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) and a multiplier grant to Papua New Guinea, as recommended by the Grants and Performance Committee (GPC) following its discussion of the grant application during its January 29–31, 2019 meeting.

2. **RECOMMENDED DECISION**

2.1 The Grants and Performance Committee recommends the Board approve the following decision:

**BOD/2019/03-XX–Allocation for an Education Sector Program Implementation Grant and Multiplier Grant to Papua New Guinea:** The Board of Directors with respect to the application submitted in the fourth round of 2018:

1. Notes compliance with the requirements for accessing the fixed part of the combined maximum country allocation for an education sector program implementation grant (ESPIG) and Multiplier grant, as described in the application and summarized and assessed in Annex 2 to BOD/2019/02 DOC 04.

2. Notes compliance with the requirements of co-financing, additionality, and debt sustainability for accessing the maximum country allocation for a multiplier grant, as described in the application and assessed in Annex 2 to BOD/2019/02 DOC 04.

3. Approves an allocation from GPE trust funds for an ESPIG and a multiplier grant, as described in the application submitted and summarized in Table 1 in decision BOD/2019/03-XX 3 (c), subject to:
a. Availability of funds.
b. Board decision BOD/2012/11-04 on commitment of trust funds for ESPIGs in annual installments.
c. GPC recommendations for funding include (all amounts in US$):

Table 1 Application Summary and GPC Allocation Recommendations for an ESPIG and a multiplier grant in US$:

<table>
<thead>
<tr>
<th>Papua New Guinea</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. ESPIG Maximum Country Allocation</td>
<td>7,050,000</td>
</tr>
<tr>
<td>b. Multiplier Maximum Country Allocation</td>
<td>4,300,000</td>
</tr>
<tr>
<td>c. Total Maximum Country Allocation</td>
<td>11,350,000</td>
</tr>
<tr>
<td>d. Allocation Requested (93%)</td>
<td>10,570,000¹</td>
</tr>
<tr>
<td>e. Fixed Part</td>
<td>7,399,000</td>
</tr>
<tr>
<td>f. Variable Part</td>
<td>3,171,000</td>
</tr>
<tr>
<td>g. Allocation Recommended by GPC (fixed part only)</td>
<td>7,399,000</td>
</tr>
<tr>
<td>h. Grant Agent</td>
<td>Save the Children UK</td>
</tr>
<tr>
<td>i. Agency Fee % - Amount</td>
<td>7% - 517,930</td>
</tr>
<tr>
<td>j. Period</td>
<td>3 Years</td>
</tr>
<tr>
<td>k. Expected Start Date</td>
<td>July 1, 2019</td>
</tr>
<tr>
<td>l. Variable Part Disbursement Modality</td>
<td>Ex-post</td>
</tr>
<tr>
<td>m. Funding Source</td>
<td>GPE Fund</td>
</tr>
</tbody>
</table>

4. With respect to the incentives on Equity, Efficiency and Learning Outcomes for accessing the variable part of the maximum country allocation:
   a. Requests Papua New Guinea to address the conditions to the approval of the variable part as set out in Annex 1 to BOD/2019/01 DOC 04 and submit a revised proposal.
   b. Delegates authority to the Grants and Performance Committee to approve the revised proposal and up to US$3,171,000 as an allocation for the variable part.

5. Requests the Secretariat to:
   a. Include in its notification of grant approval to Papua New Guinea the conditions, requests for report-back and observations on the program as recommended by the Grants and Performance Committee and set out in Annex 1 to BOD/2019/02 DOC 04.

¹Whereas PNG has a Multiplier MCA of US$4,300,000, the additional funding secured at this time only allows PNG to access US$3,520,000 of the amount; PNG may apply for the remaining amount of USUS$780,000 once the necessary additional financing has been secured. The requested amount allocates 18% to the cost of the grant agent to perform its roles and responsibilities (formerly supervision fees).
b. Include an update on the issues listed as “conditions” and “report back” in the annual Portfolio Review in accordance with the specified timeline.

3. BACKGROUND

3.1 The Committee assessed the grant application from Papua New Guinea and discussed whether it met the funding model requirements to access the fixed and variable part of the combined maximum country allocation of an ESPIG and a multiplier grant and the additional requirements of co-financing, additionality, and debt sustainability for accessing with respect to the multiplier maximum country allocation.

3.2 Prior to the discussion, no conflicts of interest were disclosed.

3.3 The GPC had a rich discussion regarding the application and found that Papua New Guinea met the requirements for accessing the fixed part and recommends the country strengthen the proposal for the variable part.

3.4 The primary discussion points are summarized in Annex 1. The Secretariat assessment of the application including evidence for meeting funding model requirements and quality standards is set out in Annex 2.

4. PLEASE CONTACT Margarita Focas Licht (mlicht@globalpartnership.org) in case of any questions.

5. ANNEXES

5.1 This paper includes the following annexes:
   - Annex 1 – GPC Observations, Report-Backs, and Conditions
   - Annex 2 – Secretariat Quality Assurance Review Phase 3 (Final Readiness Review)

5.2 The following is available on the Committee eTeam site:
   - Papua New Guinea ESPIG Application Package (GPC/2019/01 DOC 03)
### Papua New Guinea (PNG)

<table>
<thead>
<tr>
<th>Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Committee appreciates the focus in the grant application on improving the quality of education in PNG as well as its alignment with the national education plan (NEP) and the addendum. The Committee also notes the positive feedback from development partners including civil society organizations (CSOs) on strong collaboration and coordination in the development of the application.</td>
</tr>
</tbody>
</table>

The Committee is pleased to see the high level of domestic financing. However, it expresses concern that domestic financing of primary education is projected to decline. The Committee strongly encourages the government and development partners to continue monitoring primary education financing and the potential impact of any reduction on the education system.

The Committee notes that early childhood education (ECE) was not included in the last education sector analysis. The Committee recommends that the next NEP include ECE and other education sub-sectors. The Committee also expresses concern on the continuity of education reforms initiated in the current NEP, and the addendum, which expires by the end of 2020. The Committee strongly encourages the government and development partners to ensure that these reforms are continued in the next NEP. On learning outcomes, the Committee recommends PNG develop an integrated strategy to measure learning outcomes, as mentioned in the NEP and addendum.

The Committee is pleased that PNG holds annual reviews of progress in the education sector and encourages the participation and inclusion of development partners, civil society organizations and teacher representatives to promote inclusive dialogue and improved accountability.

The Committee is also pleased that PNG regularly shares data with the UNESCO Institute for Statistics. However, it notes that PNG has shared only seven out of 12 key indicators and encourages the country to strengthen EMIS to ensure timely availability of reliable data and include reporting on the remaining five indicators in future data-sharing.

The Committee encourages the country to consider the issue of the sustainability of the scholarships to female teachers both as it relates to maintaining the female teacher training program after the GPE grant expires and ensuring that scholarship graduates remain in the system and return to their respective regions to teach. To this end, the Committee emphasizes the importance of employing scholarship graduates and incentivizing them to return to their respective regions, as well as coordinating with other donors engaged in in-service teacher training.

The Committee notes that program management costs are quite high. However, given the context of PNG, the Committee agrees that the cost is justified as it includes technical assistance and a program management unit to be housed in the National Department of Education. The Committee urges the grant agent to adopt a systems-strengthening approach to ensure sustainability of the interventions.
The Committee also expresses concern about the complex governance structure proposed in the application and encourages the grant agent and partners to revisit to ensure an effective implementation and monitoring. The Committee requests the Secretariat to monitor progress and provide support, if necessary.

Finally, the Committee encourages PNG to ensure that textbooks developed through GPE and other development partner funding are fully contextualized and are distributed along with teacher manuals.

Report-Backs

For the Grant Agent

The grant will support the development and distribution of elementary (grades 1 and 2) mathematics textbooks in six provinces with the procurement and distribution of these textbooks in the remaining 16 provinces undertaken by the government. The Committee requests that the grant agent regularly monitor the distribution of textbooks in these 16 provinces and include updates in its regular annual reports. The Committee further requests the grant agent to share an operational manual for the grant with the Secretariat within six months of grant approval.

Conditions

With regard to the variable part, the Committee appreciates the efforts of PNG to select indicators and set targets for the variable part indicators in the areas of equity, efficiency and learning outcomes, as well as the planning around their achievement.

However, the Committee believes the proposal does not sufficiently meet the conditions for accessing the variable part of the allocation and requests the grant agent and government to revisit the proposal prior to approval of the variable part, as follows:

1. Include in the terms of reference for the independent verification agent verification of the provision to schools of supplies and grants under the Tuition Fee Free Policy.

