Directrice générale du Secrétariat
2 avril 2020

Décision finale

CEO/2020/04-01 – <u>Allocation au titre d'un financement pour la mise en œuvre du programme sectoriel de l'éducation (ESPIG) et d'un financement du Fonds à effet multiplicateur au profit du Timor- Leste</u> : Concernant la requête soumise par le Timor-Leste durant le premier cycle de 2020, la directrice générale, en vertu des pouvoirs que le Conseil d'administration lui a délégués :

1. note que les conditions d'accès à la part fixe et à la part variable de l'allocation maximale par pays au titre d'un ESPIG et d'un financement du Fonds à effet multiplicateur sont remplies, tel que décrit dans la requête et évalué dans le rapport présenté par le Secrétariat à l'étape III du processus d'examen de la qualité ;
2. note que les conditions de cofinancement, de complémentarité des financements du PME et de viabilité de la dette régissant l'accès au Fonds à effet multiplicateur sont remplies, tel que décrit dans la requête et évalué dans le rapport présenté par le Secrétariat à l'étape III du processus d'examen de la qualité ;
3. approuve une allocation au titre d'un ESPIG et d'un financement du Fonds à effet multiplicateur, à prélever sur les fonds fiduciaires du PME, tel que décrit dans la requête et résumé au Tableau 1, sous réserve de :
   a. la disponibilité des fonds ;
   b. la décision du Conseil énoncée dans le document BOD/2012/11-04 sur l'engagement des fonds fiduciaires au titre des ESPIG par tranches annuelles ;
   c. la recommandation de financement formulée à l'issue de la réunion d'examen (tous les montants sont exprimés en dollars) ;
4. demande au Secrétariat :
   a. de mentionner dans la notification de l'approbation du financement adressée au Timor-Leste les observations, les demandes de comptes rendus, comme recommandé par la réunion d'examen et indiqué au Tableau 2 ;
   b. d'indiquer l'état d'avancement des points soulevés à la rubrique « comptes rendus » dans le rapport annuel sur la performance des financements, conformément à l'échéancier spécifié.

Tableau 1 - Timor-Leste		
a.	Allocation maximale par pays au titre de l'ESPIG	USD 4 100 000
b.	Allocation maximale par pays au titre du Fonds à effet multiplicateur	USD 5 000 000
c.	Allocation demandée (100 %)	USD 9 100 000[1]
d.	Part fixe	USD 6 370 000
e.	Part variable	USD 2 730 000
f.	**Allocation recommandée**	USD 9 100 000
g.	Agent partenaire	Banque mondiale
h.	Commission de l'agent partenaire % - montant	1,75 % ou USD 159 250
i.	Période	5 ans
j.	Date de démarrage prévue	1er juillet 2020
k.	Modalité de décaissement de la part variable	Ex post
l.	Source de financement	Fonds du PME
m.	Institution de cofinancement au titre du Fonds à effet multiplicateur - Montant	Banque mondiale : USD 15 000 000

Tableau 2 - Timor-Leste	
Observations	Le Secrétariat note avec satisfaction que le programme envisage la nécessité pour l'État de renforcer les capacités et les systèmes nationaux. L'intention affichée par le programme de mettre en place des systèmes de comptabilité, d'établissement de rapports et de budgétisation et de les adapter aux propres systèmes publics du Timor-Leste (solde disponible) mérite d'être signalée.
Comptes rendus	Le Secrétariat invite le gouvernement et l'agent partenaire à partager les enseignements tirés des efforts destinés à renforcer les capacités et à encourager progressivement le recours accru aux systèmes nationaux en collaboration avec le GLPE et le Secrétariat sur une base annuelle. Le Secrétariat recommande la tenue d'une revue sectorielle conjointe et demande que soient fournies des pièces attestant que cette revue a bien été organisée en 2020. Le Secrétariat encourage vivement le Timor-Leste à respecter son engagement d'accroître la part du secteur éducatif dans le budget national pour la porter à terme à 20 % et demande qu'à compter de 2020 le rapport de la revue sectorielle conjointe annuelle présente des données sur la part relative des dépenses totales d'éducation dans le budget national.
Condition	s. o.

