System Capacity Grant Annual Progress Report Template

Status: Accepted

Country	Grant ID	Grant Agent	Grant Effectiveness/Start Date
Ethiopia	GPE0016486	SCG	01/01/2025

Grant Amount	Timeframe Examined in this Report		Date of Report Submission
	From Date	To Date	
4,100,000 (USD)	05/31/2024	08/26/2025	08/27/2025

Area(s) and activity group(s) covered by grant

Window 1: Strengthen gender-responsive planning and policy development for system-wide impact

- System diagnostics, compact development and education sector analyses

Implementation Progress

Overall Project Progress this Reporting Period

Overall progress this reporting period [1]	Previous Rating
Satisfactory (S)	NA

Detailed Description including factors that lead to an upgrade/downgrade in the rating

This is the first progress report covering the period from June 01, 2024, to August 30, 2025. The overall progress in implementing the grant activities during this reporting period is rated as satisfactory due to positive implementation progress per the annual plan breakdown. Despite some readjustments per the direction from the Ministry of Education, progress is evident in activity implementation, management performance, and compliance with reporting standards. However, certain adjustments and prioritization have impacted some activity implementation under window 3.

Window 1: Strengthening Gender-responsive Planning and Policy Development:
The implementation progress for Window 1 is rated as satisfactory, with several key accomplishments achieved throughout the reporting period. The first major milestone was the finalization of the Education Sector Analysis (ESA), a comprehensive analysis of the education sector conducted through triangulating different data sources: the EMIS raw data for the last five years, World Bank's Household survey, and a regional, woreda, and school-level survey (to collect primary data) also with a series of consultative processes with regional education and woreda education and finance bureaus, ETWG members and different departments in MoE at different level. The ESA includes a detailed analysis from a gender perspective and is very comprehensive to guide the next Education Sector Planning. The Education Sector Planning (ESP) development timeline is starting from May 2025, and currently, the preparation is ongoing.

Window 2: Mobilize coordinated action and financing to enable transformative change:
The implementation progress under Window 2 is rated as Highly satisfactory. Substantial progress was made in finalizing the detailed study and analysis on the volume, equity, efficiency, and effectiveness of resource allocation to education in the last five years in Ethiopia, which is one of the Top-up triggers for GPE additional funding (STG Trigger target 1.2). Fourteen regional consultation workshops and four national workshops for consultation have been conducted.

The workshop reports are attached along with this report. The Education Financial analysis is very comprehensive, as that of the ESA, and includes the detailed analysis. Transparent communication with MoE has been regularly conducted. With the MoE being engaged in every step of the implementation of the activities and regular consultation on the preliminary analyses, these efforts have addressed coordination gaps and supported more efficient management.
In addition to the EFA the Education Trust Fund Strategy was developed. The Ministry incorporated additional activity to be conducted under this window, which is the development of the Education Trust Fund Development Strategy. This Strategy aims to help the MoE initiate the process of establishing an Education Trust Fund at the federal level as a sustainable education financing tool in Ethiopia.
Moreover, under this window, support for the ETOL preparation, including consultations, design, data collection, etc., and supporting the establishment of a new multi-donor trust fund was given. However, this support will extend to the preparation of the ETOL additional financing from the IDA program preparation.

Window 3: Strengthening Capacity to Implement and Scale Results:
The implementation progress for Window 3 is rated as satisfactory. During this period, the key milestone under this window was regional consultation, and significant efforts were made to conduct massive consultation with the Regional Education Bureau as part of the ESA, EFA, and Education Trust Fund Strategy document development. In addition to what has been reported under the EFA, all the 14th regional education bureaus were consulted for the Education Sector Analysis and Education Trust Fund strategy document. Primary and secondary data were collected from them as well as woreda education offices. The consultation process is an ongoing activity and will also be continued during the ESP development.

Overall Progress of the SCG Grant:
The implementation of SCG grant activities has demonstrated satisfactory progress across all three capacity areas, despite experiencing some delays in capacity development activities under window 3. The grant has prioritized evidence generation to support evidence-based planning for the next ESDP and effectively leveraged synergies with other GPE grants, ensuring optimal resource utilization while maintaining a strong focus on equity and inclusion. Overall, the grant is on track to achieve its goals, reflecting a productive and well-managed implementation period. During this implementation period, a lot of emphasis has been given to quality products or analytical works delivery of the top-up triggers.

