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 Senegal, as recommended by the Grants and Performance Committee (GPC) following its discussion of the grant application during its January 29-31, 2019 meeting, and subsequent audio call on March 13.

2. **RECOMMENDED DECISION**

2.1. The GPC recommends the Board approve the following decision:

**BOD/2019/04-XX–Allocation for an Education Sector Program Implementation Grant and Multiplier Grant to Senegal**: The Board of Directors with respect to the application submitted in the fourth round of 2018:

1. Notes compliance with the requirements on overall domestic financing for education, data, and the education sector plan 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/2019/04 DOC 01. With regard to the domestic financing sub-requirement on financing for primary education, which is a proxy for equitable education financing, notes that Senegal is not in compliance. However, based on further information and clarification received from the Ministry of Education, agrees with the majority of the GPC to deem the contextual justification for not meeting the requirement as set out in BOD/2019/04 DOC 01 Annex 1 sufficient to warrant leniency on the requirement. However, Senegal is requested to make substantial progress to meet full requirements by the next application.
2. Notes compliance with the incentives for accessing the variable part of the combined maximum country allocation for an ESPIG and Multiplier grant and approves the indicators on Equity, Efficiency, and Learning and their means of verification, as described in the application and assessed in Annex 2 to BOD/2019/04 DOC 01.

3. 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/2019/04 DOC 01.

4. 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 BOD/2019/04-XX 4 (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, including (all amounts in euros):

   **Table 1 Application Summary and GPC Allocation Recommendations for an ESPIG and Multiplier Grant in **EUROs**1:**

<table>
<thead>
<tr>
<th>Senegal</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a. ESPIG Maximum Country Allocation</td>
<td>28,500,000</td>
</tr>
<tr>
<td>b. Multiplier Maximum Country Allocation</td>
<td>8,700,000</td>
</tr>
<tr>
<td>c. Total Maximum Country Allocation</td>
<td>37,200,000</td>
</tr>
<tr>
<td>c. Fixed Part</td>
<td>23,400,00</td>
</tr>
<tr>
<td>d. Variable Part</td>
<td>13,800,000</td>
</tr>
<tr>
<td>e. Allocation Requested (100%)</td>
<td>37,200,000²</td>
</tr>
<tr>
<td>f. Allocation Recommended by GPC</td>
<td><strong>37,200,000</strong></td>
</tr>
<tr>
<td>g. Grant Agent</td>
<td>Agence Française de Développement (AFD)</td>
</tr>
<tr>
<td>h. Agency Fee % - Amount</td>
<td>3.5% - 1,302,000</td>
</tr>
<tr>
<td>i. Period</td>
<td>4 Years</td>
</tr>
<tr>
<td>j. Expected Start Date</td>
<td>May 6, 2019</td>
</tr>
<tr>
<td>k. Variable Part Disbursement Modality</td>
<td>Ex-post</td>
</tr>
<tr>
<td>l. Funding Source</td>
<td>GPE Fund</td>
</tr>
</tbody>
</table>

5. With regard to the variable part of the allocation, requests the Trustee to withhold the transfer of variable part funds until the condition set out in Annex 1 to BOD/2019/04 DOC 01 has been met.

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1 Per Board decision BOD/2018/06-10, countries may request the allocation to be disbursed in Euros. Where a country has made such a request, the currency conversion is based on the exchange rate on the day the request is made.

2 Includes 314,000 Euros for the cost of the grant agent to perform its roles and responsibilities (formerly supervision fees).
6. Requests the Secretariat to:
   a. Include in its notification of grant approval to Senegal the condition, 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/2019/04 DOC 01.
   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 On January 29-31, the Committee met in London to review the application from Senegal and the Secretariat’s Quality Assurance Review Phase III (Final Readiness Review) report. The Secretariat report presented analysis on the funding model requirements and the quality review of the program, with a recommendation for approval.

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

3.3 The Committee assessed whether the grant application met the funding model requirements to access the fixed and variable part of the combined maximum country allocation of an ESPIG and a Multiplier and the additional requirements of co-financing, additionality, and debt sustainability for accessing the Multiplier maximum country allocation.

3.4 The Committee had a difficult discussion, in particular around the funding model sub-requirement on domestic financing that 45 percent of the recurrent education budget (as evidenced in the Education Sector Plan Framework) is allocated to education if universal primary education has not been achieved. Senegal did not meet the benchmark and the justification provided by Senegal was not deemed sufficiently convincing by the Committee, particularly considering the large number of out-of-school children in Senegal. The Committee concluded that it required additional information and analysis on the adequacy of domestic education financing for primary. The Committee also asked the Secretariat to request the country to reconsider the payout benchmarks for the variable tranche, in particular to pay in full only when targets are reached at 100 percent.

3.5 In February the Secretariat compiled such additional information and analysis, in liaison with the Senegal ministry of education, the coordinating agency and the grant agent. The additional documentation was shared with the Committee.

3.6 On March 13, the Committee held a second meeting via an audio call, during which the additional information was reviewed and discussed. Consequently, the GPC determined, by a majority decision, to recommend the application to the Board for approval, with emphasis on the need for strong monitoring of progress in reaching out-of-school children, the need to engage with the government
to steadily increase its domestic financing for primary education, and to require 100% achievement of variable part targets prior to triggering full release of variable part funding.