2. Revise the proposed indicators and targets on equity and efficiency to reflect a clear stretch and transformative change in the education system and provide clarifications on the efficiency and learning outcomes indicator. Specifically:
   a. Efficiency indicator: The Committee finds that the proposed indicator and target of increased school inspection does not exhibit a clear systemwide efficiency gain. Further, the Committee requests a clarification on the scope and impact of the increase of 25 percent domestic budget proposed for inspection.
   b. Equity indicator: The Committee finds that the proposed indicator and target do not truly reflect a transformative increase in girls’ enrolment in secondary schools. In addition, the proposal to include only three provinces in the indicator is not necessarily a stretch leading to a transformative change in the sector. Further, instead of GPI, it may be appropriate to measure the net increase in girls’ enrolment from the baseline. The Committee also recommends that all vulnerable groups are considered when proposing the revised indicator.
<table>
<thead>
<tr>
<th></th>
<th>Learning outcomes indicator: The Committee requests clarification on how the provincial action planning process will be scaled up in the rest of the country. It also encourages considering expanding the provincial action plans to include other aspects of the education sector. The Committee is pleased that the most recent data will be used as the baseline for measuring progress. The Committee will assess the revised indicators and information received and determine if they are satisfactory in order to authorize an allocation for the variable part.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>
ANNEX 2 – SECRETARIAT QUALITY ASSURANCE REVIEW PHASE 3 (FINAL READINESS REVIEW)

Papua New Guinea - Quality Assurance Review – Phase 3

Total Program Cost: US$21.13 million, of which
GPE: US$10.57 million; and Government of Japan: US$10.56 million
Multiplier ESPIG Amount: US$3.52 million; Regular ESPIG Amount: US$7.05 million
Grant Agent’s Implementation Support Cost: US$1.87 million
Implementation period: 3 years
Projected implementation start date: July 1, 2019
Grant Agent: Save the Children UK

1. BACKGROUND AND EDUCATION SECTOR OVERVIEW

1.1 COUNTRY BACKGROUND

Papua New Guinea (PNG) is a highly diverse country with significant cultural and natural resources but low levels of human development. The country occupies the eastern half of the West Pacific island of New Guinea, together with the smaller islands of New Britain, New Ireland, the Autonomous Region of Bougainville, and another 600 or so smaller islands and atolls. Altogether PNG has a total land area of 452,860 square kilometers, an area slightly larger than California. PNG’s young and the fast-growing population of an estimated 8.25 million speaks more than 850 indigenous languages and is spread across some of the world’s most difficult terrain. The current fertility rate in PNG is 3.6 with approximately 36 percent of the population under the age of 14. An estimated 88 percent of the population lives in rural areas, often isolated with poor communications and rough terrain. The overall literacy rate (literate in at least one language) is 68 percent, an increase of 11 percent since the 2000 Census.

In 2017, PNG’s GDP was US$ 21 billion, and the inflation rate was 5.5 percent. The country is heavily reliant on exports of extractives (timber, gold, copper, oil and gas) and agricultural and fishery exports (tuna, coffee and cocoa). Recent years have been marked by low revenues and fiscal strain caused by lower commodity prices and challenges in macroeconomic management and service delivery. As per the Asian Development Bank (ADB), the country’s GDP growth rate has reduced from 3.1 percent in 2017 to 0.5 percent in 2018; however, this is expected to grow to 3.0 percent in 2019. In addition to international commodity prices, other key barriers for growth include poor service delivery capacity and the challenging physical environment, along with high levels of corruption. PNG ranks 135 of 180 countries in the 2017 Transparency International Corruption Perceptions Index.

Despite an increase in national wealth over the last few years, the country’s human development outcomes remain low. Economic and social inequalities are wide, with an estimated 40 percent of...
the population living on less than US$1.25/day. Health and nutrition indicators are poor - maternal mortality is 215 per 100,000 live births and the under-five mortality rate is 61 per 1000 live births. Majority of the population lack basic services including clean drinking water and sanitation facilities. The Gender Inequality Index (GII) value of PNG is 0.741, with a ranking of 159 out of 160 countries. Gender inequality remains one of the major development challenges in PNG. The adverse effects of gender disparity are evident in many aspects of PNG’s society from education, employment and political representation.

<table>
<thead>
<tr>
<th>Papua New Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
</tr>
<tr>
<td><strong>Human Development Index Ranking</strong></td>
</tr>
<tr>
<td><strong>GDP</strong></td>
</tr>
<tr>
<td><strong>GDP per capita (Current US$)</strong></td>
</tr>
<tr>
<td><strong>World Bank Income Classification Level</strong></td>
</tr>
</tbody>
</table>

1.2 EDUCATION SECTOR OVERVIEW

Over the last decade, PNG has made significant progress in improving enrollment in primary grades. However, despite efforts, learning achievements remain low. The Government's commitment to education is reflected in its budget, with an increasing trend in education spending of the national budget (excluding debt service) from 20 percent in 2010 to 23.7 percent in 2017. This includes additional subsidies to support the Tuition Fee Free (TFF) policy, which provides financial assistance to schools to implement school plans, and for supporting provinces and districts to upgrade school infrastructure.

In 2012, the government abolished tuition fees and replaced parental contributions with TFF grants to schools. Government subsidies were also made available for distribution of supplementary reading materials to schools at the beginning of the school year. The TFF Policy, although implementation has not been without problems, has resulted in rapid growth in enrolments.

The education sector is managed by the Ministry of Education, which comprises the National Department of Education (NDoE), the Teaching Service Commission (TSC); Department of Higher Education, Research, Science and Technology (DHERST) and the Office of Libraries and Archives. The NDoE determines national policies and standards and supports their implementation by the provinces. In recent years, the NDoE has managed disbursement of TFF grants to schools. Approximately 50 percent of education services in the country are delivered by faith-based organizations (Church organizations) as well as by a small number of private education providers.

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Church education providers follow government curriculum, and they are entitled to subsidies and TFF and their teachers are paid by the government. In the public sector, school management, teacher deployment, in-service training and construction activities are managed by provincial administrations through direct grants from the central government.

PNG’s education system consists of eleven years of free elementary and primary education, with a secondary school entrance examination at Grade 8. There are further examinations at Grade 10 and 12. Grade 10 examination is used for the promotion from lower secondary to higher secondary and the Grade 12 examination is used for selection to higher education. Technical and vocational training and education (TVET) is available from Grade 9 at vocational centers. Alternative education is provided by the Flexible and Open Distance Education (FODE) institution for upper primary and secondary distance education and matriculation. Early childhood care and education (ECCE) for children under six years old is currently regulated by the Department for Community Development and Religion (DfCDR), with the involvement of NDoE in the development of Early Childhood Development standards, curriculum and teacher training.

More recently, NDoE has proposed restructuring of the education system to 1-6-6 (1 year of prep, 6 of primary and 6 of secondary) to enable more children to complete full secondary education. Through the new system, NDoE intends to ensure that children will have a better early education following just one year in preparatory class. It is likely that it will take few years before the proposed system is approved and rolled out.

Table A: Education Structure in PNG

<table>
<thead>
<tr>
<th>Level</th>
<th>Grade</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early childhood education</td>
<td>Currently the responsibility of the Department of Community Development and Religion</td>
<td>-</td>
</tr>
<tr>
<td>Elementary</td>
<td>Elementary Prep</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Elementary 1</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Elementary 2</td>
<td>8</td>
</tr>
<tr>
<td>Primary</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>5</td>
<td>11</td>
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<td></td>
<td>6</td>
<td>12</td>
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<tr>
<td></td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Certificate of Basic Education Examination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>16</td>
</tr>
<tr>
<td>Grade 10 Examination</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Grade 12 Examination</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary</td>
<td>Higher Education</td>
<td>19+</td>
</tr>
</tbody>
</table>

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8 National Education Plan: An Addendum, p. vi
In 2015, the country operationalized a five-year National Education Plan (NEP) for Basic Education 2015-2019, which has recently been extended till the end of 2020. The plan identifies six focus areas for interventions. These include: 1) access and equity, 2) teachers and teaching, 3) learning, 4) alternate pathways (TVET), 5) local management and 6) system strengthening. The NEP provides strategic direction for an integrated approach to education. It focuses on improving the quality of education for all and takes account of widespread consultation. Gender equality is a cross-cutting issue reflected across the entire plan and its implementation. As per recommendations of the independent Appraisal, NDoE developed an Addendum to the NEP to include the updated education sector analysis and a costed action plan. NEP was endorsed by all partners including Civil Society Organizations (CSOs) in 2017. Further, in 2017, PNG has operationalized PNG Higher and Technical Education Strategic Implementation Plan (2017-2038) focusing on higher and technical education sector.

