

Education spending has increased rapidly, accounting for six per cent of GDP or 23 per cent of the budget. Over the 2013-2015 period, the total program cost for basic education is projected at US$4.4 billion, of which 80 per cent is funded domestically. The proposed GPE grant would cover two per cent of this cost. In spite of strong financial commitment, relatively little is available for non-salary recurrent spending to improve quality. Budgeted education salaries are often under-funded and crowd out other types of expenditures during budget execution.

Performance under Previous Grants

Ghana has been awarded three annual Catalytic Fund grants, with the World Bank as SE. The grants helped increase school access through the construction of schools and enhanced quality through the purchase of teaching and learning materials. Provision of teacher accommodations helped attract qualified teachers to remote areas, and the provision of transportation helped improve teacher mobility. The first GPE grant was allocated in 2005 for US$8 million; and the second was allocated in 2007 for US$11 million. Both these grants were implemented effectively using the Ministry of Education's procurement procedures.

The third grant was allocated in 2009 for US$14.2 million. Perceiving increased fiduciary risks in using the government procurement systems across its projects, the World Bank reintroduced the use of its own procurement procedures. Due to a limited understanding of these procedures, Ghana incurred ineligible expenditures, which were then repaid. The remaining grant amount was cancelled, so that the entire grant was lost to Ghana.

Key lessons were learned through this experience**.** The current program and GPE grant have been prepared with significant government and partner involvement and analysis of potential implementation challenges. The process of the current grant preparation has provided an in-depth understanding of the World Bank's procurement and fiduciary procedures, along with capacity building at both district and school levels. Staff will be trained with a user-friendly implementation manual and there will be regular supervision of activities at national, regional and district levels**.**

Summary of Application

Ghana is applying for a grant amount of US$75.5 million, which is in line with the indicative allocation provided by the Needs and Performance Framework. The World Bank is the selected SE. This three-year grant aims at improving the planning, monitoring and delivery of basic education services in deprived districts selected through transparent and objective criteria. The grant complements on-going government efforts supported by other partner activities and financing geared towards the same beneficiaries. On the basis of lessons learned, and given the high fiduciary risks identified (*see PAD, Annex 4*), the modality is a Sector Investment Grant. It is aligned with and co-finances the Education Plan, while extending aid-delivery modalities piloted through decentralized systems.

Fully aligned with the Education Plan, the proposed GPE-supported program has three main components: (i) Grants to deprived districts account for 56 per cent of funds and aim at providing annual non-salary resources to supplement existing transfers; (ii) Grants to schools account for 29 per cent of funds and will supplement existing capitation grants to basic education schools in deprived districts, with a focus on improving teaching and learning; and (iii) Program management, capacity building, monitoring and evaluation for results (including contingencies) account for the grant balance.

Quality Assurance Review Process Summary

The QAR process followed the guidelines shared with the Financial Advisory Committee.

QAR Phase I was not applied to Ghana because grant preparation was already advanced when the QAR process was approved. However, the Secretariat participated in preparatory meetings, including the review of the Program Concept Note, with government officials and selected members of the DPG.

QAR Phase II

Process: QAR Phase II proceeded with assistance from external consultants who reviewed the draft program document and produced a summary report. The Secretariat visited Ghana to discuss the findings and recommendations. This opportunity was used to verify the consistency between the planned program activities and the Education Plan. A field visit was also organized to verify that implementation structures and systems were operational.

The main finding was that the program is consistent with the Education Plan. Grant activities have already been piloted by government with partners' support. Planned activities are fully interconnected and relevant for Ghana's effort to improve student learning, using evidence-based research and best practice. Finally, the monitoring and evaluation framework was found realistic, with concrete and measurable indicators.

The QAR II Report recommended that the program should focus more on capacity building to ensure sustainability. In addition to direct provision of non-salary funding in the form of district and school grants, it was suggested that linkages should be made to other pieces of the program. Finally, it was recommended that lessons learned from previous programs should be described and applied.

In response, the Ghana team prepared a memorandum to provide details on how the above recommendations were used in the final documentation:

The final program documentation emphasizes capacity building, particularly at the school and district levels. For example, circuit supervisors will be trained to conduct evaluative discussions with head teachers on data submitted by their schools on school performance improvement programs, school report cards, and school management committee meetings for more efficient assessment and timely action.