3.7 The main observation and conclusion points are summarized in Annex 1. The evidence for meeting the requirements - or in the case of the requirement on financing for primary, the sufficient justification for not meeting the percentage benchmark - and quality standards is set out in Annex 2.

4. CHALLENGES WITH THE FUNDING MODEL REQUIREMENT ON DOMESTIC FINANCING FOR PRIMARY EDUCATION (45 PERCENT REQUIREMENT)

4.1 One of the core principles of GPE is focusing resources on equity and ensuring that all children have access to education, including the most marginalized. This means that GPE prioritizes reducing the number of out-of-school children.

4.2 GPE uses its funding model to leverage improved equity by requiring countries that are applying for an ESPIG to allocate at least 45 percent of the national education budget to primary education if universal primary education has not been reached. The requirement was set by the GPE Board in 2014 based on the suggestion in the indicative framework of the Fast-Track Initiative- Education for All (FTI-EFA) that 50 percent of the education budget be allocated to primary education.

4.3 However, the Committee discussion of the Senegal application also considered challenges with a strict application of the 45 percent requirement, and whether it in all cases is an appropriate measure for ensuring that financing for primary education is adequate and that overall education financing is equitably distributed to benefit the most vulnerable children. Moreover, the evolution of global goals and evidence in recent years suggests that a fixed benchmark percentage approach to financing for education could be inappropriate, unfair or too rigid for countries with high overall education spending, advanced demographic transition, or mature and equitable education systems where spending less than 45 percent on primary education may make sense. It is also noted that the funding model requirement on education financing does not speak to such issues as the efficiency and effectiveness of resource allocation and expenditure.

4.4 The Committee will discuss the challenges around the 45 percent requirement at its meeting in April, while paying close attention to equity concerns and the high percentages of out-of-school children in many GPE countries. Based on those discussions, the GPC may make specific
recommendations to the Board regarding this benchmark, to take into consideration during the discussion of the operationalization of GPE’s next strategic plan.

5. **PLEASE CONTACT** Margarita Focas Licht ([mlicht@globalpartnership.org](mailto:mlicht@globalpartnership.org)) in case of any questions.

6. **ANNEXES**

6.1 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)
- Annex 3 – Additional Information on Education Financing in Senegal
- Annex 4 – Review of Constraints and Flexibility of Variable Part Payments for Co-Financed Program

6.2 The following is available on the Committee eTeam site:

- Senegal ESPIG Application Package (GPC/2019/01 DOC 02)
### Senegal

#### Observations

The Committee appreciated the strengths of the ESPIG co-financed program, including its strategic alignment on country systems aiming for improved service delivery and sustainable results at scale, targeting all of Senegal’s primary schools and front-line education services. Considering the importance of equity, the Committee particularly acknowledges the focus on vulnerable children in the program through the mapping of vulnerability and the strong commitment to increase the effective outreach to vulnerable children without civil status.

The variable part indicators, focused on better service delivery for vulnerable children, improved reading outcomes in the early years, reduced dropout and improved efficiency in the ministry of education’s investment budget are appropriate and robust. An issue was raised around the flexibility of variable part payments in full once targets have been reached at 80 percent, particularly as this affects some of the indicators.

The Committee expressed grave concerns about the high number of out-of-school children in Senegal, including many children of primary school age. The Committee noted that, of the 1,500,000 children aged 6-16 who are not in school, around 78 percent have never attended formal school, including many children who attend informal koranic schools, The Committee recognizes that Senegal’s new education sector plan, PAQUET, appropriately focuses on universal primary schooling as one of its priorities. To achieve this goal, the PAQUET outlines a broad set of strategies for attracting and keeping children in school, focusing in particular on the regions with the most out-of-school children. The plan is costed, and the priority afforded to universal primary education is projected to lead to an increasing share of spending on primary schooling (including alternative models linked to the formal system), as well as increased resources for early childhood development and preschool to support children subsequently entering primary. This share of primary funding (not including early childhood development and preschool), currently at 35.1 percent (average 2015-2017), is projected to reach just under 40 percent over the period 2019-2022.

The Committee appreciated the ESPIG co-financed program’s focus, bringing systemic and targeted support for the implementation of the PAQUET which is strongly aligned to government systems and anchored in the government’s annual sector performance reporting and joint policy dialogue.

The Committee noted the data and analysis provided in Senegal’s application and in the Secretariat’s Quality Assurance Review Phase III, providing contextual information regarding the funding for primary in Senegal. It was noted that government education spending as a share of GDP or as a share of government spending in Senegal is high compared with international benchmarks and with most other countries, which then translates into significant resources for primary.

Nevertheless, the Committee took stock of the fact that Senegal does not historically, and will not, reach the benchmark of 45 percent by 2022 (end of
the current ESPIG) nor up till 2030 (end of the PAQUET and SDG period). This raised concerns for the Committee, particularly in light of the high number of out-of-school children. As a result, the Committee requested additional information and analysis on primary education spending and out of school strategies and targets, which was reviewed and discussed at a subsequent exceptional audio call in March.