1.2.1 Equity

Since the launch of TFF policy in 2012, PNG has witnessed a dramatic increase in enrollment at all levels of education. As per UNESCO Institute for Statistics (UIS), the gross enrolment ratio at primary level had increased from 105 percent in 2012 to 112 percent in 2016 (106 percent for girls and 116 percent for boys). Similarly, the primary net enrolment rate had increased from 71 percent in 2012 to 76 percent in 2016 (73 percent for girls and 78 percent for boys). The proportion of out-of-school children was reduced from 45 percent in 2011 to 25 percent in 2015. During 2011-16, the annual average increase in gross enrollment rate was 4.9 percent for elementary, 2.7 percent for primary and 3.5 percent for secondary. However, the enrolment figures sharply dropped for secondary grades, where the net enrolment rate for girls was 30 percent and for boys was 36 percent in 2016. Further, there remain large disparities among provinces and regions. For example, in the Gulf Province, the primary net enrolment rate for girls is reported as 32.9 percent, in comparison to the Western Highland Province where the girls net enrolment rate is reported as 97.1 percent. Overall, the Gender Parity Index (GPI) for primary is reported as 0.93 percent. In comparison to boys, girls are particularly disadvantaged in remote provinces of PNG and their transition rates are lower than boys. Cultural barriers, poor security, poverty, and lack of infrastructure, among other factors, are the root causes of persistent gender inequity.

On ECCE, there has been a very limited progress achieved with a limited number of Early Childhood Development (ECD) centers established in a few provinces and regions. Most of these centers are located in urban areas and are either private or supported through UNICEF or faith-based organizations. No statistics are available on the number of institutions or the number of children being served by these centers. Key reasons reported for the lack of progress on ECCE is a lack of resources and continued emphasis on primary and secondary education. In the Addendum, it is

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10 Ibid.
11 Program Document, p. 15
12 Ibid.
13 National Education Plan: An Addendum, p. 30
15 National Education Plan: An Addendum, p. 15
mentioned that NDoE will work closely with the Department of Community Development and Religion (DfCDR) in establishing guidelines for ECE centers as well as in developing the curriculum for ECCE\textsuperscript{16}.

With regard to Special and Inclusive Education, a limited number of children have access to Inclusive Education Resource Centers (IERC). There has been limited information available on the number of children requiring special needs education support. Given the poor health and nutrition situation in many parts of the country, there is a strong likelihood that PNG has a high number of children with special needs. There are a limited number of IERCs in the country, which are hampered by a lack of resources to provide adequate support to these children\textsuperscript{17}.

1.2.2 Efficiency

The Education system in PNG faces several challenges related to efficiency. Despite the impressive increase in enrolment, 8.9 percent of children repeat in primary grades (8.8 percent boys and 8.92 percent girls)\textsuperscript{18}. There is limited information available on dropout between elementary and primary grades. The biggest dropout occurs between primary and secondary schools. A transition rate of 59 percent from grade 8 to 9 (61% for boys and 57% for girls) for 2015 to 2016, reveals that dropouts are high and gender disparities still exist\textsuperscript{19}. The main reasons for this high dropout level, especially for girls are distance to and lack of secondary schools, female teachers and water and sanitation facilities. In addition, security and traditional customs are two key obstacles that prevent girls from continuing education, especially outside their villages.

Over the years, PNG has made significant progress in increasing the teaching force to better meet the needs of the rapid growth in enrollment as a result of the TFF policy. In 2016, the Pupil Teacher Ratio (PTR) was reported as 35.2.\textsuperscript{20} Despite the government’s effort to increase the number of teachers, a large number of teachers remain unqualified or underqualified. In 2016, approximately 50 percent of elementary teachers, 22 percent of primary teachers and 39 percent of secondary teachers were reported as not qualified\textsuperscript{21}. The government of PNG has shown keen commitment to provide professional development opportunities to the current teaching workforce while improving the quality of pre-service teacher education for the future teachers.

On TFF implementation, key challenges include timely disbursement, monitoring, adequate oversight and capacity of school administrations in planning and managing TFF funds. TFF was meant to provide more funds to all schools, especially those in remote regions so that they are able to procure basic school supplies, learning materials and conduct basic infrastructure upgrades. However, only recently after six years of TFF, a comprehensive training program was launched to build the capacity of school administrators in managing TFF resources. In addition, only a small operational budget is available for a limited number of school inspectors to conduct regular visits to schools. NDoE employs approximately 220 inspectors who are expected to visit over 6,000 schools.

\textsuperscript{16} National Education Plan: An Addendum, p. iv
\textsuperscript{17} Program Document, p. 16
\textsuperscript{18} Accessed at: http://uis.unesco.org/country/PG
\textsuperscript{19} Program Document, p. 41
\textsuperscript{20} Accessed at: http://data.uis.unesco.org
\textsuperscript{21} Program Document, p. 18
at least once a year. Finally, there is a lack of transparency related to the disbursement of TFF grants, and data on supplies and disbursement of grants to schools is not shared with the public.\textsuperscript{22}

\subsection*{1.2.3 Learning outcomes}

Despite the significant progress in improving enrollment, learning achievements in PNG’s classrooms remain low. According to the findings of a recent Early Grade Reading Assessment (EGRA) in the National Capital District, 52 percent of Grade 3 students are not able to read fluently in English. Similarly, the Pacific Islands Literacy and Numeracy (PILNA) assessment of 2015 reported that just 23 percent of students in Grade 5 in the country are meeting or exceeding the expected proficiency levels in literacy, while in numeracy the figure stands at 51 percent, which is below the regional average of 68 percent\textsuperscript{23}.

Poor quality of pre and in-service teacher training along with limited attention to literacy and numeracy in the curriculum and lack of support and mentoring to teachers have been identified as key areas which have contributed to the low level of learning outcomes\textsuperscript{24}. In addition, NEP and Addendum have identified shortage of specialist teachers as a critical factor to improve learning in classrooms.

In 2015, PNG initiated the process to move from an Outcomes Based Curriculum (OBC) to the Standards Based Curriculum (SBC) which is based on the strategic framework to support teachers and more time allocation on core subjects. The SBC ensures that specific national standards are now required for each level for all students within PNG. For example, the new SBC for elementary grades (distributed to schools in 2016-17) includes simply written end-of-grade standards, scripted lessons for English and Mathematics and classroom sets of early grade readers and literacy materials to support phonics teaching.

Since the launch of the SBC, NDoE and partners have taken several steps to improve learning levels in schools. These include: introduction of phonics and maths scripted lessons; in-service training in literacy and maths; revision of the junior primary syllabus and updating of pre-service teacher training courses. In addition, NDoE with support from Japan International Cooperation Agency (JICA) will provide textbooks and teachers manuals based on SBC.

\subsection*{1.3 MONITORING OF SECTOR PERFORMANCE}

In 2017, PNG revived the Education Sector Improvement Program (ESIP) Committee as the Local Education Group (LEG) in the country. The purpose of the ESIP committee is to facilitate effective and efficient education development in PNG through better information exchange and coordination between NDoE and Development Partners (DPs) in the education sector. The ESIP is co-chaired by the Permanent Secretary of NDoE along with UNICEF as the representative of DPs. The ESIP’s

\begin{footnotesize}
\begin{enumerate}
\item During the GPE Secretariat’s QAR 1 mission visit to schools, some of the parents and teachers expressed reservations on the government’s policy of abolishing tuition fees and for centralizing school funding and procurement under the TFF Policy. They were of the view that while providing funding through the government, TFF has taken away decision making from the school level to the national level. For example, it was mentioned that most of the time school supply delivery is delayed or schools receive supplies which they do not require.
\item National Education Plan: An Addendum, p. 37
\item Program Document, p. 21
\end{enumerate}
\end{footnotesize}
membership includes PNG Government Officials, DPs as well as CSO representatives. UNICEF has also been serving as the Coordinating Agency (CA) for GPE. PNG organizes regular Annual Reviews; however currently only government functionaries participate in the review meetings. The ESIP Terms of Reference (TOR) state that the LEG will develop and implement annual reviews based on NDoE M&E framework. There is a limited presence of DPs supporting the education sector in PNG. Australia is the largest bilateral donor, supporting the implementation of a majority of NEP activities. Other donor partners include the European Union, JICA and UNICEF. DPs have been coordinating among themselves through a smaller forum known as Education Partners’ Coordination Committee (EDPaCC). UNICEF along with the Australian Department of Foreign Affairs and Trade (DFAT) currently co-chairs EDPaCC. The membership was recently extended to international NGOs such as SCI. The World Bank is currently not providing support to the Education Sector in PNG. However, a Bank representative participates in DP and LEG meetings.