The final program documentation described better complementarity between planned activities and existing programs: (i) the proposed grants supplement government transfers; (ii) DFID provides budget support, some of which the government uses to strengthen district and school level activities; (iii) JICA has modelled a structure for bringing in-service training to districts and schools; and (iv) USAID has piloted a school report cards system that government and partners use for monitoring school performance.

The final program document highlights experience and lessons learned. For example, the previous GPE-financed project was prepared in isolation and its one-year implementation period was not realistic. Moreover, delays occurred due to tedious and time-consuming reporting systems, low government capacity and frequent staff changes, as well as complicated project design. All these lessons have informed the design of the present program. The final Operational Risk Assessment Framework (PAD, Annex 4) has identified major risks, along with credible mitigation measures.

Concluding Remarks

Ghana's grant application was submitted on time by UNICEF (co-Coordinating Agency) on behalf of the LEG. The Secretariat confirms that the package was complete. The analysis of the final grant documentation concluded that the proposed activities are (i) fully aligned with Ghana's Education Plan endorsed by its development partners; and (ii) consistent with relevant strategic priorities of the Global Partnership for Education (i.e. focus on education quality, student learning outcomes and girl's education).

The QAR process concluded that the preparation of both the Education Plan and the grant application were led by the government and carried out in a participatory manner. The agreed SE, the World Bank, is providing additional supervision resources and flexibility for ensuring complementarities with existing programs using national structures and systems. This coordinated approach is likely to improve aid-effectiveness and lead to effective monitoring and evaluation for sustained results. Overall, the complete documentation provided demonstrates that this program is ready for implementation.

ii. NICARAGUA (Amount Requested: US$16.7 million over a three-year implementation period, World Bank as Supervising Entity)

Country Context

Nicaragua has a population of 5.9 million. Years of political conflict, natural disasters, and a civil war, together with unfavourable economic conditions, have left Nicaragua the second poorest nation in the region after Haiti, with a GDP per capita of about US$1,200 in 2011. Although Nicaragua has experienced steady but moderate economic growth over the past decade – three per cent per year on average since 2001– approximately 42 per cent of the population still lives below the poverty line, with 20 per cent in extreme poverty. About 30 per cent of school-aged children from families in extreme poverty are out of school.

Within this context, the Government of Nicaragua (GoN) defined its vision for economic development and poverty reduction in its National Human Development Plan (*Plan Nacional de Desarrollo Humano, Gobierno de Reconciliación y Unidad Nacional, 2007-*

2011), which was recently revised to take into account the effects of the global economic crisis. As part of this plan, the GoN has set a pro-poor strategy and agenda that emphasizes the delivery of both infrastructure and social services.

Education Sector

Since the implementation of the National Human Development Plan began in 2007, Nicaragua has made progress on several of the Millennium Development Goals (MDGs), including education. Net enrolment of children between 6 and 11 years of age increased from 83 per cent to 92 per cent between 2001 and 2008, and primary completion rose from 70 per cent in 2008 to 75 per cent in 2011. Nicaragua has achieved gender parity in primary education. The Government's strong commitment to education is demonstrated by an increase in education's share of the budget from 22 per cent in 2008 to 25 per cent in 2011, with an increase in domestic financing for basic/primary education from 55 to 67 per cent in that same time period.

But Nicaragua's quality indicators remain low by international standards and below the level predicted for its GDP when compared to a large sample of countries. Only 74 per cent of the children who entered grade 1 in 2010 were enrolled in grade 2 in 2011. This is correlated with low levels of learning, which in turn are linked to poor preparation of primary school teachers and insufficient learning materials. In addition, weaknesses in the supply and quality of preschool education, particularly among disadvantaged rural households, are correlated with low retention and completion rates at the primary level. Rural enrolment (47 per cent) is considerably lower than urban enrolment (70 per cent); less than half of rural children attend any form of preschool education and the vast majority of those who do receive lower quality services than their urban peers. This, in turn, is reflected at the primary level with much lower transition, retention and completion rates in rural areas compared to urban areas.

Nicaragua has drafted a new education sector plan, which was endorsed in 2011. The Education Sector Strategy articulates three key priorities: (i) expanded access to preschool education, (ii) universal completion of six grades of primary education, and (iii) universal access to lower secondary education (grades 7-9). Institutional strengthening is another transversal priority of the Education Sector Strategy, cutting across all levels of education.

Nicaragua joined the GPE in 2002. Its LEG is comprised of the GoN and development partners including AECID (Spanish Agency for International Development), EU, JICA, OIE (Organization of Ibero-American States), UNICEF, USAID, and the World Bank. UNICEF is the Coordinating Agency.