Based on the additional information and analysis provided, the Committee decided on a majority basis to support the application based on the following justification for not meeting the 45 percent requirement: 1. There is a growth trajectory in financing for primary and pre-primary education (ECD/pre-school/modern Daara/community based schools (ECB)/formal primary schools) from 39.2 percent in 2018 to 42.4 percent at the end of the grant in 2022\(^4\); 2. Senegal has a high rate of expenditure per primary school-age child; 3. Many out-of-school children are in informal Koranic schools (Daara) and the government has a strategy and budget to gradually modernize these schools and bring them into the public sphere [ESP financial model scenario projections aim for increased recurrent funding for Daara and ECB towards 100 million USD by 2030; 80 million USD by 2022]; and 4. There is a high level of engagement in Senegal with respect to non-formal education strategies. Nevertheless, the issue of primary financing remains concerning and the Committee requires a strong report-back on financing for primary and the integration of OOSC in the education system.

Further, the Committee recommends that Senegal’s next ESPIG application makes substantial progress to meet full requirements.

<table>
<thead>
<tr>
<th>Report-Backs</th>
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<tbody>
<tr>
<td>Given the Committee’s concerns about financing for primary and out-of-school children, the Committee recommends strong monitoring of the projected growth in spending for primary. The Committee further requests report back on the systemic and programmatic reforms instituted to improve the delivery of education in line with needs and demand, towards universal primary completion and the absorption of out-of-school children in the school system by 2030, as planned by the government.</td>
</tr>
</tbody>
</table>

To this end, the Committee requests that the ministry of education includes in its annual performance reports: information and analysis on the domestic financing for formal and non-formal primary education expenditures in line with the PAQUET financing framework, and updates on the roll-out of the PAQUET strategies for expanded access and quality of primary education and data on the number of out-of-school children in relation to the plan’s targets towards universal primary completion. This information should be shared with the Committee via the Secretariat and be available to LEG partners ahead of the annual joint sector reviews, to monitor growth and spending in primary so that the adequacy of funding for primary can be reviewed in line with progress on the expected outcomes of the PAQUET.

<table>
<thead>
<tr>
<th>Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Committee is concerned about the proposal that the variable part is fully disbursed at reaching 80 percent or targets. Therefore, prior to the release of variable part funds, the Committee requires that the grant agent renegotiate</td>
</tr>
</tbody>
</table>

\(^4\) 2018 – formal and non-formal Primary 37.9% + 1.3% ECD/Pre-School  
2022 – formal and non-formal Primary 39.9% + 2.5% ECD/Pre-School
the payment method for the variable part of the program, so that full payments are only triggered at 100 percent attainment of targets.

The Committee will review the revised payout proposal and determine if it meets the condition in order to release the funds linked to the variable part.
ANNEX 2 – SECRETARIAT QUALITY ASSURANCE REVIEW PHASE 3 (FINAL READINESS REVIEW)

Co-financing request for the Senegal Education Development Support Project (PADES)

Total Program Cost: €71,885,600 + €314,400 of supervision fees, of which
GPE: €36,885,600; and Grant Agent: €35,000,000

Proposed GPE Grant Amount:
Fixed Part: €23,085,600 + €314,400 for Grant Agent’s Implementation Support Costs
(supervision fees)
Variable Part: €13,800,000
Implementation period: 4 years
Projected implementation start date: May 6, 2019
Grant Agent: AFD

The GPE Grant consists of financing for the implementation of a regular education sector program (ESPIG) in the amount of US$32.6 million and a multiplier ESPIG in the amount of US$10 million. At the request of the Government and the Grant Agent in October 2018, these cumulative amounts were converted into euros. They were officially set at €37.2 million (€28.5 million for the regular ESPIG and €8.7 million for the multiplier ESPIG).

An audit was conducted of compliance with the conditions for the multiplier ESPIG (see Annex 1 to this Quality Assurance Review).

1. BACKGROUND AND EDUCATION SECTOR OVERVIEW

1.1 COUNTRY BACKGROUND

Senegal is a stable, democratic state. It was ranked 60th out of 163 countries on the Global Peace Index in 2017 (10th in Sub-Saharan Africa) and 58th out of 180 countries for freedom of the press that same year. In 2018 the population was estimated at over 15 million, comprising more than 50 percent women and 64 percent under the age of 26. Illiteracy remains high, at 50 percent of the population, although it is declining rapidly among young people.

Since implementation of the Emerging Senegal Plan began in 2013, the GDP growth rate has averaged 6 percent, placing Senegal among the most dynamic countries on the African continent. This growth is based on consumption, exports, increased investment in economic infrastructure and the revitalization of agriculture.

Average per capita GDP reached US$1,033 at purchasing power parity in 2017, placing Senegal among the lower-middle-income countries. Informal employment accounts for 89 percent of employment, with the levels standing at 50 percent in agriculture and 43 percent in trade, while productivity levels are low. Basic education is a key factor in improving productivity.