Annexe A – Rapport du Secrétariat à l'étape III du processus d'examen de la qualité (uniquement disponible en anglais)

[1] Le financement sollicité comprend un montant de USD 4,1 millions au titre de l'allocation maximale par pays et un montant de USD 5 millions au titre du Fonds à effet multiplicateur. Il est à noter que chacun de ces deux montants donne lieu à des allocations fixes et variables.

ANNEX A - Quality Assurance Review – Phase 3 – SECRETARIAT DELEGATED AUTHORITY

Proposed GPE Grant Amount: US$9.1 million[1]
Fixed Part: US$6.37 million, of which US$0.55 million as Grant Agent's Implementation Support Costs
Variable Part: US$2.73 million
Implementation period: 5 years
Projected implementation start date: July 01, 2020
Grant Agent: World Bank

1 ESPIG

1.1 Country / Sector Context

Timor-Leste joined the GPE in 2005. Since then, Timor-Leste received three ESPIGs, covering 2006-2009 (US$8.19 million), 2009-2010 (US$4.86 million), and 2012-2015 (US$2.54 million), respectively. All grants had the World Bank as grant agent (GA) and were successfully implemented. Previous GPE-financed projects focused on expanding access to basic education, improving the quality of the learning environment, and strengthening the capacity and systems of the Ministry of Education, Youth and Sports (MoEYS).

Timor-Leste is still recovering from its war of independence leaving it with continuing political uncertainty[2], huge infrastructure needs and social demands across society. In response, the country is providing payments to war veterans and investing massively in infrastructure to promote private sector growth.

Despite the challenges, Timor-Leste has shown a strong commitment to education in the past decades, reflected in the 2002 Constitution, the 2008 Basic Law of Education, the 2011–2030 National Education Strategic Plan (NESP), and the recently approved Education Sector Plan (ESP) 2020–2024. The 2011–2030 NESP establishes education as a key area for improving opportunities and emphasizes that all children must go to school and receive high-quality education. The ESP 2020–2024 updates the NESP and reconfirms the strong commitment of Timor-Leste to the education sector. There have been no joint sector reviews (JSR) held in Timor-Leste during the past five years. During QAR I and II, it was recommended by the Secretariat that a Joint Sector Review should be organized in 2020.

In accordance with the high priority allocated to education, student enrollment has increased significantly in recent years in Timor-Leste. From 2013 to 2018, the net enrollment rate (NER) for primary level remained high at around 91 percent, and the NER for lower secondary level grew

[1] This grant application includes financing from the Maximum Country Allocation of US$4.1 and the Multiplier of US$5 million. Note that MCA financing and Multiplier is split between fixed and variable allocations.
[2] There is a political crisis currently with one party in the coalition government voting down the budget.

from 33% to 53%[3]. With a gender parity index of 1.01 for primary in 2018, girls also outperformed boys in terms of learning-adjusted years of school by a half year.[4]

1.2 Multiplier

In September 2019, GPE's Grants and Performance Committee approved an Expression of Interest (EoI) from Timor-Leste for a Maximum Country Allocation from the Multiplier (MCAM) of US$ 5 million based on a reported co-financing of US$ 15 million in the form of a World Bank concessional loan.

The co-financing is the same as at the EoI stage both in total figures and the co-financing partners and instruments.

At the EOI stage, Timor Leste was requested to clarify to the Secretariat prior to submitting this grant proposal that the proposed co-financing of an IDA credit has been "…subject to the guidelines and principles of the Timor-Leste law on public debt" (GPC/2019/09-02). The Secretariat received oral reassurance that the Ministry of Finance will sign the credit in accordance with their own laws. In addition, the GA confirmed that the letter issued at the end of the negotiations in late February 2020 indicates that the loan will adhere to Timor-Leste's law on public debt.

Despite the current political crisis, the Secretariat has been notified that the co-financing is confirmed to move forward. The technical discussions related to the IDA financing were concluded and the technical letter was signed off by the Government on 20 February 2020. The loan agreement will be signed once the Budget is approved by Parliament.