Grant Implementation Progress, by Grant Window

Grant Window	Level of Progress this Reporting Period [2]	Previous Rating
Window 1: Strengthen gender-responsive planning and policy development for system-wide impact	Satisfactory (S)	NA

Detailed Description:
The implementation progress of Window 1 is rated as satisfactory. Despite some adjustments in the activities based on the direction from the MoE due to policy changes, most major outputs, particularly the wide scope analytical works which are also top-up triggers for additional financing, have been achieved.

Education Sector Analysis (ESA) and Sector Planning (SP) including from gender perspective

A significant milestone in this reporting period is the development of a comprehensive Education Sector Analysis (ESA) for Ethiopia, especially focusing on the last five years under ESDP VI 2021-2025. This analysis covers the achievement of KPIs, challenges, and implications, including from a gender perspective. The ESA provided a comprehensive review of sector performance, financing, and management, with a strong focus on gender. The diagnosis covered the general education sector (pre-primary to secondary), higher education sector, the non-formal education sector in all regions with a representative sampling of woredas and refugee education. The gender aspect has been included across all chapters, integrating gender considerations into all elements of the report.

The ESA will feed into the Education Sector Plan (ESP) development process to allow the Ministry of Education (MOE) to use data to make concrete plans linked to annual budgets. Following GPE guidelines, the ESP steps will include vision and policy formulation, setting of policy priorities, identification of key strategies for achieving the vision, including the human, technical, and financial resources and capacities required, remedial actions, costing and financing, development of a realistic costed action plan commensurate to available national budget capabilities, definition of implementation, monitoring, and evaluation arrangements. The ESP will learn from the analysis of current trends and thoughtful hypotheses for overcoming financial, technical, and political constraints to effective implementation. It will be sensitive to the context and pay attention to disparities, providing a framework for budget and management decisions. The ESP will also recognize the strong commitment, contributions, and continuous support of the development partners, which play a crucial role in the success of the sector plan.

ESJR and Midterm Review of the ESDP VI, including Compact review to include and detail triggers

The MoE has decided to cancel the mid-term review of ESDP VI primarily due to the prior revision of ESDP-VI and the development of a three-year investment plan covering the period from 2016 to 2018 E.C. However, when doing the ESA, the key indicators of the ESDP VI were considered as part of the analysis to understand the overall progress and achievements of the key indicators and based on the findings and recommendations of the Education Sector Analysis (ESA), the next five-year ESDP will be expected to be formulated accordingly.
Nevertheless, the compact review will proceed as scheduled, marking two years since the approval of the STG. Conversations and planning with the MOE have already begun. With the cancellation of the ESDP mid-term review, the Joint Sector Review (JSR) will be conducted in conjunction with the compact review, as the JSR will offer an evaluation and review framework for mid-term assessments.
This JSR will act as a platform to assess resource utilization, identify implementation gaps within the Compact, and evaluate its overall performance. This will be accomplished through a participatory review process and inclusive sector discussions. Based on these findings, recommendations will be made to address bottlenecks, improve target achievement, and maximize the Compact's impact in the forthcoming planning period.
Regarding the education reform and new education policy - technical support, the ministry already used another resource to cover this activity as the activity completed during the process of the SCG approval; hence, the budget allocated for this activity was reallocated to the ESA as the comprehensiveness of the analysis via primary survey data demanded additional cost on the initially planned and allocated budget.

Window 2: Mobilize coordinated action and financing to enable transformative change

Detailed study and analysis on the volume and equity of resource allocation in the last five year:

Another significant milestone achieved is the detailed study and analysis on the volume, equity, efficiency, and effectiveness of resource allocation to education in the last five years in Ethiopia. The study critically analyzed the trends in education funding sources, budget allocation, and expenditure in education at the federal, regional, and woreda levels to identify gaps and inefficiencies in the current setup across the country. This EFA strategy includes a detailed examination of funding sources (including NGOs), budget allocations, expenditures, education finance management, and governance mechanisms from federal to woreda level to identify gaps and inefficiencies. The goal is to offer a broad overview of the current financing allocation mechanism, identify major gaps, and provide policy recommendations for sustainable financing, optimizing resource allocation for the effective implementation of the education transformation strategy.