Senegal has undergone rapid urbanization, which creates a challenge for the provision of essential services to a population living in a disorganized urban setting. In 2017, the urban population represented 44.6 percent of the total population, but it is expected to represent 80 percent by 2030. The social context is characterized by poverty and inequality: 47 percent of the population is considered poor based on the national poverty line, and rural areas are particularly deprived.
Senegal

### Population
15,726,037 (2018)

### Human Development Index Ranking
164 out of 189 countries (2017)

### GDP
US$16.4 billion (2017)

### GDP per capita
US$1,033 at purchasing power parity (2017)

### World Bank Income Classification Level
Lower-middle-income country

#### 1.2 EDUCATION SECTOR OVERVIEW

Senegal considers its human capital to be the driving force in its emergence trajectory (focus 2 of the Emerging Senegal Plan), for the diversification of its economy and development of social harmony and political stability in order to achieve “an emerging Senegal by 2035 with a civic-minded society governed by the rule of law. The education sector policy is set out in the Education and Training Quality, Equity and Transparency Improvement Program (PAQUET-EF) established for the period 2013-2025 and revised to be aligned with the international agenda (SDG 4, Strategy 2030).

Currently the Senegalese education sector is divided into four levels (pre-primary: at least 1 year between the ages of 5 and 6; elementary: 6 years between the ages of 6 and 11; lower secondary: 4 years between the ages of 12 and 15; upper secondary: 3 years between the ages of 16 and 18), of which two are mandatory. There are 3,371,898 pupils. From 2000 to 2016, access to Technical and Vocational and Education and Training (TVET) also improved, as did the pursuit of higher education (an increase from 300 to 402 students in TVET per 100,000 inhabitants, which accommodates only around 12 percent of young people of training age, and from 906 to 1,037 students in higher education per 100,000 inhabitants). The gross enrollment ratio (GER) in higher education remains low—7 percent in 2017—which prevents Senegal from training sufficient professionals or senior technicians (“short degrees”) needed by the various sectors to increase productivity, attractiveness and innovation capacity.

The PAQUET-EF focuses on three objectives:

- **Objective 1:** substantially improve learning outcomes at all levels;
- **Objective 2:** promote coverage, diversification and integration of the education and training system at all levels;
- **Objective 3:** introduce results-based transparent and effective sector governance.

The general approach of the 2018-2030 PAQUET-EF is to focus on the initial objectives of quality, equity and good governance while strengthening the focus on equity of access by reducing vulnerabilities, developing the pre-primary level and consolidating the basic cycle (basic education curriculum for 10 years + 1 year of pre-primary school), and by incorporating all forms of teaching (including non-formal teaching) and creating transfer points, particularly through the development of vocational counselling mechanisms to guide students toward the vocational and technical streams.
The evaluation of phase 1 of the PAQUET (2013-2015) identifies key strengths and challenges in the education system:

- Improvement in the gross enrollment ratios at all levels and in gender equity in favor of girls BUT with a weakening parity on the side of boys in various regions and a still high proportion of children who are unschooled or have dropped out of school: 37 percent of children of school age (6-16 years) are not in the education system; this represents a total of 1 498 286 children, the majority of which (1 174 077) were never enrolled.\(^5\)
- The incidence of out-of-school children is strongly linked to issues of disparity and vulnerability, but also of diversified education demand away from formal schools: (i) 60% of out-of-school children come from rural areas; (ii) a majority of out-of-school children (77%) do not have a birth certificate; (iii) a majority of households (58.7%) in a 2016/2017 survey cite cultural and religious factors as the main reason for not enrolling their children in formal schools, with a preference for religious education establishments (koranic schools).
- Mapping of the training available at all levels BUT coverage that does not allow for a rapid acceleration of enrollment ratios owing in part to irregular oversight of the opening of classes and a low proportion of multi-grade classes in rural areas;
- Diversification of available school and university education (short and long training) and the development of work-study programs to respond to the heterogeneity of the population and the needs of the economy BUT a persistent lack of appeal of the scientific, technological and vocational disciplines and streams at the secondary and higher levels or vocational training, hindering the satisfactory insertion of young people and the integration of young people who are outside the system;
- Improvement in school equipment and inputs, including internet connections at the secondary and higher levels BUT with significant disparities in the allocation of resources and the delivery of results throughout the country;
- Development of results-based management and greater decentralization BUT with precarious results, particularly in terms of learning outcomes for pupils in basic education, mainly at the beginning of primary school and in school completion, and in higher education;
- Availability of statistical data and streamlining of the management of human resources BUT without effective oversight of the system, particularly in the use of the data produced for monitoring-evaluation and ongoing strategic adjustment: the rise in public spending on education is not accompanied by sufficient qualitative improvements;
- Availability of a legal and regulatory framework (public finance, procurement, decentralization) and education standards and norms BUT application that is either insufficient, particularly in terms of monitoring and control (decentralization), or perfunctory.

The revised PAQUET-EF for the period 2018-2030 maintains the structure of the objectives. The revision of the PAQUET to be extended over the period 2018-2030 aims to take account of changes in the national education system, the international agenda around the 2030 Education Strategy and Sustainable Development Goal 4 (SDG 4), and the regional reform agenda (WAEMU public finance reform in particular), the monitoring of which should be integrated in the PAQUET-EF matrix of indicators.