According to the most recent IMF-World Bank Debt Sustainability Analysis (DSA) Timor-Leste remains at "Low" risk of debt distress.

2 ESPIG DESCRIPTION

This ESPIG application combines an MCA of US$4.1 million with a multiplier of US$5 million, which totals US$9.1 million, of which US$2.73 million is variable. Timor-Leste's Basic Education Strengthening and Transformation (BEST) project totals US$24.1 million and is co-financed (US$15 million IDA credit) with the Grant Agent, the World Bank. The project aims to "improve the learning environment of basic education schools and increase the efficiency and equity of basic education programs." and is in direct support of ESP (2020-2024). To achieve this, the project's four technical components will introduce changes in the learning environment covering: physical infrastructure as well as Teaching and Learning Materials (TLMs), learning assessments, teacher preparation and management, and information systems to support management efficiency of the education sector. A fifth component supports project implementation with a focus on capacity building and M&E.

[3] UNESCO UIS data, http://data.uis.unesco.org/#
[4] World Bank, Human Capital Project data, https://www.worldbank.org/en/publication/human-capital

The Variable Part (US$2.73 million) is focused on improving equity, learning and efficiency in basic education. It aims to increase the share of students in Cycle 1 (grades 1-4) and cycle 2 (grades 5-6) who use individual textbooks in the classroom (learning, US$0.73 million), increase the share of mathematics and language teachers in rural areas who utilize effective teaching approaches in the classroom (equity, US$1 million) and verify and utilize EMIS data for the preparation of annual budgets and infrastructure investment decisions (efficiency, US$1 million).

Table A: The targeted interventions comprise the following Components and Activities:

Components/ Sub-components	**Key activities**
Component 1: Developing 21st Century Learning Spaces (IDA US$15 million; GPE US$0 million)	
Subcomponent 1.1: Standards for 21st Century Schools	a. Capacity building of the MOEYS to prioritize, plan, and budget for the expansion of school infrastructure; b. Development of 21st century school standards and designs; c. Development of infrastructure planning guidelines; d. Development of an online school infrastructure management system or module (linked to the EMIS); e. Implementation of a school infrastructure census;
Sub-component 1.2: 21st Century Classrooms and Schools	a. Construction and rehabilitation of classrooms, schools, and the associated non-academic infrastructure[5]
Component 2: Improving Teacher Effectiveness (IDA US$0 million; GPE US$2.58 million)	
Subcomponent 2.1: Classroom and School Diagnostics	a. Develop a classroom observation tool and its deployment in schools across the country (to be used by directors, assistant directors, coordinators, and other school officials to monitor classroom processes).
Subcomponent 2.2: Supporting School Leaders Training[6]	a. Define roles for school directors and other school leaders; b. Train leaders on knowledge and skills to be an effective leader; c. Support and develop distributed leadership models in school clusters; d. Provide mentoring and coaching programs for new directors and other school leaders; e. Provide support on ways to improve retention and transition of boys and girls.

[5] The exact number of schools, classroom, and other related infrastructure to be constructed is expected to emerge from this planning process. However, due to budget constraints it was estimated that, during the project period, up to 200 classrooms could be rehabilitated, and about 480 classrooms could be constructed. These figures are likely to change during implementation once more realistic cost estimates are obtained. PAD, pg. 15.

[6] This subcomponent will provide the training through a network of carefully selected, experienced, and high performing school directors who will be given rigorous training to prepare them to serve as trainers and as mentors at the municipal level.