The Education Trust Fund Development Strategy has been formulated to address the financial challenges in Ethiopia's education sector. Prior to the conflict, the Ethiopian government demonstrated its commitment to education by allocating a significant portion of national expenditure to this sector. Despite this, general education continues to face funding shortages, exacerbated by increasing demand and a reduction in donor support. This situation highlights the necessity for the government to concentrate on mobilizing domestic resources and securing more sustainable funding sources. In response to macro-economic imbalances caused by various factors, the government launched the ambitious Homegrown Economic Reform Agenda in 2019, aimed at increasing domestic resource mobilization to support the education sector. It is crucial to identify and develop sustainable domestic financing sources to enhance the volume of funding required to meet the education system's needs and to effectively address equity issues within education. As part of this initiative and the aforementioned challenges, the Ministry has integrated the development of a General Education Trust Fund Development Strategy into the System

Capacity grant, which was initially not included, along with financial analysis. This Strategy is designed to assist the Ministry of Education in initiating the establishment of an Education Trust Fund at the federal level, serving as a sustainable tool for financing education in Ethiopia.

The development of the ESA and EFA report and the ETF strategy document involved several key activities outlined below:

• Desk Review: The local research team, in collaboration with international consultants, embarked on an extensive document review process. This review was guided by the approved ESA and EFA outlines and incorporated a wide array of sources. These sources included EMIS raw data, annual educational abstracts, documents from the Ministry of Finance, reports from the UNHCR, among others. The culmination of this review was the creation of a draft report for each component of the reports, ensuring a thorough examination of the available data.
• Primary Data Collection: To complement the desk review findings, the research team conducted primary data collection across 100 targeted woredas and 400 schools. This phase involved gathering firsthand information, which was then analyzed to enhance the insights obtained from secondary sources.
• Report Consolidation: The first mission of the international consultants marked a significant milestone in the report's development. During this period, the individual reports from each team member were meticulously consolidated into a single, cohesive ESA and EFA report. This effort resulted in the production of a "zero draft" ESA and EFA report, laying the groundwork for subsequent refinements.
• Feedback Collection: Upon completing the initial zero draft, the findings were presented to the World Bank team and experts from the MOE. This presentation aimed to gather feedback on the preliminary results, which proved invaluable. The feedback process yielded substantial insights and comments, particularly regarding the focus areas of each content section and the overall writing style.
• Stakeholder Consultation: The multiple rounds national and regional workshops served as a platform to present the draft reports to key stakeholders, including representatives from zones, woredas, regions education and finance offices, higher education (selected universities) and ETWG members. Prior to these event, expert-level discussions were conducted. These discussions involved technical groups from various departments within the Ministry of Education and the Ministry of Finance, ensuring a comprehensive review and preparation for the stakeholder presentation. The final ESA, EFA and ETF reports were presented to the MoE management, and got His Excellency the Minister’s feedback on the reports.
• Incorporation of Stakeholder feedback and generating final draft Reports: After gathering feedback, the draft reports and the Education Trust Fund strategy were refined and edited according to the comments received. The final drafts were then completed and shared with the Ministry of Education and the World Bank team for peer review by experts at the World Bank headquarters.

Establish and support operation of pooled funding mechanisms under EETP/ ETOL

One of the supports provided by the SCG is supporting the preparation of the ETOL program, which became effective at the end of May 2025, and the MoE is working on the foundational activities. A wide range of consultations conducted at national and subnational levels with key stakeholders, including government ministries, for the preparation of the ETOL program. After the effectiveness of this operation, the World Bank managed to secure additional financing for ETOL and is currently working on the Program paper preparation. Through the SCG grant, different activities have been supported, including consultations, design, data collection, etc for ETOL operation preparation. In addition, a multi-donor trust fund was also established with the contribution of USD130 million from FCDO, Norway, Finland, and UNICEF, in addition to the GPE’s multiplier of USD46.4 million. Overall, the parent ETOL program focuses on foundational learning to improve learning outcomes and has two results: Transforming teaching and learning and Transforming schools into effective learning environments.

Window 3: Strengthening Capacity to Implement and Scale Results

Capacity Development and Consultation with regional bureaus:

The activities are underway, with technical support on identifying the current capacity-building demands of the Ministry. The goal is to identify skill gaps and desirable digital and M&E capacities in addition to the EMIS for MoE staff. Key achievements to date include gathering lists of identified skills areas and initial discussions with the MoE. As this is an ongoing activity, we are planning to conduct most of the capacity development plans in the next budget year as we have all some of the needs for the capacity development at hand.