\(^5\) although a high proportion of out-of-school children do attend informal education through koranic schools
Education indicators

For the 2017-2018 school year, the enrollment and completion rates for the various levels have improved only slightly, although the long-term trend (from 2000 to 2017) shows marked progress, including in the enrollment of girls:

- the gross primary school enrollment ratio (GER) was 87.3 percent (which represents an increase of almost 20 percentage points in 18 years, from 68 percent in 2000) with a parity that has reversed and is now becoming unfavorable to boys (1.12);
- the elementary school completion rate is 61.8 percent (+1.9 percentage point from 2016 and more than 25 percentage points since 2000);
- the lower-secondary average GER increased significantly between 2008 and 2017, from 39.7 percent to 54.4 percent, including 55.4 percent for girls (average lower-secondary GER of 51.2 percent in 2016), with parity again unfavorable to boys;
- however, the lower-secondary average completion rate was only 37.05 percent (with no increase from 2016, but a gain of 9 percentage points since 2008);
- the secondary school GER doubled over the period, from 16 percent to 34.1 percent, an increase of 18.3 percentage points in 9 years, but with no increase since 2016;
- parity has been achieved for the first time (1.02) at the general secondary school level;
- the guidance of students toward scientific streams remains below the objective at 34.8 percent in 2017, which is not sufficient to create a pool of young people trained in mathematics, science and technology to supply the vocational and higher education needed by the economy;
- the repetition rate remains high at the secondary level: 22.6 percent at the lower secondary level, 20.4 percent at the upper secondary level, in contrast to the elementary level where repetition rates are marginal (3 percent).

However, the system has not been able to stabilize the performance of students from one year to the next or to consolidate academic progression. The results on the exams are mediocre or weak:

- the CFEE (elementary school): 56.7 percent in 2017 (-3.2 percentage points from 2016);
- the BFEM (lower secondary school): 45.1 percent (-6.7 percentage points from 2016);
- Baccalauréat: 31.6 percent (-4.9 percentage points from 2016), and 44.3 percent for the scientific baccalauréat.

Assessments of pupils’ skills have shown similar results:

- Years 2 and 6 of primary school (PASEC 2014): 60 percent of students in year 6 in Senegal have achieved the expected proficiency, but only 29 percent of pupils in year 2 have achieved the expected proficiency in language (French) and 62 percent in mathematics;
- according to the 2017 SNERS (national assessment), 56 percent of pupils in year 4 of primary school achieve the minimum required proficiency in reading and 51 percent achieve the minimum required proficiency in mathematics.

In recent years, a significant effort has been focused on capacity building for the teaching staff, with a new recruitment standard and the establishment of a year of initial training in the Regional Education
Personnel Training Centers (CRFPE) for the elementary level based on a new training framework and at university (FASTEF) for the lower and upper secondary school levels. Teaching staff renewal is under way (63 percent of teachers are under the age of 45), with the baccalauréat being the recruitment standard. The proportion of qualified teachers continues to increase owing to a proactive skills training policy for teaching assistants (teaching staff with a status lower than licensed teacher): in 2015 they represented 81 percent of teachers (76 percent in 2013), but there are still 14,000 to be incorporated in the coming years.

### 2. Fixed Part Requirements

#### 2.1 Requirement 1: A credible, endorsed Education Sector Plan (ESP), or alternatively, a Transitional Education Plan (TEP).

The Quality, Equity and Transparency Improvement Program (PAQUET) has been updated to revamp the education policy and strategy looking forward through to 2030. The revised PAQUET has been appraised by an external expert before being finalized and was endorsed by the Education Partners in August 2018. The revised PAQUET is complete, including a costed multiyear action plan. Senegal is supported by a very participative and structured dialog framework and organizes regular annual Joint Sector Reviews (JSRs). This dialog framework has been very much involved throughout the development and endorsement of the revised PAQUET.

The PAQUET is a high-quality document that responds well to the analysis criteria deployed by the external expert, the Education Partners (based on the Guidelines for Education Sector Plan Appraisals) and the verifications by the Secretariat. All of the verification requirements have been met; weaknesses that may exist in the disparity criterion are fully addressed by the new approaches, particularly the emphasis on vulnerability mapping and the improvement of targeted management in favor of vulnerable children.

**Conclusion:** The Secretariat deems that Requirement 1 is met.

#### 2.2 Requirement 2: Evidence of commitment to ESP or TEP and its financing.

**Domestic resources for education**

The Government provides substantial financial support for education. The share of education sector spending in the total government budget has stood at 21.1 percent on average over the past three years excluding government debt service, but as of 2018 the government has planned to increase the share of the budget to education. The projections for the financing framework for the revised PAQUET indicate an average expenditure of 32.3 percent over the next four years (2018-2022), excluding debt service.