Performance under Previous Grants

Nicaragua has received two GPE grants since 2004. The first grant was in the amount of US$7 million in 2005 and was implemented satisfactorily. The second grant for US$17 million covered the period of 2007-2010. A change of government during the implementation of the second grant resulted in stagnation and delay of implementation. As a result, the closing date of the grant was extended four times. Nevertheless, the efficient use of resources and cost savings allowed the Ministry of Education (MINED) to implement US$1 million worth of additional or upgraded activities in-line with the program objectives.

Critical lessons were learned through implementation of these previous grants and have been taken into account in this Program Implementation Grant application. The GoN is more stable than during the implementation of the previous grants. The current Administration was re-elected in November 2011 for a five-year term and is likely to remain in power throughout the implementation period of this grant, promising more stability in terms of policies, commitment, and administration.

Summary of Application

The GoN is applying for a GPE Program Implementation Grant in the amount of US$16.7 million, which is in line with the indicative allocation provided by the Needs and Performance Framework. The World Bank is the selected SE. This three-year grant aims to: (i) increase access to preschool and lower secondary education in participating municipalities; and (ii) improve preschool learning conditions and education quality as well as completion of lower secondary education nationwide.

The GPE grant will be complemented by US$1.7 million in counterpart funding from the GoN and US$37.4 million in financing from the EU. The impact of the program will be strengthened by the simultaneous implementation of the World Bank's Education Sector Project (PASEN II) for US$32.95 million that was approved in January 2012. A standard

Specific Investment Grant (SIG) is proposed for the GPE-supported project in the amount of US$55.8 million disbursed through a Multi-donor Trust Fund. This will not be a basket fund in practical terms in that the GoN will have separate accounts for the EU, GPE, and the World Bank. Each financing conserves its "identity" and financing is not fungible.

The Secretariat notes that the choice of a discreet project modality was taken in part due to EU operating procedures that restrict the pooling of investment grant finances.

The proposed Education Strategy Sector Support Project (ESSSP) includes the following five components: (i) The construction, replacement, rehabilitation and equipping of approximately 200 preschools, including classrooms and complementary facilities; (ii) The development of a unified curriculum that covers the three levels of preschool education, the alignment of preschool classroom learning instruments, and the development of a preschool teacher training curriculum; (iii) The training of preschool teachers; (iv) The purchase and distribution of learning materials for 300,000 preschool students in 14,000 preschools; and (v) The development and administration of an Early Childhood Development Assessment Instrument and an Early Childhood Environment Rating Scale. The ESSSP will target interventions where primary education efficiency rates are the worst (low retention, high dropout, and high repetition rates) and poverty levels are the highest. In addition, the ESSSP will finance learning materials and professional development for schools and teachers in preschool and lower-secondary education nationwide.

The ESSSP design incorporates lessons learned from previous World Bank operations in other countries, from analytical work, and from prior education projects implemented in Nicaragua. It also draws on the experience of World Bank-financed preschool, primary and secondary education projects around the world, which highlights the importance of focusing on quality, retention, and measurable student learning, in addition to expanded access and increased enrolment.

Summary of Quality Assurance Review Process

The Quality Assurance Review (QAR) process described below follows the guidelines shared with the Financial Advisory Committee.

QAR Phase I was not applied to Nicaragua because grant preparation was already advanced when the process was approved. However, the Secretariat participated in preparatory meetings, including the review of the Program Concept Note with government officials and selected members of the LEG.

QAR Phase II

Process: QAR Phase II proceeded with external technical support to assist the Secretariat in reviewing the draft program document. A summary report was produced following the review and was received well by the LEG.

Key recommendations and outcomes: The Secretariat's main finding of QAR Phase II was that the draft ESSSP would support national progress towards reaching the Education for All goals, was consistent with Nicaragua's Education Sector Strategy, was in-line with GPE strategic priorities, and supported the GoN's commitment to improve education as espoused in Nicaragua's National Human Development Plan. In addition, the objectives of the project were clear and realistic, and intimately linked with the national education policies set out in the Education Sector Strategy. Likewise, project components were found to be well-developed and organized to meet national education policy objectives.

Much of the discussion during QAR Phase II revolved around the need for the final program document to: (i) define a strategy for sustainability of project activities; (ii) detail an additional strategy to ensure the continuity of long-term actions; (iii) enhance the modest address of institutional strengthening activities and capacity building in the ESSSP; and (iv) further address girls education in the ESSSP, as relevant, particularly in indigenous areas.

