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 at the Board meeting.

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 Lesotho, as recommended by the Grants and Performance Committee (GPC) following its discussion of the grant application during its May 3-4, 2017 face-to-face meeting.

2. REQUESTED DECISION

2.1 The GPC recommends the Board approve the following decision:

BOD/2017/06-XX–Approval of Allocation for an Education Sector Program Implementation Grant: The Board of Directors with respect to the application submitted in the first round of 2017:

1. Notes compliance with the requirements for accessing the maximum country allocation, as described in the application and summarized in Annexes 2 and 3 to BOD/2017/06 DOC 18.
2. Approves an allocation from GPE trust funds for an education sector program implementation grant (ESPIG), as described in the application and summarized in Table 1 in BOD/2017/06-XX 2 (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	Lesotho
a.	Maximum Country Allocation	2,300,000
b.	Allocation Requested (100%)	2,300,000 [1]
c.	Fixed Part	2,300,000
d.	Variable Part	n/a
e.	**Allocation Recommended by GPC**	2,300,000
f.	Grant Agent	World Bank
g.	Agency Fee % - Amount	1.75%–40,250
h.	Period	3 years
i.	Expected Start Date	August 31, 2017
j.	Variable Part Disbursement Modality	n/a
k.	Funding Source	GPE Fund

3. Requests the Secretariat to:

   a. Include in its notification to Lesotho, 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, as well as the conditions, requests for report-back, and observations on the program as recommended by the GPC and set out in Annex 1 to BOD/2017/06 DOC 18.
   b. Include an update on the issues listed as "conditions" and "report back" in the annual Portfolio Review.

3. BACKGROUND

3.1 The Committee assessed the grant application from Lesotho and discussed whether it met the funding model requirements to access the maximum country allocation. In accordance with its delegated authority to approve ex-ante approaches for prospective applicants upon request,[2] the Country Grants and Performance Committee at its July 16, 2015 audio call had granted an ex-ante approach to Lesotho. The justification for the ex-ante approach included the small MCA (below US$5 million) combined with the fact that Lesotho's education sector plan includes strategies for equity, efficiency and learning outcomes. As a result of the ex-ante approach, the country is exempted from the variable part requirements and the assessment by the GPC was based on whether the country met the fixed part requirements and the quality standards of the proposed program.

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

[1] Includes US$200,000 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

[2] Board decision BOD/2014/05-02 – Operational Framework for Requirements and Incentives

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

3.3 The GPC had a rich discussion regarding the application and found that Lesotho met the requirements. The primary discussion points are summarized in Annex 1. The evidence for meeting the requirements and quality standards is set out in Annex 2.

3.4 During the discussion, the Committee continued its pilot of the GPC methodology for the review of ESPIG applications. The Committee expects to agree on the finalized version of the methodology at its June 27-29, 2017 meeting.

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 Final Readiness Review

5.2 The following is available on the Committee eTeam site:

- ESPIG Application Package (GPC/2017/05 DOC 06)

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

Lesotho	
Observations	The Committee noted Lesotho's significant investment in primary education and the initiation of initiating several measures to reform the sector since 2010, particularly collaboration with UNICEF on developing an adapted schooling model for boys working as herders, and piloting of a child grants scheme through the Ministry of Social Development. With regard to the Education Management Information System (EMIS), which is hosted outside of the Ministry, the Committee recommends a cost-benefit analysis and feasibility study for the potential integration into the Ministry.
Report-Back	With regard to financing, the Committee notes that there is a funding gap in fully realizing the education sector plan, in particular for the closing years from 2021-2025, and recommends Lesotho prepare a robust strategy to fully fund the ESP and report back on progress in this regard in the annual progress report. The Committee further notes that the ESP intermediate results do not have annual targets, which will make it difficult to measure progress towards the achievement of final targets. Lesotho is therefore requested to set annual targets for the intermediate indicators in the ESP results framework and report back on these targets in the annual progress report. Finally, given the importance of overall sector monitoring and coordination, the Committee expressed concern about the lack of joint sector reviews in recent years and strongly recommends that the Ministry resume conducting such reviews annually, in collaboration with the local education group. The Committee looks forward to reading about progress in this regard in the annual progress report.
Conditions	N/A