**Domestic resources for primary education**

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6 For other domestic financing data, including the total share of expenditures (recurrent and capital public expenditures), please see the enclosed table.
Intense discussions were held on the financing of primary education in the National Partnership during the QAR 1 and since the review of the requirements by the Secretariat and the Grants and Performance Committee in June 2018. Senegal is still far from achieving universal primary education; the completion rate for traditional primary education (the elementary level) was around 62 percent in 2017. A substantial financial effort is applied to the primary level, including the elementary level and the supply of alternative primary education (the traditional Koranic schools (Daara) and the Basic Community Schools). The primary level represented 35.1 percent of the recurrent budget for education on average over the past three years, with an average planned increase to 39.7 percent over the next four years (2019-2022). This effort is, however, below the benchmark of 45 percent established by the GPE in 2014.

During the QAR 1 and the discussions with the Grants and Performance Committee, the Secretariat pointed to various contextual aspects, mainly concerning Senegal itself but also issues of congruence vis-à-vis the benchmark as currently formulated, i.e.:

1. The **percentage of the education budget allocated to the primary subsector is not in itself an indication of the real allocation of resources**, as it is *relative* to the size of the education budget and thus does not provide information on unit spending per child.

2. The **Education Budget in Senegal is substantial**, owing to robust economic growth over the past several years, a high level of taxation and a large proportion of the government budget allocated to the sector (see above). The share of GDP allocated to education was 4.7\(^7\) percent on average over the past three years and is projected to increase on average to 6.1 percent over the next years (2018-2022).\(^8\) This reflects a **high level of spending per primary school pupil**. A comparative analysis by the Secretariat shows that Senegal spends more per primary school pupil than a number of countries that allocate more than 45 percent of their education budget to primary schools (see table below).\(^9\)

3. The out-of-school (OOS) rate is high in Senegal, with a significant proportion of the population not registering their children in the school system: 37 percent of children between the ages of 6 and 16 are out of school, including 29 percent who have never attended school (unschooled) and 8 percent who have dropped out. The reasons are diverse and complex, requiring an effort to provide alternative education (the Daara and community-based schools) in order to address the difficult issue of demand for alternative forms of education, combined with a significant reform of the management of the system toward greater effectiveness and efficiency.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Burkina Faso</th>
<th>Cambodia</th>
<th>Chad</th>
<th>Comoros</th>
<th>Côte d'Ivoire</th>
<th>The Gambia</th>
<th>Madagascar</th>
<th>Senegal</th>
</tr>
</thead>
<tbody>
<tr>
<td>% education budget on primary level (traditional)</td>
<td>44.34%</td>
<td>49.1%</td>
<td>51.5%</td>
<td>45.4%</td>
<td>50.7%</td>
<td>58.78%</td>
<td>43.6%</td>
<td><strong>31.3%</strong></td>
</tr>
</tbody>
</table>

\(^7\) This takes into account, retrospectively, of the reassessment of one third of Senegal’s GDP.

\(^8\) The calculated share of GDP allocated to education takes into account the significant reevaluation of GDP that took place in Senegal recently.

\(^9\) A comparative analysis of eight countries (Burkina Faso, Cambodia, Chad, Comoros, Côte d'Ivoire, The Gambia, Madagascar and Senegal) shows that Senegal spends more per pupil on average than all of these countries with the exception of Côte d'Ivoire. The data are taken from the UNESCO Institute for Statistics (UIS) data platform and have been provided by the country. When the date of an indicator is not indicated, the most recent available dates for the country were used.
The Ministry of National Education has drafted a detailed memorandum on the financing of primary education, presenting the background to the strategy for universal primary education in conjunction with the allocation and management of resources. The memorandum concludes:

[...] Considering current spending by the education and training sector estimated at CFAF 3,680 billion during this phase (2018-2022), the share of primary education covering current spending on elementary education, basic community schools and the Daara is 39.5 percent. This share is below the standard of 45 percent for the primary level set by the Global Partnership for Education, but it responds to the level needed to finance the strategies for the school enrollment of children at this level of education, strategies that are based on a diversification of the availability of training in response to the specific education demands of communities and on the rational use of resources to improve the effectiveness and efficiency of public spending.

The distribution of the PAQUET costs between the various levels of education is based on a financial costing model that will allow for achievement of the anticipated outcomes for the specific goals of the strategic programs, as required by the WAEMU reforms. The reform of the budget laws in the WAEMU zone, in which efficiency of public spending is the guiding principle for budgeting, pushes towards a better use and management of resources related to expected results.

Financial support from the Development Partners

The partners have endorsed the revised PAQUET, indicating their financing commitment in line with the plan’s financial model. It is expected that the development partners will contribute five percent to the financing of the PAQUET. This financial contribution is expected to be partially mobilized via the national public finance management systems (budgeted aid, incorporation in the budget law) and through non-budgeted project aid (outside the national systems). It appears that the majority of the assistance provided by the development partners would still take the form of aid not aligned with the national systems.