Recommendations offered by the Secretariat through QAR Phase II were taken on-board by the LEG and resulted in the following outcomes:

- *Sustainability of project activities:* Following QAR Phase II, an additional section was added to the ESSSP to more clearly analyze the financial sustainability of project activities and of the Education Sector Strategy more broadly. The increase in recurrent costs generated by the project investments is estimated at US$4.5 million per year. This represents 1.8 percent of the Ministry of Education's 2011 total budget

for education (US$248 million). Minimal recurrent cost increases are expected in the project's first years of implementation. Planned teacher salary increases – responsible for the majority of the increase in recurrent costs – will be introduced under the project in 2016 and will be absorbed by increased domestic education financing. In addition, the LEG will continue to work with the GoN to leverage funding from donors and private sector partners to reduce the Education Sector Strategy financing gap.

- *Additional strategy to ensure the continuity of long-term actions:* The final program document more clearly links the ESSSP with potential complementary programs that may be undertaken with support from other development partners. These include: (i) a US$20 million project to support Early Childhood Development supported by the IADB; (ii) support to primary education school construction and teacher training through JICA; and (iii) a US$20 million grant to support vocational and technical training from the EU. The final program document points to the GoN's and MINED's strong commitment to the ESSSP as a first "building-block" supporting the implementation of the Education Sector Strategy over the long-term. The program document also provides evidence suggesting Nicaragua's satisfactory macro-economic performance and a positive economic outlook for the short- and medium-term will generate increased fiscal resources to further finance education and other social sectors.

- *Institutional strengthening activities and capacity building:* The funding allocated through the ESSSP for capacity-building activities was revised upward from US$1.15 million to US$2.1 million following QAR Phase II. Capacity building activities will, however, only target the four Directorates responsible for project implementation. Other donors and projects will also finance capacity building, including the World Bank through the PASEN II and the EU through technical assistance.

- *Girls' education and the gender-based approach:* QAR Phase II discussion clarified that, in the Nicaraguan context, issues in girls' education are not generally centered on primary level access and completion: more girls than boys now transition from primary to secondary education in Nicaragua. Discriminatory practices and abuse against girls, however, are still a reality in some schools. The final program document

more clearly details how the ESSSP will include, where relevant and appropriate, gender-sensitive activities, particularly related to teacher professional development programs, instructional materials and construction/rehabilitation of school facilities. Needs assessments on gender equity issues will be carried out by each Directorate of MINED responsible for implementing the project. The MINED will monitor project activities targeting gender equity issues and will report that information during Joint Sector Reviews. QAR Phase II dialogue also highlighted that the GoN envisages that, by improving the relevance and quality of lower secondary education, the drop-out rate will decrease and lower secondary completion rate will increase for both girls and boys. Dialogue during QAR Phase II suggests that the planned needs assessments may point to the need for strengthened support for boys' education as an issue for GoN to further address in the future.

Concluding Remarks

The Secretariat notes that the GoN has become more stable since it last received a grant from the GPE. The Secretariat also understands the GoN has been working to continue the trend of increased access and quality to primary education, while also strengthening capacity at all levels of the education sector. The program documentation suggests these attributes will support Nicaragua in effectively implementing the proposed ESSSP.

Since the GoN's priority sector needs have been identified as within the preschool education sub-sector – a sub-sector that has seen under-investment for many years – the ESSSP's focus on expanding access and increasing quality of preschool education in Nicaragua appears well-placed. The program documentation exhibits that lessons learned from previous GPE-supported programs have been applied and have strengthened the design of the ESSSP.

The Secretariat attests that the program documentation is complete and that activities proposed are consistent with the analysis of country needs included in the documentation. Proposed activities are also in line with the Nicaragua Education Sector Strategy and are aligned with GPE strategic directions.

The Secretariat has observed a satisfactory level of collaboration amongst members of the LEG in Nicaragua in preparing this program. The Secretariat also notes that the choice of grant modality is limited by institutional operating procedures of development

partners but, with the establishment of a Multi-donor Trust Fund, partners have made a satisfactory effort to adopt aid effectiveness principles.

The Secretariat finds that Nicaragua has provided evidence of thorough planning for the ESSSP and demonstrates overall readiness to implement.

iii. SUDAN (Amount Requested: US$76.7 million over 3-year implementation period, World Bank as Supervising Entity)

Country Context

With a population of 30.9 million, Sudan has a federal system of government and fully empowered state governments. Until January 2012 Sudan consisted of 15 states. In January 2012, the two new states East Darfur and Central Darfur were created, bringing the state count to 17.