Subcomponent 2.3: Supporting Teacher Quality Improvements.	a. Strengthen MOEYS's capacity to plan, deliver, monitor, and evaluate in-service teacher training and professional development; b. Deliver continuous professional development for improved teaching.
Component 3: Improving TLM and Student Assessment (IDA US$0 million; GPE US$2.27 million)	
Subcomponent 3.1: Teaching-Learning Materials	a. Distribution of Cycle 1 and 2 TLMs b. Revision of the curriculum and development of TLM standards and materials for Cycle 3; c. Development of digital versions of Cycle 1, 2, and 3 books. d. Provision of book corners in schools in the poorest 4 municipalities
Subcomponent 3.2: Strengthening Learning Assessments	a. Finance early grade sample-based national student learning assessments in literacy and numeracy and strengthen the capacity of MOEYS to manage them.
Component 4: Data Driven Planning, Budgeting, Financing and Implementation (IDA US$0 million; GPE US$2.30 million)	
Subcomponent 4.1: Integrated Sistema de Gestão Escolar (an integrated education monitoring and data management system)	a. Development of the Gestão Escolar system; b. Installation of the associated hardware, including servers, at the MOEYS and the installation of relevant hardware and Internet connectivity in all municipal offices and central schools; c. Training teachers/staff at the central, municipality, and school levels on the use of the system and the individual applications.
Subcomponent 4.2: Strengthened EMIS and Personnel Management Information System (PMIS)	a. EMIS software updating to bring it to current internationally accepted standards; b. EMIS training at the central, district, and school levels; c. Independent school census for EMIS data verification in year 1 and a follow-up independent verification survey in year 4.
Component 5: Project Implementation and Management (IDA US$0 million; GPE US$1.4 million)	
a. Project Management and capacity building for MoEYS staff for planning, budgeting, and fiduciary management.	

2.1 Description of the variable part

The program has proposed US$2.73 million as variable part financing, to be disbursed upon achievement of agreed results or DLIs. Three strategies are proposed as system level transformation in the areas of learning outcomes, equity and efficiency.

Strategy 1 (Equity): Improve teacher effectiveness in rural areas. *Increase in share of basic education mathematics and language teachers in rural areas who utilize effective teaching methods (US$1 million).* Teachers in rural areas are faced with three major challenges to improve

pupil learning: multi grade teaching, pupils with mother tongue different from Tetum and Portuguese, and limited support. Strategies addressing these challenges propose to increase: the number of teachers trained in foundational literacy and numeracy; the share of teachers monitored using a classroom observation tool; the number of school leaders receiving new leadership training; and the share of basic education schools that receive the full package of TLM. In addition, the strategies will improve timely receipt of TLM by schools; and understanding among school leaders and teachers of the learning needs of teachers. Implementing the strategies will support rural teachers and their pupils by focusing on mother tongue / non-Tetum language scripted lesson plans and teacher training and multi-grade classroom teacher training.

Strategy 2 (Efficiency): Improve evidenced-based budgeting decisions. *Verified EMIS data utilized for the preparation of annual budgets and making infrastructure investment decisions (US$1 million):* Timor-Leste is characterized by a high internal inefficiency rate owing to high repetition and dropout rates. This is primarily owing to inefficient allocation of resources to schools resulting from a lack of systematic linkages between budget allocations to schools and the actual number of students in these schools. This lack of information limits the Government's ability to implement compensatory interventions to reduce high repetition and dropout rates. Strategies proposed to improve information gaps include: increasing the share of schools completing electronic data entry in EMIS by March each year through the Gestao Escolar platform; providing independent verification of EMIS data; and building the capacity of staff to effectively use these data for planning and to verify the use of the data for improved decision making. Verification will be done by ensuring that annual work plan and budget documents and decisions regarding infrastructure clearly reference EMIS data and its use. In addition, the independent verification mechanism will check for explicit references in the documentation to EMIS and that the figures used are consistent with the EMIS data/reports.

Strategy 3 (Learning): Improve textbook usage. *Increase in share of students in Cycle 1 and Cycle 2 who use individual textbooks in the classroom. (US$0.73 million)* A World Bank study noted that despite new curriculum materials reaching schools these have limited use owing to delays in the distribution of textbooks and other learning materials to pupils within the schools. In addition, learning is also hindered by inadequate training of teachers on the new curriculum and reluctance among teachers to embrace it. Strategies propose: to improve instructional approaches based on feedback from school-based inspection, mentoring, and coaching; improve timely distribution of TLM including textbooks within schools and improved use of textbooks due to stronger school leadership and regular classroom observation; increase share of basic education schools that receive full package of TLM; and improve timely receipt of TLM by schools .budgeting, and decision-making.