Conclusion: The Secretariat deems that Requirement 2 is met in terms of domestic financing for education and financial support from the Development Partners. As regards the domestic
financing allocated to the primary sub-sector, the requirement is not met relative to GPE’s 45 percent domestic financing benchmark. However, the amount of budget that Senegal allocates per child (whether as a proportion of real spending per child in school or as a proportion of the broader school-age population) is significantly above the budget allocated per child in countries that allocate more than 45 percent of their education budget to the primary sub-sector. In addition, the level of spending for education as measured by its proportion to the total government budget is also very high. Therefore, the Secretariat deems the justification of this situation satisfactory and relevant to the context, particularly as the Government’s is strongly committed to offering education access to out of school children and implementing measures to reduce drop out.

In terms of percentage of the recurrent education budget, primary education, as a whole, would represent an average of 35.1 percent these past three years with a projected growth up to 39.7 percent on average for the four next years (2019-2022).

- The analyses of the allocation of resources conducted by the Secretariat show that the unit spending per child at the primary level in Senegal has historically been at a level that compares favorably with other member countries of the GPE,¹⁰ despite the fact that the relative recurrent share of financing for primary education is below 45 percent of the recurrent Government budget. The primary level does not suffer from a lack of financing in the context of the goal of achieving high-quality primary education, with the challenges lying much more in improving the management of the system.

- The financial model for the revised PAQUET targets an unprecedented increase in resources for the primary level in the broad sense, including the diversification of the supply of education (expansion strategy of the modern Daaras and Community Basic Schools, with the implementation of bridging classes) as a key aspect of the education strategy, with an increase in the share of the education budget for the subsector.

- One of the priorities of the revised PAQUET is to institute a complete reform of the management of the system aimed at better quality public spending and education services that better target vulnerable children who are out of school or have dropped out, in order to achieve the completion rate of 97.4 percent by 2030 established in the PAQUET. The main goal of the PADES (Senegal Education Development Support Project) is to support these gains in management performance and efficiency benefiting the elementary level together with the diversification of the primary school supply, in the broad sense.

Additional information

Following the Grants and Performance Committee meeting on January 29-31 in London, the Secretariat was requested to gather additional information and present further analysis on the justification for the allocation of resources to primary below the benchmark of 45%. The main concern for the Committee was in the link between resource allocation for primary and the strategies to address the large number of out-of-school children in Senegal. The detailed additional information is included in annex 4. The conclusions from this additional information are:

¹⁰ Comparing UNESCO/UIS data, average spending per primary level pupil in Senegal in constant US dollars (value 2015) was US$167.6, as against $91.8 in Burkina Faso, $58.2 in Cambodia, $60.9 in Chad and $147.5 in the Comoros. Yet, these four countries allocated more than 45 percent of their budget to the primary level.
• The projected funding for primary is high in real terms and in coherence with the objectives towards UPE of the endorsed ESP. The fact that this high spending translates to a ratio below 45% is largely down to the fact that Senegal spends a very high proportion of its GDP and national budget on education – considerably higher than the GPE benchmark of 20%.

• It is demonstrated that Senegal has made a concerted effort to increase its spending for primary education, for both formal and non-formal, as evidenced by the changes between spending projections at QAR 1 (June 2018) and the endorsed ESP (August 2018). It also increased its ambition towards universal primary completion (UPC), from 91% originally to 97%.

• The ESP, including its detailed financing framework, has been independently appraised, endorsed and is considered credible by country level partners. The combined financing projections and strategies in the ESP for both formal and non-formal primary education are adequate and coherent to substantially reduce the number of OOSC.

• Improving primary education outcomes towards UPC – at the endorsed level of resource projection - is dependent on reforming the management of the system, through better/more equitable allocation of the primary education resources, increased effectiveness and efficiency of expenditure and targeted actions towards the most vulnerable. These are central elements in the ESP and in the proposed program to support it.

• Evidence shows that a large portion of the primary age population cannot credibly be reached through the formal school and requires investments in, and expansion of, non-formal modes of education, particularly the modern Daara; this is included in the ESP spending projections. It is not clear that a substantial increase in spending on primary beyond the endorsed ESP projections would be successfully absorbed or allow a faster achievement of results. Primary education management reforms and expansion of modern Daara are complex and require proper timing and sequencing.

• There is a recognition that spending on higher education is too high and a long-term trajectory has been endorsed to reduce its share of the education budget. But the simulation model of the ESP does not indicate that this current imbalance is at the expense of primary. The main corrections in the ESP’s financing framework are towards secondary and TVET.

• The considerable number of OOSC remains a major concern and a challenge that the government and country partnership need to rise to. The pathway indicated in the revised ESP, including its financing framework, is credible. The resolve to decrease the numbers of OOSC – through improved formal and non-formal education delivery – requires close attention and regular monitoring, including in the annual joint sector reviews and the Ministry’s performance reports.

• Any potential course correction in the trajectory of the ESP and its objectives towards UPE – whether on resources, strategies or management actions – should be undertaken swiftly, based on the evidence of the annual reviews.

2.3 Requirement 3: Availability of Data

Two analytical reports on the education sector were prepared and published in 2016: an evaluation of phase 1 of the PAQUET and a national assessment of the education sector. The content of the analysis was used to update the PAQUET. The analyses done cover the entire typical spectrum of an education sector analysis, in line with the methodological guidelines published by the GPE.
The education management and information system in Senegal covers the 12 key indicators defined by the Secretariat and 10 are reported regularly to the UIS. The updated PAQUET covers the ongoing improvements made to the timeliness and quality of the data and better integration of data in the various data platforms for improved decision making and management. Specifically, greater emphasis will be placed on more detailed data to better respond to localized situations and needs, particularly vulnerable children and children at risk of dropping out.