Another activity under this window is regional consultation, which was done widely during this reporting period with all the 14th regional education bureaus for the EFA, for the Education sector analysis, and Education Trust Fund strategy document. The consultation process is an ongoing activity and will also be continued during the ESP development.
The SCG successfully enhanced sector dialogue, coordination, and monitoring, while strengthening the capacities of the MOE and REBs.
The consultation process for the deliverables/analytical works adopted a fully participatory and inclusive approach. A series of workshops were organized during the preparation of each deliverable, ensuring the involvement of all key stakeholders. The initial findings of the Education Sector Analysis were presented to MOE departments and senior leadership, securing ownership and buy-in. These findings were discussed and validated in workshops with partners and stakeholders. Throughout the preparation process, internal dissemination events were conducted for all MOE departments.

Lessons, innovative/promising practices

Lessons Learned

1. Importance of Stakeholder Engagement:

Engaging stakeholders at all levels, including government ministries, regional bureaus, and international partners, is crucial for the successful implementation of educational reforms. This engagement ensures that the plans are realistic, context-sensitive, and have strong ownership.

2. Flexibility in Planning:

The ability to adapt plans and reallocate resources as needed is essential for overcoming unforeseen challenges and ensuring the achievement of key milestones. This flexibility was demonstrated in the reallocation of resources for the ESA complying to the GPEs guideline for revision.

3. Comprehensive Data Utilization:

Utilizing comprehensive data from various sources, including EMIS, household surveys, and primary data collection, provides a robust foundation for planning and decision-making. This approach enhances the accuracy and relevance of the analysis.

Innovative/Promising Practices

1. Development of the Education Trust Fund:

The establishment of an Education Trust Fund as a sustainable financing tool is a promising practice that can ensure long-term financial support for the education sector. This initiative reflects a proactive approach to addressing funding gaps and optimizing resource allocation.

2. Integration of Gender Perspectives:

Integrating gender considerations across all elements of the ESA and ESP ensures that gender equity is prioritized in educational planning and policy development.

3. Multi-donor Trust Fund(MDTF) Establishment:

The creation of a multi-donor trust fund with contributions from various international partners demonstrates a collaborative approach to financing education. This practice enhances resource mobilization and supports transformative change in the education sector.

Impact stories

NA for this Year

Tangible Outputs, Knowledge Products, Results Framework and other Supporting Documentation

#	File Name	Document Type	Description
1	Annexes.pdf	Knowledge Product	Annex of the Education Sector Analysis report
2	Formatted_ESA-PPT for final workshop ETWG.pptx	Knowledge Product	The PPT for the Education sector Analysis report
2	EFA_Presentation_August.pptx	Knowledge Product	The PPT for the Education Financial Analysis
2	ETrustF_Presentation_Final__10Pages.pptx	Knowledge Product	PPT for the Education Trust Fund Strategy document
2	Formatted Ethiopia_EFA_Report_FINAL.docx	Knowledge Product	Final Education Financial Analysis report
2	Formatted Final ESA Report-V-6.docx	Knowledge Product	Final Education Sector Analysis Report
2	Formatted ETF_Strategy_FINAL.docx	Knowledge Product	Final Education Trust Fund Strategy document

The documents listed were submitted with the progress report. If you'd like access to them, please contact the grant operations officer for your country.

Financial Reporting & Grant Management

Financial Reporting on GPE Grant

Cumulative Financial Absorption Rate

Approved Budget to Date	Cumulative Expenditure	Cumulative Financial Absorption Rate	Level of Financial Absorption
4,100,000	485,055.55	11.83	Off Track

Since the financial absorption is not rated as 'on track', please provide an explanation that identifies the main activities that have been delayed and their corresponding unspent amounts, as well as reasons for the delay and steps taken to ensure that expenditure absorption gets on track in the next reporting period.

When assessing the financial absorption based on the total approved budget, it appears off track. However, if we evaluate the absorption rate for this reporting year against the budget allocated specifically for

the year, it exceeds 96%.
The rationale behind allocating a smaller portion of the approved budget for the first year is rooted in practical implementation experience. Year one is primarily a foundational phase, focused on establishing the management system and facilitating extensive consultations with the MoE. These processes are inherently time-consuming and impact the rate at which the budget is utilized.
Moreover, this year was earmarked for critical and comprehensive analytical works (the ESA, EFA and ETF). These analyses and the development of essential documents are time-intensive but serve as the cornerstone for subsequent activities under this grant. They are crucial for ensuring the effectiveness and success of future initiatives.
Looking ahead, the budget allocation for the next year is set to be double that of the first year. It is anticipated that the majority of activities will be completed during this period, leveraging the groundwork laid in year one.