ANNEX 2 – SECRETARIAT FINAL READINESS REVIEW

LESOTHO
Quality Assurance Review - Phase III
Final Readiness Review

Proposed Grant Amount; USD 2.3 million
Fixed Part : US$ 2.3 million; Variable Part : Not Applicable
Implementation period : 3 years
Projected implementation start date: 31 August 2017
Grant Agent: World Bank

1. CONTEXT

1.1 Country Background

The Kingdom of Lesotho is a 30,355 square kilometer, landlocked, lower-middle income country in southern Africa. Its average annual Gross Domestic Product (GDP) growth rate has been 4.5 percent over the past five years and per capita income in 2015 was USD 1,879. However, poverty is widespread and income distribution is highly skewed towards urban areas as reflected in the Gini Coefficient of 0.52. The country's total population is estimated at 2.135 million in 2015, 52 percent female.

Lesotho ranks 160 of 188 countries on the 2015 human development index, which is below the average for the region and its income level. Lesotho made steady progress towards achieving MDGs, as reported in UNDP's 2013 MDG assessment, but failed to meet the goals, except for one, in 2015. The only MDG it met was gender parity in primary education. The HIV and AIDS prevalence rate in Lesotho has stabilized at 25%, but it is still the second highest in the world and has a severe negative impact on health and education indicators.

Lesotho's national development is guided by Lesotho Vision 2020. The country also has a Poverty Reduction Strategy Paper (PRSP) that expires in 2017. The PRSP emphasizes the necessity of achieving sustained and broad based economic growth as the most effective route for poverty reduction. It sets out a growth and development strategy and provides strategic direction to the government on resource allocation within the Government's Medium-Term Expenditure Framework (MTEF).

Education is firmly recognized as a pillar of national development in both Vision 2020 and the PRSP. Increasing productivity of the labor force through improved quality of learning and skills is a key strategy for equitable and sustainable growth for the country. Lesotho Education Sector Strategic Plan 2016-2025 is aligned to this strategic vision. Lesotho has been a GPE member since 2006 and has received two prior program implementation grants.

2. EDUCATION SECTOR PERFORMANCE

2.1 Education Sector Overview

The education system in Lesotho is structured in three levels: basic, secondary and tertiary. The system has a TVET strand and a non-formal education strand. Basic education covers the first eleven years of learning and is made up of pre-primary, primary (grades 1-7) and junior secondary education (grades 8-10). Secondary Education is a five-year cycle; with the first three years leading to the attainment of Junior Certificate (JC) and the last two years leading to the attainment of Lesotho General Certificate of Secondary Education (LGCSE). There are 1500 primary and 341 secondary schools in the country.

The table below presents a snapshot of progress on key education indicators in Lesotho in the last fifteen years. It shows a big improvement in enrolment but slower progress in efficiency and outcomes.

	Indicator	Average Value[3]	
		1999	2014
1.	Primary school age population (6-12)	N/A	344,000
2.	Pre-Primary Enrolment	21 (52)[4]	36
3.	Primary Gross Enrolment	100%	112%
4.	Primary Completion	N/A	60.8
5.	Gender Parity Index at Primary Enrolment	1.14	1.04
6.	Repetition Rate in Primary	20.4% (17.9%)	16.7% (13.7%)
7.	Dropout rate in Primary	40.3% (33.3%)	36.1% (24.4%)
8.	Transition Rate to Secondary	53% (52%)	75% (75%)
9.	Out of School Children	140,000	62,000
10.	Finance (% of GDP spent on education)	9.5%	9.2%
11.	Finance as % of total recurrent budget to education	21.1%	23.3%
12.	SACMEQ Score for Grade 4 Math	450	480[5]

The 2015 Education Sector Analysis (ESA) aptly characterized the Lesotho education system as a high-input but low-output system. The analysis found that late entry and high repetition rates throughout the primary cycle contribute to poor completion. Although six is the official age of school entry, only 39 percent of six-year-old children are enrolled in school. The enrollment rate for seven-year-olds jumps to 80 percent, and to 90 percent for nine-year-olds. Grade repetition rates run parallel to overage enrolment and is 19.1%, the highest, at grade four. Only 60.8% of the children complete primary education.