Table B: Variable part indicators and disbursements

Variable Part Indicators	Targets and Disbursement					
	Baseline	**Year 1 (2020/21)**	**Year 2 (2021/22)**	**Year 3 (2022/23)**	**Year 4 (2023/24)**	**Year 5 (2024/25)**
Equity: Increase in share of basic education mathematics and language teachers in rural areas who utilize effective teaching methods.	Share of rural teachers who utilized effective teaching approaches in 2019 is **45%**	n/a	n/a	**10 percentage point increase** from baseline; (Rollover up to 12 months).	n/a	**20 percent point increase** from baseline; (No rollover)
Sub Total US$1 million	n/a	n/a	n/a	**US$0.5 M** if achievement is at least 10%. **US$0.2 M** if achievement is at least 5% but less than 10%; **US$0** otherwise**;**	n/a	**US$0.5 M** if achievement is at least 20%. **US$0.2 M** if achievement is over 10% but less than 20%; **US$0** otherwise**.**
Efficiency: Verified EMIS data utilized for the preparation of annual budgets and making infrastructure investment decisions.	Verified EMIS data not available	n/a	School statistics report based on verified EMIS data from the census published; (No rollover)	Verified EMIS data has been utilized for the preparation of annual budget for year 4 and for making infrastructure investment decision; (No rollover)	Verified EMIS data has been utilized for the preparation of annual budget for year 5 and for making infrastructure investment decision; (No rollover)	n/a

Sub Total US$1 million	n/a	n/a	**US$0.25 M** if result is achieved; **US$0** otherwise**;**	**US$0.375 M** if result is achieved; **US$0** otherwise**;**	**US$0.375 M** if result is achieved; **US$0** otherwise**.**	n/a
Learning: Increase in share of students in Cycle 1 and Cycle 2 who use individual textbooks in the classroom.	n/a	A survey has been conducted to estimate the share of students who use individual textbooks in the classroom; (Rollover up to 6 months).	n/a	n/a	Share of students who use individual textbooks in the classroom has increased by 15 percentage points compared to year 1; (Rollover up to 12 months).	n/a
Sub Total US$0.73 million	n/a	**US$0.3 M** if result is achieved; **US$0** otherwise**;**	n/a	n/a	**US$0.43 M** if achievement is at least 15%. **US$0.3 M** if achievement is over 10% but less than 15%; **US$0** otherwise**;**	n/a

Table C: ESPIG Components and Costs

	(in USD, Million)	GPE Financing US$	% of total GPE
	Fixed Part		
A	**Component 1:** Developing 21st Century Learning Spaces	N/A - IDA Financing only	n/a
B	**Component 2:** Improving Teacher Effectiveness	1.58	17.4%
C	**Component 3:** Improving TLM and Student Assessment	1.54	16.9%
D	**Component 4:** Data Driven Planning, Budgeting, Financing and Implementation	1.30	14.3%
E	**Component 5:** Project Implementation and Management	1.40	15.4%
F	**Grant agent implementation support costs***	0.55	6.0%
	Sub-total of Fixed Part	**6.37**	70.0%
	Variable Part		
A	**Equity:** Increase in share of basic education mathematics and language teachers in rural areas who utilize effective teaching methods	1.0	11.0%
B	**Efficiency:** Verified EMIS data utilized for the preparation of annual budgets and making infrastructure investment decisions	1.0	11.0%
C	**Learning:** Increase in share of students in Cycle 1 and Cycle 2 who use individual textbooks in the classroom	0.73	8.0%
	Sub-total Variable Part	**2.73**	30.0%
GRAND TOTAL		**9.1**	100.0%
	Agency Fees**	0.16	

* Include Grant Agent's direct costs, such as Program Management, Administrative and other direct implementation costs.

** Agency Fee is not included in the MCA and is calculated as percentage rate (agreed with each GA) from the Total Fixed Part and Total Variable Part.