2. FIXED PART REQUIREMENTS

2.1 REQUIREMENT 1: A CREDIBLE, ENDORSED EDUCATION SECTOR PLAN (ESP), OR ALTERNATIVELY, A TRANSITIONAL EDUCATION PLAN (TEP)

In 2015, NDoE through the support of DFAT finalized a five-year National Education Plan (NEP) for Basic Education (2015-2019), based on UBE 2010-2019. The NEP identifies six focus areas for intervention. These include: 1) access and equity, 2) teachers and teaching, 3) learning, 4) alternate pathways (TVET), 5) local management and 6) system strengthening. NDoE undertook consultations with a wide range of stakeholders including community representatives and teachers; however, limited consultations/involvement of DPs and CSOs was reported in the process.

In 2017, DPs through a third-party formally appraised the NEP. The appraisal report established that the NEP does not meet ESP benchmarks or standards for a quality or robust ESP. The report also mentioned that the situation analysis was not comprehensive and was not reviewed or approved by NDoE. Further, the report identified that NEP lacks a detailed costed action plan. The appraisal report confirms the guidance provided by the GPE Secretariat to the country during missions in 2015 and 2016 and later during several conference calls with NDoE officials and DPs.

After the NEP appraisal, NDoE through support from DPs updated the NEP including the ESA and developed an Addendum which included a costed action plan. Further, PNG also extended the NEP period till the end of 2020. The ESP and its addendum were re-appraised, and the draft appraisal report was received by the GPE Secretariat on August 06, 2018. The Secretariat completed its review to verify compliance with GPE standards and agreed with the overall findings of the appraisal report. As per the appraisal report and Secretariat’s review of the Addendum, the updated NEP meets most of the standards except those related to ECCE and higher education because of the lack of data. The final approved and endorsed NEP was submitted to the Secretariat on August 21, 2018.

Conclusion: The Country has met requirement 1.
2.2 REQUIREMENT 2: EVIDENCE OF COMMITMENT TO ESP OR TEP AND ITS FINANCING

Over the years, PNG has shown a high level of financial commitment towards education. In 2016, the country reported 23.2 percent of the government total expenditure (excluding debt servicing) towards education with a projected increase to 23.7 percent in 2017 and 24.8 percent in 2020.

The government’s recurrent expenditure towards education after debt servicing was reported at 24 percent in 2016. Over the next four years, PNG has reported that its expenditure towards education after debt servicing will slightly increase to 24.6 percent. In absolute value, recurrent and capital education expenditures are increasing but the financial crisis and recent natural disasters may impact future allocations.

Historically, PNG’s investment in basic education has been high. The NDoE currently does not separate expenditures by ECE/Primary/Secondary sub-sectors. However, according to estimates done by NDoE and verified by partners (calculated as proportion of recurrent and capital expenditure based on the 1st six years of formal school EP-P5, 6-11 years), in 2016, PNG’s primary education share of the education expenditure was 75 percent against the budgeted allocation of 63.3 percent. The key increase was reported because of a significant increase in Provincial Government Education Grants. In future years, PNG has reported that the primary education allocation is likely to decline to 56.8 percent in 2020.

Conclusion: The Country has met requirement 2.

2.3 REQUIREMENT 3: AVAILABILITY OF DATA

PNG has recently updated the Education Sector Analysis (ESA) as part of the NEP update exercise and as recommended by the appraisal report of November 2017. The updated ESA includes updated statistics on key indicators as well as further information on equity and quality. However, there are gaps in data related to ECCE and higher education.

In 2017, PNG through DFAT’s support approved the policy to strengthen the Education Management Information System (EMIS), using technology to collect real time data. As part of the exercise, the collection of data has been more streamlined compared to previous years. Updated information on the school census of 2017 is available; however, the process of review, endorsement and publication needs better coordination. DPs (UNICEF, EU) are providing technical assistance to disaggregate and analyze data in terms of gender, urban/rural, etc. The last Household survey (Household Income and Expenditure Survey) was done in 2010-2011, which touched on some of the equity issues. In 2017, the Demographic and Health Survey was conducted, and the results are likely to be available by 2019.

PNG through GPE’s previous ESPIG implemented the Early Grade Reading Assessment (EGRA) in four provinces. The initial plan was to scale up the exercise in all the provinces. However, due to non-availability of funds, PNG was not able to scale up this exercise after the closure of the project. PNG is also in dialogue with Australia to reactivate the Curriculum Standards Monitoring Test (CSMT) to measure learning in classrooms. CSMT was discontinued in 2008 due to issues related to technical...
capacity and financing. Further, PNG also participates in PILNA, which was undertaken in 2012 and 2015 and more recently in 2018. PILNA as a regional assessment exercise covers literacy and numeracy for students of year 4 and year 6. In the Addendum, it is mentioned that PNG will develop a comprehensive Learning Assessment System to provide basis for regular learning assessment in the country. Further, the government will use the results from the PILNA benchmarking tool to inform the revival of CSMT to monitor literacy and numeracy standards.

PNG has reported that it regularly shares data with UNESCO Institute for Statistics (UIS). The country has reported that it has shared the latest information with UIS as of 2016. However, as per the information provided on the UIS website, PNG reported information on 7 out of 12 indicators in 2016.

**Conclusion:** The Country has met requirement 3.

### 3. MULTIPLIER

PNG has leveraged US$10.56 million in additional financing from the Government of Japan (GoJ) to the sector through the Multiplier ESPIG.

In September 2018, the Grants and Performance Committee (GPC) approved PNG’s Expression of Interest (EoI) for the US$ 4.3 million under the Multiplier ESPIG with the target to mobilize US$ 12.9 million in additional financing from GoJ for the education sector in PNG. However, the GOJ’s final allocation is the equivalent of US$ 10.56 million, therefore reducing the Multiplier amount to US$ 3.52 million.

The additional financing from GOJ and the ESPIG Multiplier will support PNG in improving the quality of learning as identified in the NEP and Addendum. Primary level science and mathematics textbooks and teachers’ manuals for Grade 3-6 will be distributed nationally to all primary schools, funded by GoJ, while the ESPIG Multiplier funds will support NDoE to develop, procure and distribute elementary (Grade 1-2) maths textbooks and teachers’ manuals in the most disadvantaged and poorly performing provinces. In addition, ESPIG Multiplier funds will also contribute to scholarships to female student teachers to support transition of more female students from primary to secondary schools.

The program document notes that PNG can potentially access an additional US$ 780,000 of Multiplier ESPIG provided DPs are able to commit additional financing of US$ 2.34 million. NDoE has expressed its desire to work with DPs in raising additional financing to leverage the remaining portion of the Multiplier ESPIG. There is also likelihood that GoJ may provide additional finance to PNG in this regard.

**Conclusion:** The Country has met the requirements related to the Multiplier.

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25 Program Document, p. 112
4. EDUCATION SECTOR PROGRAM IMPLEMENTATION GRANT (ESPIG)

4.1 GPE FUNDED READ PNG PROJECT (2011-2015)

In 2011, GPE approved a US$ 19.2 million ESPIG to support the implementation of PNG’s “Universal Basic Education Plan” (2010-2019), with the World Bank as the Grant Agent (GA). The grant supported the project known as “Read PNG” which primarily focused on improving the quality of learning. The project involved three core interventions: classroom libraries; teacher professional development; and, learning assessment through EGRA. The project supported the development of the new curriculum (SBC) which is currently being rolled out. The teaching and learning materials developed under Read PNG were distributed in 10 additional provinces as part of DFAT-funded PNG Partnership fund.