Sudan is recovering from a 20-year civil war, which ended with the signing of the Comprehensive Peace Agreement (CPA) in 2005. The Peace Agreement culminated in 2011 with the separation of South Sudan. Sudan remains one of the least developed countries in the world with about 46% of its population living below the poverty line. With South Sudan becoming independent, there was a loss of revenue reducing federal spending by about 26 per cent and federal to state transfers by about 20 per cent.

Education Sector

Sudan joined the Global Partnership on May 28, 2012. Led by the Coordinating Agency for Sudan (UNICEF), development partners endorsed the Interim Basic Education Plan. The Plan, based on a comprehensive and detailed analysis of the sector, was endorsed by the following development partners: DFID, European Union, Canada, France, Italy, Spain, USAID, UNESCO, Japan, World Bank and UNICEF. The Partnership at the country level operates through two entities. The Education Coordination Group, which is made up of representatives from the ministry, donors, international partners, civil society and NGOs, and the Local Donor Group, which includes bilateral and multilateral donors.

Federal and state governments are responsible for providing over 95 per cent of primary and secondary education. Student enrolment in primary schooling has risen steadily over the last decade, bringing the Gross Enrolment Ratio to 72 per cent. The education sector

in Sudan is constrained by significant differences in education performance across states, location, gender, and vulnerable groups. The difference in Gross Enrolment Ratios between rural and urban locations is more than 20 percentage points. A child from a poor rural community is 17 percentage points less likely to attend school than an urban child, and a rural girl is about 25 percentage points less likely to attend. The range for completion rates across states in Sudan is between 20 and 66 per cent. According to a recent sample-based learning assessment conducted on Grade 5 students, learning levels are very low. The poor performance in education is attributed to inefficient teacher deployment and utilization, insufficient learning materials in classrooms and inadequate school infrastructure.

Community contributions to the education sector are significant. Calculating education budget and expenditure in Sudan is a challenge as this information on community spending is not easily available. It is estimated that Sudan allocated 2.7 per cent of its GDP on education; and the education share of budget was 12 per cent. About 77 per cent of the education budget was spent on teacher salaries. These calculations were done prior to the loss of revenue from South Sudan and need to be updated.

Summary of Application

The SE for this project is the World Bank. The project for US$77 million is a Specific Investment Grant. Taking into account the fiduciary environment and relatively fragile institutions, this financing modality was considered to be the most appropriate.

The objectives of the project are to improve the learning environment in targeted areas, increase the availability of textbooks, and strengthen education planning and management mechanisms in Sudan.

The project will be implemented in nine of the original 15 states (Blue Nile, El Gadarif, Kassala North Darfur, Red Sea, South Darfur, Northern State, Sinnar, and North Kordofan). The project has three components: (i) Improving the learning environment by building 2000 classrooms in rural areas and localities with low enrolment and providing school grants to about 750 schools; (ii) Provision of textbooks, which includes the procurement and distribution of about six million textbooks; and (iii) Strengthening the monitoring and management mechanisms of the education system by building management capacity, establishing systems for learning assessment and teacher

monitoring, strengthening the EMIS, and developing a full Education Sector Strategic Plan.

Quality Assurance Review Process Summary

The Quality Assurance Review (QAR) process followed the guidelines shared with the FAC.

QAR Phase I was not applied to Sudan because program preparation was already advanced when the QAR process was approved. However, the Coordinating Agency and the SE kept the Secretariat informed as the program was being developed.

QAR Phase II:

Process: Consultants assisted the Secretariat in reviewing the draft program document. The findings of the review were discussed with the SE and the revised program document submitted for GPE financing reflects the recommendations of QAR Phase II.

Program Strengths: The Program was considered to be well-aligned with the Interim Basic Education Plan (iBES). The GPE Grant supports a sub-set of interconnected relevant and critical interventions outlined in the iBES while leaving the remaining strategic interventions to be supported by the government and other donors. Despite the short time period allocated for program preparation, each intervention is based on sound analysis through a set of policy notes generated on key areas including classroom construction, learning assessments, system functioning, service delivery, and public expenditure.