Budget Variance Analysis for the Current Reporting Period

Total Approved Budget for the Current Reporting Period
505,000

Total Expenditure for the Current Reporting Period
485,055.55

Management Performance

Level of management performance
Satisfactory (S)

Detailed Description
Impact of SCG Integration within the Bank-Executed Trust Fund Mechanism:

The integration of the SCG grant within the BETF has positively impacted its implementation. By leveraging the existing bank monitoring and evaluation (M&E) structures, the SCG has benefitted from the inclusion of a dedicated staff members for the management and coordination.

Strong M&E system:
The World Bank’s system in ensuring the quality of deliverables has significantly enhanced the outputs of SCG works, particularly the analytical works. In addition to onboarding the right local firm and international experts to deliver the work, the bank subjected the outputs to a peer review system by international experts from WB HQ to validate the findings.

Financial and Procurement Oversight through the WB:
The SCG grant has also benefited from the World Bank’s financial and procurement rules and regulations, which emphasize the quality of service procured.

Role of SCG coordinator in Grant Implementation:
A key component of the SCG’s management arrangement is the dedicated SCG grant coordinator. This role has positively influenced the implementation of the grant by fostering high levels of coordination between the World Bank team members and MoE staff. The central leadership provided by the SCG coordinator has streamlined decision-making processes, allowing for timely responses to challenges while ensuring alignment with the strategic goals of the grant.

Revisions to the grant

This period, have there been any revisions to the grant other than those submitted to the Secretariat for their approval?

Yes

Detailed Description

- Additional activities requested by the MoE, such as development of the education trust fund strategy and supporting the verification of the Top-Up triggers by recruiting an independent verification agent. The support on the verification has been communicated with GPE and get the greenlight that the SCG can support the MoE per the GPE SCG guideline.

- Reallocating the budget for the ESDP VI mid-term review following the government's direction to conclude ESDP VI this year, given its end of implementation cycle. Some of the budget was maintained for the mid-term compact review (as initially planned), while the rest was redirected for the development of the new ESP.

How likely is that the grant agent will submit a request for revision to the Secretariat in the next 12 months for their approval?

Moderately Unlikely

Annexes

Annex 1: List of Acronyms

Acronym	Description
BETF	Bank Executed Trust Fund
EFA	Education sector Financial Analysis
EMIS	Education Management Information System
ESA	Education Sector Analysis
ESDP	Education Sector Development Plan
ESJR	Education Sector Joint Review
ESP	Education Strategic Plan
ETF	Education Trust Fund
ETOL	Education Transformation Operation for Learning
ETWG	Education Technical Working Group
FCDO	Foreign, Commonwealth & Development Office
GPE	Global Partnership for Education
IDA	International Development Association

MEL	Monitoring, Evaluation & Learning
MoE	Ministry of Education
REB	Regional Education Bureau
SC	System Capacity
SJR	Sector Joint review
SP	Sector Planning
STG	System Transformation Grant
TF	Trust Fund
UNHCR	United Nations High Commissioner for Refugees

[1] Highly Unsatisfactory- The grant has major shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is unlikely. Unsatisfactory - The grant has significant shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is uncertain. Moderately Unsatisfactory - The grant has moderate shortcomings or delays that limit or jeopardize the achievement of one or more outputs but a resolution is likely. Moderately Satisfactory - The grant is expected to achieve most of its major outputs efficiently with moderate shortcomings or delays. Satisfactory – The grant is expected to achieve almost all of its major outputs efficiently with only minor shortcomings or delays. Highly Satisfactory - The grant is expected to achieve or exceed all of the major outputs efficiently without significant shortcomings or delays.

[2] Highly Unsatisfactory – The window has major shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is unlikely. Unsatisfactory – The window has significant shortcomings or delays that limit or jeopardize the achievement of one or more outputs and a resolution is uncertain. Moderately Unsatisfactory – The window has moderate shortcomings or delays that limit or jeopardize the achievement of one or more outputs but a resolution is likely. Moderately Satisfactory – The window is expected to achieve most of its major outputs efficiently with moderate shortcomings. Satisfactory – The window is expected to achieve almost all of its major outputs efficiently with only minor shortcomings or delays. Highly Satisfactory – The window is expected to achieve or exceed all of the major outputs efficiently without significant shortcomings or delays.

[3] tooltip