As per GA’s progress reports, despite some financial management and procurement challenges, the Read PNG overall performed well, meeting or exceeding 90% of its intermediate outcome indicators\(^\text{26}\). The project was restructured twice to revise the project’s objectives and extend the closing date of the program due to start-up delays. In terms of sustainability, several of the project components were either scaled up by NDoE at the national level or adopted by other development partners. One component, which still needs to be fully adopted by NDOE is the continued utilization of EGRA tools to assess learning. EGRA was supposed to be fully incorporated in NDoE’s learning assessment institutional framework, however, due to lack of funding, NDoE was unable to continue using EGRA after the closure of the project. In terms of implementation performance, eleven of the project’s twelve ISRs were rated “Moderately Satisfactory” or higher\(^\text{27}\). The current program proposal has incorporated key lessons learned from Read PNG, including: ensuring strong linkages with existing development projects; strong alignment with NEP and Addendum targets, complementarity with the support from other partners; improving project awareness and consultation during development, especially with provinces; and, encouraging the use of the reading booster and classroom library program through the Variable Part. In addition, the new program design has carefully incorporated strategies to ensure sustainability of interventions and continued support by NDoE and partners after the closure of the project.

4.2 ESPIG DESCRIPTION

The requested grant amount of US$ 10.57 million is in line with the country’s Maximum Country Allocation (US$ 7.05 million) and within the framework of the approved Multiplier ESPIG Expression of Interest (EOI) (US$ 3.52 million out of the approved EOI of US$ 4.3 million). Save the Children UK (the grant will be managed by Save the Children PNG under the Member to Member Agreement between Save the Children Australia and Save the Children UK) has been selected by NDoE as the GA in consultation with other DPs.

The Program Development Objective (PDO) of the proposed three-year (July 2019-June 2022) Boosting Education Standards Together in PNG (BEST PNG) project is “improved lower primary

\(^{27}\) Ibid.
student learning outcomes in maths and science in low performing provinces through strengthened pre-service and in-service teacher education, expanded access to teacher training for female teachers and improved access to textbooks\textsuperscript{28}. The PDO directly contributes to NEP’s outcomes.

The project components of BEST PNG derive from the challenges and concerns identified in the NEP and Addendum and in the priorities embedded in PNG’s Vision 2050, the Medium-Term Development Plan III (MTDP III) 2018-2030 and the National Strategy for Responsible Sustainable Development for Papua New Guinea (STaRS). As such, the proposed project is fully aligned with PNG’s educational priorities and strategies, and benefits from strong national and development partner ownership. The program design is appropriate and clearly addresses improved and more equitable learning outcomes (GPE Goal 1), increased equity, gender equality and inclusion (GPE Goal 2), and effective and efficient education systems (GPE Goal 3).

The theory of change of the fixed part of the program is that the quality of teaching is the main factor in improving children’s learning outcomes, and that relevant, regular and high-quality training and mentoring support visits helps teachers improve their skills and knowledge. For sustainability, in-service and pre-service training must be aligned. These efforts should be combined with measures to improve the proportion of female maths and science teachers to address gender disparities in learning outcomes. Finally, it is known that when teaching is scaffolded with appropriate lesson plans and student textbooks (at a high enough ratio), learning gains are enhanced.

The Variable part’s theory of change for the equity dimension is that targeting resources and support on the worst-performing provinces and using data and evidence to guide intervention design and implementation will result in action at the provincial level, especially when incentivized by financing. Similarly, for the efficiency dimension, the theory of change is that efficient use of resources at the school-level can be checked and guided by regular visits from NDoE inspectors, and that it is possible to incentivize more domestic investment in inspections through results-based financing. For the learning outcomes dimension, the theory of change is that when student assessment data is analyzed and used in planning, and when education officers know about successful literacy interventions in PNG and internationally, they can design and deliver appropriate interventions.

In response to the challenges identified in the NEP and Addendum, the proposed program will focus on improving lower primary student learning outcomes in maths and science in low performing provinces through strengthened pre-service and in-service teacher education, expanded access to teacher training for female teachers, and improved access to textbooks and teacher manuals to complement the SBC. Under the Variable Part, the program will focus on improving female student transition to secondary schools in the worst-performing provinces; increasing monitoring of primary schools; additional budget for school inspection and improving lower primary learning outcomes in literacy in the worst-performing districts.

\textsuperscript{28} Program Document, p. 42
The proposed program consists of six components:

Component 1 will support capacity development of 1,930 junior primary (grades 3-5) teachers in maths and science to improve teaching and learning. Training activities will be focused in the six most disadvantaged provinces which are selection on the basis of low performance in the 2015 PILNA numeracy student assessment and high scores in the PNG accessibility and remoteness index (PARI). The in-service training and coaching of junior primary teachers will result in better trained teachers who are able to teach more effective lessons and conduct assessments and support the implementation of the SBC. The impact of training will be measured through improved learning to be measured through future assessments.

Component 2 aims to support NDoE in the first phase of updating the primary pre-service units in maths and science. Through BEST PNG support, NDOE will lead the participatory development of an updated pre-service curriculum outline to align the units with the new junior primary SBC (grades 3-5) and the maths and science textbooks to be produced by NDoE and JICA. The pre-service curriculum outcome will be harmonized with the in-service modules being developed and implemented in component 1 and is a key step in the implementation of the SBC. The updated units will prepare student teachers to teach and assess the new SBC junior primary syllabus, and use the new SBC teacher guides, textbooks and teacher’s manuals effectively. This component will contribute to improving the low student learning outcomes identified by PILNA through better prepared teachers.

Component 3 will expand the number of female specialist teachers in maths and science through the provision of 40 scholarships to young female graduates to enroll in a four-year Bachelor of Education (B.Ed.) program in either mathematics or science. These young female graduates will be selected from six disadvantaged provinces to be selected under component 1 and 5.

Component 4 will provide a total of US$ 3,171,000 (pre-financed by Government and reimbursed from the Variable Part at the rate that results are achieved) to NDoE to improve outcomes in equity, efficiency and learning outcomes through financing provincial action plans, among others.

Under Component 5 through GoJ’s funding, JICA and NDoE will provide mathematics and science textbooks to all primary schools in the country. In addition, the Multiplier ESPIG funding will be used for production and distribution of elementary (grades 1 and 2) maths textbooks and accompanying teacher’s manuals in the six most disadvantaged provinces in terms of remoteness and numeracy learning outcomes.

Component 6 will focus on program management, accountability and monitoring. The component will fund a Program Management Unit (PMU) within the NDoE with a dedicated program management, monitoring, evaluation and learning (MEAL), financial management, procurement and administrative staff. The PMU will work closely with NDoE divisions, ensure coordination with NDoE, Provincial Departments of Education (PDoE) and stakeholders; and, have responsibilities for capacity building and knowledge transfer responsibilities. The component will cover the management cost of the GA and will also support baseline and end line evaluations as well as Joint Education Sector Reviews.
### Table B: ESPIG & Multiplier Program Components: Summary

<table>
<thead>
<tr>
<th>Components</th>
<th>Description</th>
<th>Key activities</th>
</tr>
</thead>
</table>
| **Component 1 Primary in-service teacher training in SBC maths and science** | In-service teacher training for 1,930 junior primary (grades 3-5) teachers in maths and science to improve teaching and learning. | • Establish provincial program delivery units  
• Baseline training needs analysis and endline (2021 PILNA, lesson observations and science student assessments)  
• Develop SBC maths and science in-service modules  
• Training of trainers  
• In-service training and coaching of teachers |

| **Component 2 Primary pre-service maths and science curriculum outline updated** | Support NDoE to lead the participatory development of an updated curriculum outline to align the units with the new junior primary SBC (grades 3-5) and the maths and science textbooks produced by NDoE and JICA. | • Baseline and endline assessments of maths and science teacher education at institutions  
• Knowledge sharing  
• Write new curriculum outline  
• Monitor and support lecturers |

| **Component 3 More female maths and science teachers** | Provide teacher training scholarships for young female students, to enroll in a four-year Bachelor’s in Education program for either mathematics or science. | • 40 scholarships for Grade 12 female students from the targeted provinces |

| **Component 4 Variable Part** | | |
| **Equity** | The targeted provinces will receive additional support from NDoE to identify issues causing low transition rates, complete a situational analysis, and develop and implement a provincial Action Plan. | • Provincial, school and community action plans to improve female student transition |
| 4.1 Increased female student transition rates | | |

| **Efficiency** | NDoE will increase budget for inspection; improve the system of monitoring and reporting data to improve acquittals of the TFF and strengthen the link between NDoE and schools. | • Develop and deploy a new digital inspection tool  
• Increase domestic resourcing for school inspections  
• Increase in school inspections and monitoring visits |
| 4.2 Increased frequency of school inspections and improved TFF acquittals<sup>29</sup> | | |