The project was found to be appropriate in its primary focus on states with the weakest indicators, where education systems and students have been under-performing for decades. This focus is also consistent with the overall national goal of reducing social instability through a more equitable distribution of government benefits. Given the vitality of traditional community structures and school councils even in depressed areas, the decision to involve school councils and community groups in managing classroom construction and school grants is promising. The GPE strategic directions on girls' education, learning outcomes and out of school children are well addressed in the project.

Within a post conflict and fragile context, the project rightly concentrates on building systems, especially those dealing with teachers and monitoring education performance. The EMIS and the assessment system will enable tracking of the number of children that are acquiring basic skills over time. Building systems will not be completed in time for assessing progress in achieving outcomes during the lifetime of the program, but prepares Sudan well for the implementation of the full education sector strategy.

Key recommendations and outcomes: The following recommendations were made to strengthen the program:

- The proposed program cost of US$88 million needs to be aligned to the amount allocated in the Needs and Performance Framework (US$76.7 million).
- The description of the third development objective, which was "to strengthen the monitoring mechanisms of the education system," needs to be revised so that it is more consistent with the proposed activities.
- The project's monitoring and evaluation framework could be revised to provide disaggregated data and third party evaluations.
- More attention could be given to capacity development and the timing and processes for transferring control to government managers.
- There needs to be a clearer recognition of risks posed by current threats to government effectiveness and reduced government financing.

To address the above recommendations, the final Program Document was revised:

Revising project cost and development objective

The overall cost of the project was revised to US$77 million by reducing the number of textbooks financed through the project. Additional funding through the Qatar "Educate a Child Initiative" is being explored to offset this cost. The third objective was revised to "strengthen education planning and management mechanisms in Sudan."

Improving monitoring and evaluation

A clarification on program outcomes was provided. Since the activities supported by the Grant represents a partial set of interventions described in the iBES, the project will concentrate on monitoring outputs, while overall education outcomes will be tracked during Joint Sector Reviews. State level outcome indicators will be further elaborated

during the first year, with the development of state implementation plans based on the iBES. Relevant output indicators in the revised program document are disaggregated according to gender. Data on internally displaced people and nomadic communities will be collected for the schools that are being built for these communities. Third party evaluation is introduced in the project with the hiring of a reputable Monitoring Agent that will provide independent assessments of project implementation. The project operations manual will also outline a process for handling complaints and grievances.

Capacity building and external risks

A time-bound capacity building and skill transfer plan will be developed prior to start of implementation. With regard to external risks, the project relies on other donor contributions in peace building activities and implementing strategies for mitigating the financial crisis. The use of a "ring fenced" implementation unit is also expected to address fiduciary risks in the project.

Concluding Remarks

The Coordinating Agency and the SE submitted a complete application package for the program implementation grant was submitted to the Secretariat.

Led by the Government, the Coordinating Agency, the SE, and the LEG offered coordinated support in finalizing both the transitional education plan and the program document. The Secretariat highlights the effectiveness of this partnership that has led to the development of a coherent and relevant set of activities for GPE financing. These activities also address GPE's strategic priorities.

The Secretariat considers the efficient and collaborative development of this program as providing a supportive framework for its implementation. The program also incorporates lessons learned in the Multi Donor Trust Fund (MDTF) project and by International NGOs working in Sudan, increasing the potential for implementation. A strengthened federal Project Implementation Unit (introduced in the MDTF project) and Cluster Support Units will oversee program operation in the nine states. The SE's reliance on UN organizations for program implementation in states with continuing conflict reflects a realistic approach that will facilitate implementation in the most fragile situations.

Sudan faces several constraints characteristic of a post conflict fragile country, such as high levels of poverty, inequity, and continuing pockets of conflict. Overall, the Secretariat finds the proposed program an appropriate response in this context, providing much needed technical and financial support to Sudan's education sector.

iv. VIETNAM (Requested Amount: US$84.6 million over a three-year implementation period, World Bank as Supervising Entity)

Country Context

Vietnam's record of economic growth and poverty reduction over the last 25 years is impressive. In the past decade, the country's GDP per capita has doubled while the poverty rate of 30 per cent has been halved. With an estimated population of 87 million people, Vietnam's growth and poverty reduction represent sustained success in living standards that are among the best in the region. Human resource productivity and innovation are at the centre of Vietnam's Socio-Economic Development Strategy (SEDS) 2011-2020. The entire education system, from early childhood to university and science and technology is evolving to meet this challenge.