Geography, household income and gender are critical determinants of school enrolment. The ESA showed that only 17% of children from rural mountainous areas are in primary schools compared to 60% of children from urban valleys. Secondary enrolment is double for children coming from households earning more than 1000 loti (USD 75) than children coming from

[3] Statistical Tables. 2016 Global Education Monitoring Report. UNESCO, Paris.
[4] Numbers in brackets are for girls.
[5] This score is 2007 SACMEQ test results published in 2011. 2015 SACMEQ test results are not published yet.

households earning less than 300 loti (USD 25). Boys, especially from upper mountains, are disadvantaged in Lesotho mainly as a result of the burden of herding from an early age.

Lesotho performed third lowest in English reading and fourth lowest in mathematics among 14 southern African countries according to the 2011 Southern and Eastern Africa Consortium for Monitoring Educational Quality (SAQMEC) report. According to the 2015 Primary School Leaving Exams (PSLE) results, of the 40,063 candidates who took the PSLE in Grade 7, more than 25 percent failed in math and 16 percent failed in science. Student learning outcomes are also low at the secondary level, particularly in mathematics and science.

The ESA identified limited subject knowledge and teaching skills among teachers, shortage of teaching and learning materials and inadequate teaching and learning time as key factors for poor quality of learning. Although the average Pupil Teacher Ratio is relatively good in Lesotho at 32.3, high teacher absenteeism and low teacher time on task reduce classroom instruction time. At the same time, teachers' limited content knowledge, lack of induction mechanisms, and inadequate in-service training--particularly for teachers in remote areas—affect the quality of instruction. Primary schools have received and are using new textbooks for Grades 1 to 4 but do not have supplementary materials that help build the foundations of literacy. A number of secondary schools are also lacking textbooks in some critical subjects, including mathematics and science.

School management has been identified in the ESA as a crucial factor for improving educational outcomes. The study found that schools with poorly functional school boards have high teacher absenteeism and student drop out. Head teacher's management skills, supervision by the school boards and school inspections have been found important in improving school management. All schools in Lesotho are required to establish a school board for the purpose of overseeing the proper functioning of schools. However, they are often not able to perform this role for a number of reasons, including weak capacity and lack of understanding of their roles and responsibilities.

Public recurrent expenditure for 6-year primary education was 55.87% of the total education expenditure in 2014. Historically, Lesotho spends higher than the average for comparable Sub-Saharan countries on education. The total allocation to education in the 2014 national budget was 23.3%, which corresponded to 9.2% of the GDP. Primary and junior secondary get the largest shares (55.87 and 18.93%) followed by secondary education (13.1 percent). The financial simulation part of the ESP showed that this pattern is likely to be continued, with a marginal increase in the share of higher and technical and vocational education.

Government of Lesotho initiated several measures to reform the sector since 2010. Development partners, albeit limited in number, support government efforts to deliver on the ESP results. The previous GPE supported project piloted a pre-school model that the ministry is rolling out since the end of the project. Similarly, a learning assessment system developed under the previous project is now an annual exercise. Development partners also support small scale innovative projects. Of special mention is UNICEF's project on developing an appropriate schooling model for herd boys, and piloting of a child grants scheme through the Ministry of Social Development. Annex 2 contains a list of activities supported by development partners in Lesotho.