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<sup>29</sup> Acquitting a grant means a school accurately reports on the funded activities and the expenditure of the GoPNG funding. In PNG this is a paper-based acquittal listing expenditure by SLIP area and provides invoices, receipts, bank statements.
| Learning outcomes | The targeted provinces supported by NDoE will develop Provincial Literacy Action Plans. | • NDoE conducts in-service training and resource distribution.  
• Utilize Read PNG reading booster program  
• Distribute textbooks. |
|---|---|---|
| 4.3 Increased proportion of students reaching regional standard in literacy | • NDoE conducts in-service training and resource distribution.  
• Utilize Read PNG reading booster program  
• Distribute textbooks. | |

### Component 5 Maths and Science Textbooks

| 5.1 Primary maths and science textbooks. | GoJ will fund the procurement and distribution of the primary maths and science textbooks and teacher’s manuals. | • Procure and distribute textbooks and teacher’s manuals for all primary schools.  
• Monitor distribution |
| 5.2 Elementary maths textbooks and teacher’s manuals | The GPE Multiplier Fixed Part will finance the production and distribution of classroom sets of elementary maths textbooks and accompanying teacher’s manuals with scripted daily lesson plans to E1-E2, targeting the six most disadvantaged provinces. | • Design textbooks and teacher’s manuals for elementary grades (Grade 1 & 2)  
• Field test textbooks  
• Procure and distribute maths textbooks in selected provinces.  
• Monitor distribution |

### Component 6 Program management and monitoring

| This component will fund a Program Management Unit (PMU) within the NDoE with dedicated program management, monitoring, evaluation and learning (MEAL), financial management, procurement and administrative staff. | • Support to provincial and divisional teams  
• Monitoring visits to program activity sites  
• Baseline and endline coordination  
• Joint Education Sector Review  
• Knowledge sharing materials and events. | |
Table C: ESPIG Components and Costs

<table>
<thead>
<tr>
<th>Components</th>
<th>GPE</th>
<th>Govt. of Japan (US$)</th>
<th>Total Program (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Amount (US$)</td>
<td>% of Total GPE</td>
<td></td>
</tr>
<tr>
<td><strong>Fixed Part</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 1: Primary in-service teacher training in SBC maths and science</td>
<td>2,601,078</td>
<td>25%</td>
<td>2,601,078</td>
</tr>
<tr>
<td>Component 2: Primary pre-service maths and science curriculum outline updated</td>
<td>376,646</td>
<td>4%</td>
<td>376,646</td>
</tr>
<tr>
<td>Component 3: More female maths and science teachers</td>
<td>645,175</td>
<td>6%</td>
<td>645,175</td>
</tr>
<tr>
<td>Component 5.1: Primary maths and science textbooks</td>
<td>10,560,000</td>
<td></td>
<td>10,560,000</td>
</tr>
<tr>
<td>Component 5.2: Elementary maths textbooks</td>
<td>1,906,664</td>
<td>18%</td>
<td>1,906,664</td>
</tr>
<tr>
<td>Component 6 Program management &amp; monitoring*</td>
<td>1,869,437</td>
<td>18%</td>
<td>1,869,437</td>
</tr>
<tr>
<td><strong>Variable Part (Component 4)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>1,001,334</td>
<td>9%</td>
<td>1,001,334</td>
</tr>
<tr>
<td>Efficiency</td>
<td>918,333</td>
<td>9%</td>
<td>918,333</td>
</tr>
<tr>
<td>Learning Outcomes</td>
<td>1,001,333</td>
<td>9%</td>
<td>1,001,333</td>
</tr>
<tr>
<td>Independent Verification Agent (IVA)</td>
<td>250,000</td>
<td>2%</td>
<td>250,000</td>
</tr>
<tr>
<td>Sub-total Variable Part</td>
<td>3,171,000</td>
<td>30%</td>
<td>3,171,000</td>
</tr>
<tr>
<td><strong>GRAND TOTAL</strong></td>
<td>10,570,000</td>
<td>100%</td>
<td>21,130,000</td>
</tr>
<tr>
<td><strong>Agency Fees</strong></td>
<td>739,900</td>
<td>7%</td>
<td>739,900</td>
</tr>
</tbody>
</table>

* 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.

4.3 ASSESSMENT OF THE PROGRAM DOCUMENT

The proposed Program Document for BEST PNG was prepared by the GA under the leadership of NDoE and in close consultation with the CA and other DPs including national CSOs. A significant amount of work was undertaken by the GA and the Government to incorporate Secretariat’s Quality Assurance Review – Phase 2 recommendations in the program document, which was submitted on October 09, 2018 to the CA and GA.

With regards to the program design, the proposed program is aligned with key strategies of NEP and Addendum and is in line with GPE’s objectives of equity, efficiency and learning outcomes. Through the co-financing by GoJ, the program will leverage additional results which may have been difficult to achieve through only GPE financed program. All six components of the program are

30 Government of Japan’s commitment in Japanese currency YPY is 1.2 billion (US$10,560,000) in application. The commitment in Expression of Interest (EoI) was US$12,900,000. Exchange rate YPY/US$ 0.0088.
interlinked with a single focus to improve learning in classrooms. The program design is evidence based and contains appropriate references for relevant literature, data, documents and reports. The program also strongly draws on other projects, especially the previously GPE funded Read PNG project. The key concern is the distribution of elementary books to only 6 out of 22 provinces. At this moment, it is envisioned that NDoE will provide financing for further procurement and distribution of elementary books to the remaining provinces. However, given the context of PNG, NDoE may not have funds or support to procure and distribute books to other provinces which may impact the rollout of the new curriculum in other parts of the country.

**With regards to the program budget**, cost at component, sub-component and activity level is included in the program document and generally well justified. The implementation support cost of the BEST PNG is 18 percent of the ESPIG, which includes supervision, monitoring, Program Management Unit (PMU) and technical assistance. Given the size of the overall MCA, fragility, security conditions and the Multiplier funding and as per the existing guidance (BOD/2013/11 DOC 06A), the Secretariat deems that the implementation support cost is reasonable.

The proposed **Results Framework** is overall well developed and aligned with NEP and Addendum. It includes well defined outcomes and output indicators, baselines, targets, timelines and data sources. The Results Framework was significantly strengthened after the QAR II review and the theory of change has been clarified and further elaborated for individual objectives with improved logical flow, improved causal linkages between output and outcome indicators and has added intermediate indicators, as was recommended in the QAR II report.

The **Monitoring and Evaluation (M&E) framework** is aligned with the overall program design and identifies monitoring actions by components. A detailed M&E plan will be developed during the mobilization period of the grant (March-June 2019) and the effectiveness/start of the program is conditional on the development and approval of the MEAL Framework. In addition to program monitoring, the GA through GPE funding will conduct an impact evaluation to measure the impact of the program. The evaluation will be based on five OECD Development Assistance Committee domains (relevance, effectiveness, efficiency, impact, and sustainability) plus a gender domain. Given the overall capacity constraints in PNG, there are some potential risks associated with the M&E effectiveness. However, given the previous experiences, the GA has identified several mitigation strategies to respond to potential risk. The GA also plans for capacity development/skills transfer activities to improve the national M&E system (i.e. support with the annual school census and improvement of EMIS to allow for easier access to data).

The **fiduciary aspects, implementation arrangements and readiness** as per the Grant Level Assessment showed that the Grant Agent has sufficient capacity to implement Donor funded projects. However, based on the specific implementation arrangements for this GPE grant, the assessment has identified gaps in the Grant Agent’s experience regarding management of similar grants with government entities as sub-recipients, which could pose implementation challenges. More than 80% of the program budget will be disbursed to three government sub-recipients for implementation of activities. There is a risk that the Grant Agent will not be able to satisfactorily provide fiduciary oversight to these sub-recipients because of the limited prior experience. In addition, the Grant Level assessment has noted that Save the Children in PNG does not have a fully functioning Internal Audit
unit and there has been no Internal Audit work in the last three years. These concerns have been discussed with the GA and the Secretariat has been assured that the GA will undertake all the recommendations made by the Secretariat to strengthen the fiduciary oversight. The Secretariat will monitor and provide support as needed. On implementation, NDoE and the GA has agreed to establish a Program Management Unit (PMU) in NDoE with reporting lines between NDoE and the GA. The proposed hybrid mechanism may create issues during the implementation as the staff may face multiple opposite directives. During the discussion with the GA, it has been mentioned that a Steering Committee comprising of NDoE, GA, CA and JICA along with provincial government representatives will oversee the implementation including the working of the PMU.