Education Sector

Vietnam has made significant advances in quantitative indicators of access to primary education. The primary completion rate is approaching 100 per cent, with parity between girls and boys. Strong government commitment, coupled with long-standing cultural and social support for education, underpins this rapid progress. Public expenditures on education have increased from 3 per cent of GDP in 2000 to 5.6 per cent in 2008. Spending for basic education (primary and lower secondary) accounts for 52 per cent of education expenditures. At the primary level, one of the driving forces behind the increase in education spending has been a school construction program that ensures that every one of the country's communes have at least a satellite primary school. The Vietnam EFA action plan 2003 – 2015, updated in 2012, and the Vietnam Education Development Strategic Plan (2011 – 2020) provide the context and structure for the most recent improvements.

Vietnam has also worked towards equity, making a concerted effort to improve the quality of educational inputs for primary schools in disadvantaged areas. Vietnam's

Fundamental School Quality Level (FSQL) standards policy provided for certain minimal conditions to be met in every primary school. FSQL standards cover a range of inputs including infrastructure, didactic materials, school organization, and teacher qualifications. The FSQL index for the whole country reached 71.9 in 2009/10, leaving a gap for the last 28 per cent of schools to be brought up to minimum standards. National Targeted Program resources continue to be directed towards school construction and other inputs for the remaining targeted areas that need the resources. The recently concluded Primary Education for Disadvantaged Children (PEDC) project and the on-going National Targeted Programs supported these efforts. PEDC covered 4,751 schools in 227 disadvantaged districts across 40 provinces. This US$ 244 million project (2004-2010) received donor support from IDA, Australia, Canada, Norway and the United Kingdom.

The central remaining challenge facing Vietnam's education sector is to improve the quality of teaching and learning, particularly for disadvantaged groups. Moreover, in order to inculcate children with superior thinking and problem solving skills, and to develop lifelong habits to carry into adulthood, Vietnam seeks to bring about a large-scale pedagogical renovation. The system-wide shift is seen as strategic for the country's ability to fully engage the challenges of the global economy of tomorrow and enable young people to achieve their full potential.

UNESCO serves as Coordinating Agency in Vietnam and the Education Sector Group, chaired by the Ministry of Education and Training (MOET), serves as LEG. The country's Education Plan was endorsed in 2003.

Summary of Application

The grant amount requested, US$ 84.6 million, is the amount set in the Needs and Performance Framework (NPF) as approved by the GPE Board of Directors. This is the first time Vietnam is requesting GPE financial support.

The development objective is to introduce and use new teaching and learning practices in the classroom targeting the most disadvantaged groups of primary students. The project expects 440,000 children in 20 priority provinces to be cognitively engaged, independent and innovative thinkers. The project is expected to bring about system-wide transformation through pedagogical innovation.

The proposed Global Partnership for Education–Vietnam Escuela Nueva (GPE-VNEN) project is an adaptation of the well-known and extensively researched Escuela Nueva (EN) program in Colombia. EN is a renowned student-centred learning program initiated in 1976 that has since been adapted in a number of countries. The proposed project seeks to scale up a Vietnamese pilot implementation of the EN model. The pilot, in 24 schools across 6 provinces with high ethnic minority populations, has shown that the Colombian EN model can be readily adapted to the Vietnamese context. The GPE-VNEN project is a set of sequential activities that together constitute a comprehensive package of pedagogical and administrative reform: (i) Develop teaching-learning materials; (ii) Provide the teaching-learning material to schools; (iii) Train teachers and school administrators to use the material; (iv) Provide schools with required equipment and other inputs mainly through school grants; and finally (v) Deploy a system of continued support and training for schools, with feedback monitoring and evaluation loops to improve implementation. The MOET will make available the GPE-VNEN training modules, the didactic materials, and the know-how regarding the VNEN protocol for all interested schools. Provinces can use their own financing to deploy these materials and extend the number of schools applying VNEN.

The proposed modality is that of project funding with a Project Implementation Unit housed within the MOET and staffed by MOET civil servants for the most part. The MOET has signalled that it prefers this approach to managing the project funds to give VNEN proper visibility and efficient systems that can adhere to a tight implementation schedule. The MOET had exceptionally requested an early allocation decision in order to minimize the need for pre-financing of project activities in 2012, but this exception was not granted by the FAC Chair.

Quality Assurance Review Process Summary

The Quality Assurance Review (QAR) process followed the guidelines shared with the FAC.

QAR Phase I was not formally applied to Vietnam since the country had already progressed beyond the initial design phase prior to the establishment of the QAR mechanism. However, the Secretariat had participated in key meetings during the preparatory phases, including the LEG review of the Program Concept Note led by the Coordinating Agency (UNESCO).