2.2 Education Sector Readiness as per GPE Funding Model Requirements

GPE's funding model requires ESPIG recipients to meet the following criteria for funding:

1. A credible, endorsed Education Sector Plan (ESP), or alternatively, a Transitional Education Sector Plan (TESP).
2. Evidence of Commitment to ESP or TESP and its financing.
3. Availability of Data or a Strategy to Obtain Data.

GPE Secretariat assesses the requirements through a series of quality assurance steps. Major findings from these reviews are presented in the sections below.

Lesotho is assessed as meeting funding model requirement 1: A credible, endorsed Education Sector Plan (ESP). GPE Secretariat assessed the Lesotho ESP as meeting 6 of the 7 quality criteria[6]. The Lesotho ESP (2016-2026) is holistic in scope and covers all sub-sectors including TVET, ECCD and non-formal education. It is based on an education sector analysis completed in May 2016 and has clear strategies for improving equity, efficiency, learning outcomes and financing. The ESP has a section on emergency preparedness with measures for emergency forecasting, pre-planning and response, which is highly commendable. The ESP is accompanied by a costed 3-year implementation plan running from 2017 to 2020.

The ESP was endorsed at the Local Education Group on 24 August 2016 and was submitted to the GPE Secretariat on September 3, 2017. The LEG played an advisory role during the preparation of the ESP. The ESP preparation was led by the Department of Planning of Ministry of Education and Training (MoET) with technical assistance from UNICEF and was developed through a collaborative consultation process. MoET's coordination of eight technical working groups exhibited the ministry's leadership in facilitating planning for the education sector. The draft ESP received inputs from the LEG and the GPE Secretariat, as well as through an external appraiser.

The Secretariat measures quality criteria against the ESP methodology adopted to monitor progress towards GPE's Results Framework Target. Based on this methodology, the only quality criteria not fully met is criteria 5, which measures evidence presented for achievability of the ESP. This criteria is assessed against four indicators: i) implementability; ii) financial sustainability; iii) feasibility; and iv) monitoribility. Lesotho's ESP met indicator 1 and 2 as a multi-year action plan and a capacity building plan were prepared and presented with the ESP. The other two indicators have been assesses as partially met. The ESP has a funding framework but with a funding gap of about 4.5% in 2021 moving to a gap of 16% in 2025. There is no strategy to meet the funding gap beyond this date. Similarly, the ESP has a results framework but the intermediate results do not have annual targets, which will make it difficult to monitor progress towards the achievement of final targets.

Lesotho is assessed as meeting funding model requirement 2: Evidence of Commitment to ESP or TESP and its financing. The government of Lesotho continues to make significant efforts toward financing its education system. As reported in the previous sections, Lesotho education

[6] Based on GPE Results Framework methodology, it is considered that an ESP meets Results Framework quality targets when at least 5 out of 7 quality standards are met. The 7 quality criteria are: i) ESP is guided by overall vision; ii) ESP is strategic; iii) ESP is holistic; iv) ESP is evidence based; v) ESP is achievable; vi) ESP is sensitive to context; and vii) ESP focusses on disparity.

sector was allotted 23.3% of the national recurrent budget in 2015. Allocation to primary education was 58% in 2015. The highest allocation to the sector was 25.5% in 2003, which corresponded to 10% of the national GDP in that year. The lowest allocation was 21% of the recurrent budget in 2004. The ESA estimated that the education sector would continue to be allocated an average of 23% percent of total government recurrent budget, which corresponds to 9.2 percent of the national GDP during the ESP period. This estimation is based on a 5% annual growth projection for the country. The 6-year Primary education level will continue to receive over 55% of recurrent education budget allocation. These estimates and the financial simulation done as part of the ESP development were endorsed by the Ministry of Finance. Lesotho's Ministry of Education furnished a letter communicating their commitment to fund education at the current rate of allocation and spending. In the endorsement letter, development partners also committed to support the ESP.