**Risk identification and mitigation measures** are relevant with realistic mitigation measures proposed in most cases given the context of PNG. The program document includes a comprehensive and highly relevant risk matrix including safety and security risks, political, economic and governance risk, operational and fiduciary risk, and technical risks. The program document has included appropriate mitigation measures to address these risks. In addition, the program document also identified risks associated for working in selected provinces. Moreover, safeguard processes for children and population groups have been identified. The Secretariat will also share with the GA the recently approved GPE Board paper on GPE’s safeguards against sexual harassment, exploitation, abuse, with special attention to the vulnerabilities of children.

Overall, most program components are deemed **Sustainable**. The program document identifies several key sustainability strategies including accountability, strong national ownership, skill transfer, knowledge management and a participatory approach to design and implementation. The strategies have been developed on lesson learned from the earlier GPE funded Read PNG project. The program document highlights sustainability measures by each component. The program document identifies pre-service teacher training, scholarship programs, and textbooks and teachers’ manuals as having more of a sustainable impact. These activities have recurrent costs that will be maintained by NDoE in the regular budget. The program cautions the sustainability of in-service teacher training and all the variable part strategies. The sustainability of in-service teacher training will need to be further explored, including monitoring and supervision of in-service teacher training in selected provinces (which could take place with increased capacity of PDoE and education officers) and conducting in-service teacher training in other provinces. However, the program notes that component 1, in-service teacher training is complemented by DFAT-funded-in-service teacher training in early grade numeracy and literacy. The Secretariat encourages NDoE and partners to further review the sustainability aspects of program interventions given the strategic focus of the NEP and Addendum.

Key elements of **aid effectiveness** are adequately addressed in the program design. The proposed program is fully aligned with PNG’s educational priorities and strategies, and benefits from strong national and development partners ownership. However, the program financing will not follow the government systems and will be disbursed to sub-recipients through a commercial bank account to be operated by the GA. Given fiscal oversight issues, majority of partners have been providing support to NDoE through stand-alone projects instead of completely aligning their support with the government’s financial and procurement mechanisms.
5. **VARIABLE PART**

5.1 **DESCRIPTION OF THE VARIABLE PART**

The Variable Part combines results-based financing to incentivize NDoE to improve outcomes in equity, efficiency and learning outcomes. Overall, 30 percent of the proposed GPE financing (US$ 3.171 million) is proposed as the Variable Part (US$ 2.115 million from ESPIG and US$ 1.056 million from Multiplier ESPIG). The estimated beneficiaries as a result of intervention will include: 1,874 female students to benefit from improved transition to secondary school; 965 schools to benefit from more frequent inspection, better acquittals and support visits; and approximately 105,978 (44 % female) students benefit annually from improved learning outcomes.

**Table D: Variable Part Components: Summary**

Below are the indicators and key targets for each sub-component of the Variable Part:

<table>
<thead>
<tr>
<th>Area</th>
<th>Indicator</th>
<th>Baseline</th>
<th>Year 1 target December 2019 6 months</th>
<th>Year 2 target December 2020 12 months</th>
<th>Year 3 target December 2021 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1 Equity</td>
<td>Increase in the proportion of female students transitioning from primary to secondary school in three provinces by 2022</td>
<td>Gender Parity Index transition rate (2016) Southern Highlands: 0.73 Oro Province: 0.79 Enga Province: 0.80 Overall: 0.76</td>
<td>Develop, endorse and publish a Provincial Transition Situational Analysis and Action Plan for each province</td>
<td>Implement and report on Provincial Transition Action plans</td>
<td>Increase in girls’ primary-secondary transition rates by 15% over baseline in the three worst performing provinces</td>
</tr>
<tr>
<td>Disbursement</td>
<td>Total: US$1,001,134</td>
<td></td>
<td>$183,000</td>
<td>$350,000</td>
<td>$468,334</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2 Efficiency</td>
<td>Increase in the frequency of primary school inspections and improvement in the quality of TFF acquittals in six disadvantaged</td>
<td>Less than 10% of primary schools inspected using WSQA PGK628,400 allocated for inspections (2018 National Budget)</td>
<td>25% year-on-year increase in 2020-2022 domestic budget appropriation for inspection visits over 2018 ($75,000)</td>
<td>40% of primary schools inspected annually using updated NQSSF tool ($175,000)</td>
<td>80% of primary schools inspected annually using updated NQSSF tool ($234,167)</td>
</tr>
<tr>
<td>Area</td>
<td>Indicator</td>
<td>Baseline</td>
<td>Year 1 target December 2019 6 months</td>
<td>Year 2 target December 2020 12 months</td>
<td>Year 3 target December 2021 12 months</td>
</tr>
<tr>
<td>---------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------</td>
<td>--------------------------------------</td>
<td>--------------------------------------</td>
</tr>
<tr>
<td></td>
<td>provinces by 2022</td>
<td>Currently no baseline on proportion of schools correctly acquiting TFF</td>
<td>NQSFF tool updated to include financial management indicators ($25,000)</td>
<td>30% of primary schools correctly acquit TFF ($175,000)</td>
<td>70% of primary schools correctly acquit TFF ($234,167)</td>
</tr>
</tbody>
</table>

|                | Disbursement                                                                 | Total: US$918,333                                                    | $100,000                              | $350,000                              | $468,334                              |

### Learning outcomes

<table>
<thead>
<tr>
<th>4.3 Learning outcomes</th>
<th>Increase in the proportion of Grade 5 students reaching a PILNA level 5 or above proficiency in literacy in four low performing provinces by 2022</th>
<th>PILNA literacy (2015)</th>
<th>1. Hela Province 11% 2. ARoB 12% 3. Jiwaka Province 12% 4. Enga Province 12% Overall: 12%</th>
<th>Develop, endorse and publish four Provincial Literacy Action Plans</th>
<th>Implement and report on Provincial Literacy Action Plans</th>
<th>Increase the proportion of grade 5 students in each province reaching level 5 or above by 3 percentage points31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disbursement</td>
<td>Total: US$1,001,334</td>
<td>$183,000</td>
<td>$350,000</td>
<td>$468,334</td>
<td>$50,000</td>
</tr>
<tr>
<td></td>
<td>Independent Verification Agent fees</td>
<td>Total: $3,171,000</td>
<td>$516,000</td>
<td>$1,150,000</td>
<td>$1,505,000</td>
<td>$3,171,000</td>
</tr>
</tbody>
</table>

### 5.2 ASSESSMENT OF THE VARIABLE PART

The QAR phase 2 recommended to revisit the efficiency indicator, strengthen strategies and the theory of change for the equity and learning indicators, and revisit the distribution of results-based financing for equity, learning and efficiency. It was also recommended to provide further clarification on the reliability of the means of verification and process of handling proportional or partial disbursement. Most of the recommendations were taken by the GA into account in the final version of the program document.

The **equity** dimension incentivizes a reduction in inequity gaps in PNG’s education system by focusing on improving female students’ transition from primary to secondary schools in the three provinces that had the lowest transition rates in 2016. Given the context of PNG, the selected dimension is aligned with the NEP and Addendum, which has identified improving gender equity as a priority area. The strategy for improving female student transition is relevant for improving equity and directly relevant to GPE strategic goal 2 “increased equity, gender equality and inclusion”.

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31 Target will be updated based on the results of 2018 PILNA results which will be available in 2019.
The equity dimension draws on the experience of the NDoE child-friendly schools initiative supported by UNICEF. Proposed activities to improve transition rates include community mobilization, conditional cash transfers, in-service training for teachers and headteachers, mentoring for female students, deploying additional female teachers and school-based counselors, stronger monitoring and coordination with partners, conditional school grants or improved infrastructure and safer environments.

The diagnosis of gender inequity and action planning will be conducted in year 1 through development of provincial transition situational analyses and action plans in three provinces. These action plans will be implemented in year 2 by the provincial PDoEs with support from NDoE in the form of additional staff and resources. In year 3, activities will continue to target female students who will graduate from primary schools.

Increasing girls’ primary to secondary transition rates by 15 percent over the baseline may be an ambitious stretch target for these provinces. Nevertheless, if the target is met, the girls’ transition rate in three provinces will increase from the baseline of 59% to 74% and an additional 1,874 female students will be enrolled in grade 9. Progress towards the target will be measured with the data from the annual school census and verified by an Independent Verification Agent (IVA). A total budget allocation of US$1,001,334 is proposed for the equity dimension, with a disbursement of US$183,000 in year 1, US$350,000 in year 2 and US$468,334 in year 3. The program document mentions that there is a possibility of proportional release based on the achievement of partial results.