QAR Phase II

Process: The Secretariat conducted the QAR Phase II in conformity with the agreed-upon methodology, mobilizing external technical assistance. The QAR Phase II report was shared with the Coordinating Agency and SE (World Bank).

QAR Phase II findings and conclusions: The review found that the GPE-VNEN focus on the quality of learning and teaching processes and community support was appropriate and in line with the Government of Vietnam's concern to raise levels of learning achievement, as the country is poised to embark on a major reform of the national curriculum. The basis for the GPE-VNEN project is to scale-up the recently piloted *Escuela Nueva* activity and use lessons learned to feed into the larger curriculum reform that is slated to be rolled out in 2015. Aligned with the GPE Learning Outcomes strategic direction, this project could contribute to sustainable, systemic education reform in Vietnam by laying the basis for generalizing improved pedagogical practice. The following were key recommendations for GPE-VNEN:

1. It needed to clearly lay out how the innovations of the project will inform the development of the national curriculum. There needed to be more specificity about the nature of the linkages between the pedagogical innovations that will be introduced and the proposed curriculum reform.

2. The results framework needed to be harmonized with the text in order to better reflect project outcomes, results and indicators.

3. The program needed to further explore lessons learned in bilingual education that have come out of recent projects undertaken in Vietnam and elsewhere and redouble efforts to ensure that the issue of mother-tongue based multilingual education is adequately addressed. There needed to be clearer support for the ongoing improvement of learning achievement with an emphasis on literacy skills and a focus on reading in the early grades, with a clear distinction between literacy learning and, for ethnic minority students, the learning of Vietnamese.

Country response to the QAR II findings and conclusions: Working with the LEG, the SE prepared a document providing details on how the recommendations were taken into

account in the final documentation (Grant Application and the PAD). Following is a summary of the status of key QAR Phase II recommendations:

- *Relationship between VNEN and national curriculum reform:* The team noted that GPE-VNEN's influence on the upcoming curricular reform is a secondary objective of the program, and that the intended educational benefits for 440,000 children (particularly ethnic and linguistic minorities) is the primary program justification. Having said that, GPE-VNEN is positioned to build on the best practices from the initial, smaller scale Escuela Nueva work already done in Vietnam to achieve in three years a similar degree of change in a large number of schools. In this way its success will have become a point of reference for the overall curricular reform.

- *Results Framework:* The revised PAD includes an updated results framework with improved consistency between different elements of the text and the annex. The program development objective was also revised slightly, and the sampling for the national impact evaluation has been updated to reflect technical comments from the QAR Phase II report.

- *Mother tongue instruction:* The MOET's approach is to ensure that children from ethnic and linguistic minorities attain the same level of competency as do children of the majority Kinh ethnic group. The team notes that the ethnic minority levels of achievement are already very high. Reflecting the existing language policy, VNEN includes targeted assistance for children of ethnic minorities to learn Vietnamese language in Grade One. Bilingual teaching assistants are included in the program approach.

Concluding Remarks

As illustrated in the country background, Vietnam is rapidly making progress to bring its education system to a high level of performance. The MOET has identified the need to shift from mastering content to mastering competencies and critical thinking skills, and the VNEN is seen as a cost-effective vehicle for getting there. In light of the upcoming national education curriculum reform beginning in 2015, the MOET is keen on moving forward quickly and efficiently with VNEN implementation. One very important consequence of the recent PEDC program is the central and local level institutional

knowledge and individual capacity to execute projects in conformance with internationally accepted procurement and financial management practices.

The SE's overall risk rating has been considerably reduced since the draft program document was submitted for review in January 2012, going from "High" to "Moderate". The chosen modality—that of a project fully embedded in the MOET—is seen as the approach most likely to ensure quality results.

The Secretariat also notes that successful implementation of the GPE-VNEN would have a potential benefit for other member countries that are looking to not only improve basic literacy and numeracy skills, but provide learners with a better grounding in critical thinking skills, peer learning, self-paced learning, leadership skills and other positive aspects of Escuela Nueva.

Finally, the Secretariat is confident that the required documentation is complete, and the program objectives are in line with those of the national education plan. The documentation provided indicates that the process has been consultative and conclusive within the context of the LEG. While the selected modality is not the most aligned available for the context, it is clearly the country's choice for this type of project. The documentation submitted demonstrates a high level of implementation readiness and a tight timeline.