Lesotho is assessed as meeting funding model requirement 3: Availability of Data or a Strategy to Obtain Data. Critical education data, including data on learning outcomes and financing is available in Lesotho. The ESA used multiple sources of data including EMIS data, Household Survey data, and Multiple Indicators Survey Data to draw conclusions. However, the ESP highlights the need to strengthen MoET's capacity to collect and analyze data. It also identified the need to produce reports useful not only for the ministry but also for districts and schools. Currently, the EMIS is hosted outside the ministry, so, the ESP presented a plan to integrate the EMIS within the Department of Planning at the ministry. Lesotho reports on all 12 indicators to the UIS.

Based on the above assessments, **the GPE Secretariat considers the funding requirements met. The Secretariat further recommends that MoET**

i) **prepare a robust strategy to close the funding gap in the ESP;**
ii) **set annual targets for the intermediate indicators in the ESP results framework**;
iii) **assess the feasibility of institutionalization of EMIS within MoET by conducting a cost benefit analysis**

2.3 Funding Modality: Ex-Ante Approach

This grant follows the Ex-Ante approach of the GPE Funding Model as approved by the Country Grants and Performance Committee on July 16, 2015. The main feature of this approach is the absence of the variable part and allocation of the full grant amount to the fixed part of the program.

Lesotho's grant application provides the following justifications for an ex-ante approach:

- **The grant amount is less than USD 5 million:** the total amount of the Lesotho grant including supervisory fees is USD 2.3 million. USD 200,000 has been budgeted for supervision fees leaving USD 2.1 million for project activities. The low grant amount has been considered a key justification for using an ex-ante approach to the variable part.

- **The ESP has strategies for equity, efficiency and learning outcomes:** There are strategies for achieving improved results in equity, efficiency and learning outcomes in the ESP.

  The main approaches to promote greater equity across the education sector include the following: i) improving access to comprehensive ECCD, especially for the most vulnerable and disadvantaged

children; ii) increasing access to free lower basic education through targeted community mobilization and sensitization campaigns; iii) training teachers in multi-grade teaching in remote areas; iv) piloting teacher incentive programs to retain teachers in remote areas; and v) continuation of free school-feeding programs to attract students to basic education schools. Furthermore, IDA funded orphan and vulnerable children bursary and child grants programs contribute to the equity outcomes of the ESP.

The main strategies to improve the efficiency of the education system include: i) establishing a new teacher payment policy; ii) regulating the number of teachers admitted to training institutes; iii) rolling out an incentive policy to retain teachers in remote areas; and iv) focusing on improving professional standards and in-service training for teachers. MoET is developing an electronic human resource management system for teachers and will clean the teacher payroll.

The main strategies to improve learning outcomes include: i) improve the curriculum to meet the needs of the students; ii) provide appropriate and adequate learning materials to primary and junior secondary students; iii) improve teacher training to increase teacher competency; iv) improve school management to reduce teacher absenteeism; and v) integrate the learning outcome assessment system within the ministry.

- **There is a budgeted plan for improving education system:** the action plan prepared as part of the ESP has clear activities for improving the education system. The activities are clustered into five categories: i) strengthen the supply chain for textbooks and other learning materials; ii) strengthen teacher management; iii) institutionalize M&E and evidence based policy and planning; iv) institutionalize EMIS; v) strengthen coordination of development activities. The action plan is currently fully funded with sources of fund clearly indicated in the plan.

2.4 Monitoring of Sector Performance

Sector performance is reported as part of MoET's budget report to the Ministry of Finance at the end of each financial year. These reports capture movements of key sector indicators but do not discuss challenges and issues of meeting targets. They also report expenditure of the ministry. The previous GPE supported project was the only externally financed on-budget project in Lesotho and was reported in the budget report until 2015, when the project ended.

Lesotho has not conducted a Joint Sector Review in the last four years. The LEG has been more focused on the GPE program and processes than overall sector monitoring and coordination. Lack of active stakeholders in the sector challenged robust monitoring of the sector through the LEG. With the introduction of a new funding model in 2014, annual joint sector reviews in order to measure progress towards ESP targets have become more central to the GPE model.