As stated earlier, the selection of the indicator is appropriate in the case of PNG, however, given the targeting of only 3 out of 22 provinces it is unclear what actions will be carried out for other provinces or how improvements achieved in the targeted provinces will be leveraged to support a sustainable system that facilitates improved transition rates for girls from primary to secondary schools in the entire country. It may be good to have a strategy in place to scaleup the initial work in three provinces at the national level.

The Efficiency dimension focuses on improving school monitoring in six provinces and increasing budget for school inspections. In the program document, efforts were made to provide a rationale and a results chain for the indicator, considering the recommendations made in QAR phase 2 report. The proposed results chain provides a better logic for improving accountability, financial management and budget reporting at the school level as a result of an inspector’s visit.

In PNG, schools are expected to budget for the expenditures of their TFF grants according to their three-year School Learning Improvement Plans (SLIP) which is developed by the school administration in consultation with parents, community and students. After the introduction of TFF in 2012, schools receive financing from the central government (now in a few provinces through the provincial governments) based on individual SLIP and be regularly monitored by inspectors. In 2018, on average every primary school received US$12,620 (PGK42,433) approximately US$46 (PGK156) per student. As per TFF guidelines and PNG public financial management rules, schools must acquit (report) expenditures by providing evidence that funds are used efficiently and transparently against priorities identified in SLIP. NDoE has reported that it does not have data on the proportion of schools which are correctly budgeting, spending or reporting on TFF grants. In order to improve the utilization
of TFF funds, it is proposed that NDoE to improve school monitoring in 6 out of 22 provinces as well as to increase budget for inspections. The proposed indicator is aligned with the NEP and Addendum, which calls for urgent attention towards improving school level inspections.

Improving inspection at the school level is a reasonable “stretch.” However, given the overall lack of data there is a need for a focus on larger systemic change in the country to improve public financial management, transparency and oversight of TFF disbursement to schools. Given the limited scope of the GPE ESPiG, the Secretariat suggests that as a first step to strengthen accountability, the IVA terms of reference include verification of school supplies and disbursements under the TFF in the targeted provinces. In addition, the Secretariat suggests that NDoE provide clarification on the scope and impact of the increase of 25% budget for inspection. Is the budget likely to make any difference in improving the inspection system? The Secretariat also recommends that NDoE in consultation with partners revisit the TFF implementation to include stronger monitoring and dissemination. Finally, the Secretariat suggests that NDoE and partners discuss TFF implementation as a permanent feature of Joint Sector Review (JSR).

The dimension related to Learning Outcomes focuses on incentivizing NDoE in increasing the proportion of Grade 5 students reaching a PILNA level 5 or above proficiency in literacy in four low performing provinces. This is a well described dimension and clearly demonstrates a “stretch”.

Learning is a high priority in the NEP and Addendum. Nationally, about 23 percent of grade 5 students reach (or exceed) the expected proficiency level for literacy, a much lower achievement than the neighbours in Pacific region (about 46 percent). There are also significant disparities between provinces. Identified root causes of the poor literacy learning outcomes include: weak teaching skills and knowledge, diverse languages, frequent student and teacher absenteeism and a lack of appropriate reading books and teaching support materials. The proposed strategy for the variable tranche is to target the lowest performing provinces first and eventually scale up nationally to improve PNG’s PILNA literacy proficiency. Improving student learning outcomes in the lowest performing provinces is viewed as significant stretch because it will serve as springboard for interventions in other provinces and improve the national averages.

Year 1 will be focused on the development of Provincial Literacy Action Plans based on an analysis of data and stakeholder consultations. The action plan strategies will draw on strong evidence from the GPE funded Read PNG project reading booster and DFAT-funded elementary literacy programs. During Year 2, provinces will implement and report on their plans. These annual reports will include expenditure, activities, outputs, successes and challenges. Potential activities include: teacher professional development, selecting effective modules, selecting and training trainers and conducting in-service teacher training and coaching visits. In Year 3, the 2021 PILNA will measure the change in student literacy outcomes in these provinces. Achievement of targets will be reported by NDoE at the end of each implementation year and verified by the IVA. The final target will be measured by PILNA in 2021. Rollover of targets will be limited to one year with the option to rollover to 2022 with the agreement of NDoE, the LEG and the Grant Agent. Proportional disbursement will be allowed in Year 2 and 3.
This indicator uses a reasonable sequencing of targets and is aligned with the NEP and the Addendum as well as with GPE’s strategic goals. The program document provides a logical theory of change for learning outcomes and a clear disbursement mechanism.

**6. RECOMMENDATIONS**

The Secretariat recommends the Grants and Performance Committee (GPC) to consider that the three funding model requirements are met. Given the context of PNG, the Secretariat finds that the fixed part of the proposed program is relevant in the country context and well aligned with the NEP and Addendum.

Out of concern for the coherence of the education system and to ensure adequate resourcing of the curriculum roll-out, the Secretariat recommends that GPC ask PNG to report back on the progress of procurement and distribution of elementary (Grades 1 & 2) books to the remaining 16 provinces which are not supported under GPE ESPIG. The Secretariat also recommends that GPC ask GA to make an operational manual available within six months of the approval of the grant.

On the Variable Part, the Secretariat recommends the GPC approval to be conditioned on PNG developing an effective mechanism to monitor that TFF grants are being disbursed to schools in the targeted provinces, such as the inclusion in the IVA’s terms of reference to verify the provision to schools of supplies and grants under the TFF; and the reporting of the findings of the IVA to the following JSR. Further, the Secretariat recommends that the GPC approval to also be conditional on NDoE providing clarification on the scope and impact of the increase of 25% budget for inspection.

On the sector level issues, the Secretariat recommends that GPC ask NDoE and partners to institutionalize JSRs in PNG as per the ESIP terms of reference. It is proposed that GPE ESPIG funds be used to organize the first JSR. However, there is a need for partners and NDoE to find resources for future JSRs in the country to ensure focused and effective sector dialogue. The Secretariat further recommends that GPC ask PNG to include discussion on how the country will scale up proposed interventions under the variable part to promote equity, efficiency and learning outcomes at the national level.

On learning outcomes, the Secretariat recommends that GPC ask NDoE to develop a comprehensive strategy to measure learning outcomes in the country as mentioned in the NEP and Addendum.

The Secretariat advises the Grants and Performance Committee to recommend the GPE Board to approve the US$ 10,570,000 grant to PNG with Save the Children UK as the Grant Agent.

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32 These recommendations were adjusted by the GPC. The final recommendations are found in Board Document BOD/2019/02 DOC 04 Annex 1.
### Annex 1: Major Interventions of Development Partners

<table>
<thead>
<tr>
<th>Donor Name</th>
<th>Major Interventions</th>
<th>Financial Scale</th>
<th>Years Covered</th>
</tr>
</thead>
</table>
| **Government of Japan**             | 1. QUIS-ME Development of primary maths and science textbooks  
2. Printing and distribution of primary maths and science textbooks  
3. NDoE proposal pending for pre-service support                                                                                                                                                         | 1. US$5m  
2. US$10.56m (co-financing for Multiplier)                                                                                           | 1. 2016-2018  
2. 2019-2020             |
| **Australian Department of Foreign Affairs and Trade (DFAT)** | 1. PNG Partnership Fund (three NGO consortia): $34m, 2017-2020  
2. Technical and advisory support to national education agencies: $10.4m, 2017-2021  
3. Inclusive Opportunities for all PNG’s children project: $2.9m, 2016-2020  
4. Australia Awards: $101m, 2016-2021  
5. Pacific Leadership and Governance Precinct Program: $17m, 2014-2019  
6. Finance management training: $1.9m, 2016-2019  
7. University Twinning Partnership: $2.9m, 2015-2019  
8. Improved quality of learning in universities: $0.7m, 2017-2018  
9. Professional training for TVET instructors: $0.5m, 2017-2019                                                                                                                                 |
|                                    |                                                                                                                                                                                                                      | $171.3m                                                                        | 2016-2021                |
| **European Union**                 | Human Resources Development Programme Phase 1(HRDP1): $19.02m, 2012-2017  
HRDP II: $29.44m, 2014-2019                                                                                                                                                                              | $48.46m                                                                        | 2012-2019                |
| **Pacific Community**              | PILNA                                                                                                                                                                                                            | $0.1m                                                                          | 2018                     |
| **World Bank**                     | No expenditure in 2018. Planning a SABER SD for 2019                                                                                                                                                              | $0                                                                             | 2018                     |