The GPE Secretariat recommends that the Ministry, in collaboration with development partners and other stakeholders conduct annual joint sector reviews.

3. GRANT INFORMATION

3.1 Previous Program Performance

The previous GPE supported Lesotho Basic Education Project (LEBIP), which ended in April 2015, was rated by the World Bank as Moderately Satisfactory at closing. Two of the three project development objectives were overachieved and the third PDO indicator was fully achieved against the target. The project received a moderately satisfactory rating due to the fact that project financial management was rated moderately unsatisfactory prior to the mid-term review, and the project needed an extension and revision of targets at the mid-term-review in 2013.

Overall efficacy for the project was rated as substantial. The impact of the project was evident at the school-level according to the Implementation Completion Report (ICR). The ICR noted that students and teachers in all primary schools were using new textbooks, teachers' guides, and assessment materials based on a new simplified curriculum focused on early grade reading and math. Key lessons identified in World Bank's Implementation Completion Report include setting realistic project scope and targets; firm up roles and responsibilities of ministry officials, including of district officials during the design of the project; and analyze capacity needs and provide adequate support throughout project implementation. These lessons have been applied in preparing the proposed project.

3.2 Basic Program Description

The project development objective (PDO) is to **improve basic education service delivery and student retention in targeted schools**. The proposed indicators are:

(i) Improvement in teacher content knowledge in targeted primary schools
(ii) Improvement in teacher content knowledge in targeted junior secondary schools
(iii) Reduction in dropout rate in targeted schools

The project activities, focused on improving education service delivery and student retention at pre-primary, primary and junior secondary, are organized under three components described below:

Component 1: Improving the Teaching and Learning Environment in Targeted Primary Schools and Associated Preprimary and Junior Secondary Schools (US$1.15 million). This component will help improve the quality of classroom service delivery at the preprimary, primary, and junior secondary school levels to help children and youth develop a strong foundation in literacy, numeracy, and cognitive skills. There are two sub components for this component:

1a: *Strengthening Preprimary and Primary School Teaching and Learning*: This subcomponent will provide training to pre-primary and primary teachers and distribute appropriate learning materials to pre-primary and primary students.

1b: *Demonstrating the Progressive Mathematics Initiative— Progressive Science Initiative (PMI-PSI) at Junior Secondary Schools*: This subcomponent will provide training to junior secondary school teachers in new mathematics and science teaching methodologies. School

inspectors, district education officers and subject advisors will also receive orientation training on the new teaching methodologies. Students will receive improved learning materials.

Component 2: Strengthening School Accountability for Student Learning and Retention in Targeted Schools (US$0.37 million). This component aims to empower key actors at the school level—including school boards (with school principals)—to collectively decide on and perform actions that contribute to retaining students and enabling them to learn using a school-based management model. This component has the following three subcomponents:

2a: *School Improvement Plan (SIP):* Each school will develop a SIP aimed at increasing school performance to improve quality, retention, and equity of access.

2b: *Provision of School Grants (SIP Grants):* Upon submission of the SIP and its approval by the Inspectorate, each school will receive a grant valued between US$3,500and US$4,500 depending on the number of students in the school to finance SIP activities. The grants will be disbursed in two tranches. The second tranche will be released upon satisfactory completion of first tranche activities. The ministry will commission third party verification of progress and completion of SIP grant funded activities.

2c: *Strengthening the Capacity for Reporting, Monitoring of Results, and Oversight Mechanisms*: Head teachers will receive training under this subcomponent for producing School Report Cards (SRC). These report cards will show the progress of SIP activities and will also analyze new challenges and issues of school management, teaching and learning. Logistical support for printing and distribution of the SRCs will be provided through this component.

Component 3: Strengthening Institutional Capacity and Project Management (US$0.58 million). This component will finance a review of the ECCD curriculum, a review of the curriculum and assessment policy for primary and secondary, and a survey on primary education service delivery. Ministry staff will receive training as per the capacity building plan of the ministry. Lesotho College of Education will develop those courses and will explore the possibility of using distance learning methodologies in order to make those courses available to teachers in remote areas.

3.3 Financing Modality

The proposed project is an additional financing to the IDA-financed, 5 year (2016-2021), USD 25 million Lesotho Education Quality for Equality Project (LEQEP). The GPE funding will be used for expanding the geographical reach of the IDA project activities. Teachers and students of 20 primary schools will benefit from the GPE-financed project activities. This project will also cover 19 pre-primary and six junior secondary schools.

The grant will be delivered through a partially aligned modality. Project finances will be reflected in the national budget and will be channeled from the World Bank account to a project account at the national treasury. The treasury will disburse resources to a dedicated MoET account for spending. The accounts are subject to accountability as per Lesotho's public financial management regulations and additional fiduciary safeguards as agreed between the Ministry of Finance and World Bank. These safeguards include submission of unaudited quarterly project financial reports;

assessment of bid documents; and post-procurement assessment. The accounts are also subject to internal and external audits. Project procurement will be based on a project procurement manual agreed between World Bank and the MoET.

Project costs are given in the table below disaggregated by components and fees in million USD.

		IDA Funding	GPE Funding
A	Component 1	15.11	1.15
B	Component 2	4.78	0.37
C	Component 3	5.11	0.58
D	Grant Agent Cost		0.2
	TOTAL	***25***	***2.3***
	Agency Fees*		40,000

** Agency fees are not included in the grant amount*

4. FINDINGS OF SECRETARIAT'S ASSESSMENT OF THE PROGRAM DOCUMENT

4.1 Assessment of the Program Document

The project paper prepared by the World Bank as the Grant Agent went through two rounds of quality assessment at the Secretariat. The first round was Quality Assurance Review 2 was conducted in August 2016. The final check was conducted after the project paper was submitted with the application in March 2017.The sections below highlight key findings from the assessments.

The proposed Lesotho Basic Education Improvement Program (LEBIP) builds upon earlier works by the GPE-funded project (2010-2015). The program is focused on the overall improvement in basic education. It adheres to the strategic goals and objectives of the Global Partnership for Education to improve equity, efficiency and learning outcomes in basic education.

Equity is the main consideration of the project design. Selection of schools is based on five objective and transparent criteria: dropout rate, percentage of repeaters, primary leaving exam success rate, and poverty index of the catchment area. The IDA supported project selected 300 schools using this set of criteria. A further 20 primary schools were identified using the criteria for GPE support. The ministry team then identified 19 preprimary schools and six junior secondary schools falling within the catchment areas of the targeted primary schools. This was to ensure a continuum of education and to allow these students to have a better chance of staying in school and completing a quality basic education.

The program activities are focused on issues of learning outcomes. Over half of the project resources are dedicated to activities under this component. The expected results of this component include higher level of competency for teachers in teaching mathematics and literacy, increased availability of appropriate textbooks and other learning materials for students and classroom assistance and support to teachers trained in new teaching skills.

The project is expected to improve the internal efficiency of basic education by reducing dropout rates. It is expected that dropout in the beneficiary primary and secondary schools will be reduced by 3 percentage points by the end of the project. Teachers' competencies in subject areas will increase by 2 percentage points. It is expected that higher teacher competencies, increased oversight of teaching by the trained school board members in conjunction with appropriate support provided from the school grants will contribute to reduction of dropout rates in the targeted schools.

The Grant Agent assessed the project cost effective. The unit costs of activities are consistent with the IDA project unit costs. The investments, especially under Components 1 and 2, aim to create a climate which is more conducive to learning, with anticipated gains in both participation and learning outcomes. Cost effectiveness of those activities has been shown over many studies in comparable countries in sub-Saharan Africa. The Secretariat's QAR 2 identified low allocation to component 3 as a weakness of the project. The Grant Agent however responded that the total amount for capacity building from IDA supported project and the proposed project available to the ministry is USD 5.54 million. The benefits of the project are estimated to be high compared with the total cost of the project. The fact that the schools targeted by the project are in the most disadvantaged areas, increases the value of the benefits. In the long run these benefits aim to translate into increase in wage incomes and contribute to the national development.

The results framework is appropriate and comprehensive. The PDO and its indicators are defined clearly and succinctly. Intermediate results indicators (IRI) show the proposed direct project beneficiaries, the number of teachers (including pre-primary, primary and junior secondary) to be trained, principals, schools with SIPs, schools submitting report cards, schools expenditure on the school grant with the addition of the management course. These indicators are aligned to ESP indicators. The project results will contribute to several GPE Results Framework indicators, especially to the indicators of Strategic Goal 3[7].

A snapshot of project results are in the table below.

Indicator Name	Target Values			
	YR1	YR2	YR3	Total
Number of students supported	5000	5100	5100	5100
Teachers trained by the project	24	173	173	173
School principals and school heads trained by the project	0.00	26	26	26
Schools with approved SIPs	0.00	20	26	26

Institutional arrangements are clearly mentioned in the project paper. Ministry of Education and Training will be the implementing agency for the project. A project facilitation unit (PFU) will coordinate with various departments of the ministry for smooth implementation of project activities. Project progress against annual targets will be discussed at annual joint sector reviews. The project also has the option of employing a third party for monitoring of project activities and for verifications of results at the mid-term review of the project. The fact that the IDA project, to which

[7] Strategic Goal 3: Effective and efficient education systems delivering equitable, quality educational services for all.

this proposed project is an additional funding, is already operational, strengthens the argument for readiness of the project. The IDA program components have been assessed as Satisfactory in the February 2017 Implementation Support Report.

The overall project risk has been assessed by the grant agent as Substantial. This is due to the potential exposure of the fiduciary control environment to political volatility in the country. This risk has been taken into account while setting the fiduciary safeguards for the project. Project disbursements will be made only after satisfactory scrutiny of statement of expenditures. Based on the mitigation measures put in place by the Grant Agent, GPE Secretariat's assessment of residual program risks is medium, while sector risk is assessed as low relative to GPE-defined sector risk indicators. The LEG will closely monitor sector risks, especially the risk of funding gap in the sector.

5. CONCLUSIONS AND RECOMMENDATIONS

The proposed Lesotho Basic Education Improvement Project (LEBIP) is based on Lesotho National Education Sector Plan 2016-2025 priorities and designed to support Lesotho in achieving equity and quality targets in the education sector.

The program is also based on lessons from the previous GPE supported program and is part of a larger program implemented by the World Bank. This program will support ESP strategies for enhanced equity, quality and efficiency in the education system in Lesotho.

Lesotho is assessed by the Secretariat as meeting GPE funding model requirements. The Country Grants and Performance Committee in a meeting on July 16, 2015 approved the Ex-Ante approach for Lesotho. This means that the full grant amount of USD 2.3 million is available for activities based on meeting the funding model requirements, a sound project proposal, and the presentation of robust and relevant strategies for improvements in equity, efficiency and learning outcomes within the ESP.

GPE Secretariat assessments found the Lesotho National Education Sector Plan meeting 6 out of 7 quality criteria and the proposed program relevant and cost effective. The assessment also found that the project results will contribute to ESP targets.

The GPE Secretariat recommends GPC advises Lesotho Ministry of Education and Training the following[8]:

1) Prepare a robust strategy to close the funding gap in the ESP, especially for the closing years from 2021-2025.
2) Set annual targets for the intermediate indicators in the ESP results framework.
3) Assess the feasibility of institutionalization of EMIS within MoET by conducting a cost benefit analysis.
4) Conduct, in collaboration with the LEG, annual joint sector reviews.

The GPE Secretariat finds that Lesotho's application fulfils GPE requirements and quality standards.

[8] These recommendations were adjusted by the GPC. The final recommendations are found in the Board Document BOD/2017/06 DOC 18 Annex 1