Senegal already regularly conducts assessments of learning, both at the national level and in the context of international platforms. The goal is to further develop these assessments in order to ensure recurrent comparability from year to year, and to ensure that these assessments are more systematically connected to the management system and particularly to the management of front-line and second-level services.

**Conclusion:** The Secretariat deems that Requirement 3 is met.

### 3. ESPIG

#### 3.1 PAST ESPIG PERFORMANCE

The previous GPE grant co-financed the PAQEEB (Basic Education Equity and Quality Improvement Program) with financial contributions from IDA, Canada and the Government of Senegal. This GPE grant has been the second since Senegal joined GPE in 2006, and followed a first grant of US$ 79.7 million implemented between 2009 and 2014.

The development goal of the project is to improve learning outcomes in the early years of primary school, increase access to the scientific and mathematic streams in secondary school, and improve equity of access to basic education. The PAQEEB is divided into three components:

- Component 1: Improvement of the quality of basic education
- Component 2: Equity of access and retention
- Component 3: Project management and capacity building

The project focuses on the three dimensions of learning quality (focusing on the first three years of elementary school, the modernization of the Daaras, updated education in 100 secondary schools and equity through the construction and equipment of infrastructure; on five regions lagging in terms of their sector indicators; and on governance, with support for performance contracts and facilities projects, covered by additional financing).

The project operates at the deconcentrated level of the MoE, with resources assigned to the IAs and each unit being responsible for implementation of the project at its level, including infrastructure. An internal evaluation of financing was conducted in 2016. The final report on the execution of GPE-IDA-Canada financing is expected to be completed within six months of the close of the program in September 2018 (GPE financing having ended in May 2018).

The most recent PAQEEB implementation report prepared by the World Bank notes:
“The progress made in achievement of the project development objective (PDO) is deemed moderately satisfactory. The targets for the PDO outcome indicator are being achieved. As of May 30, 2018, five of the six PDO indicators were fully met, with some exceeding the objective, and showed clear learning gains and improved access. The only indicator that lagged was the percentage of secondary school students registered in the mathematics and science streams, which should be met by the end of the project. As of May 30, 2018, progress was 34.91 percent against an ultimate objective of 45 percent.

Supplementary financing was approved on May 31, 2018 to respond to a specific request from the Government to step up activities in the context of the initial project and to test new methods for the implementation of certain existing activities with a view to optimizing the results and sustainability.”

The PADES built on the lessons learned in the implementation of the PAQEEB and a series of external financing interventions in recent years. Bearing in mind that the final evaluation of the PAQEEB has not yet been completed, some of the key lessons learned are:

- The disadvantages of using a project approach (geographic targeting and project interventions), which only partially covers an overall reform of the MoE management system. The PADES consequently takes a broader approach that is more strongly anchored in the PAQUET, the overall functioning of the administration, and the established public spending execution systems.
- The performance contract dynamic, which was tested by the PAQEEB, demonstrated the limitations of centralization, which was in some cases too strong and too focused on performance frameworks, which can harm the commitment to accountability of the local MoE staff.
- Although it established an overall results framework, the PADES leaves open the possibility for the contextualized definition of the performance contracts for the regional school inspectorates (IAs): a combination of increased accountability for intermediate supervisors (IAs and Education and Training Inspectorates, school principals) and increased room for innovation in the education process in schools by providing opportunities for management dialog, in which the function of control is essential.

3.2 ESPIG DESCRIPTION

The PADES is a program to support and promote reform of the Government, and the MoE in particular, in the context of the objectives and strategies of the revised PAQUET. The PADES consists mainly of budget support (85 percent of the financing), with general disbursement conditions and specific conditions for the variable part. These disbursement conditions act as an incentive and leverage for the reform of education. The incentives are then accompanied by a minority share of the PADES (15 percent of the financing) in the form of project support.

The rationale for the PADES is significantly different from more traditional development aid approaches in the form of projects or programs focusing on inputs. The PADES is primarily a catalytic

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mechanism to promote and support reforms in the management of the education sector, in direct conjunction with the sector policy, the major government reforms and the national management systems. The PADES sector budget support, with disbursement conditions linked to leverage effects and expected outcomes, is accompanied by project financing (project support) to target actions to stimulate the changes and reforms.

The incentive and leverage objectives of the PADES relate to:

1. Improved accountability and transparency in the monitoring of the execution of public spending for the implementation of the PAQUET, oversight of the sector and the budgetary reforms under way (annual performance reports, joint sector reviews—see General Conditions).

2. An improvement in the quality of learning, targeting the routine assessment of learning in the early years of primary school, connected with an improvement in community-based services for pupils (Variable Share, Quality of Learning).

3. Reduction in vulnerabilities and disparities in the elementary education system, with the rollout of vulnerability mapping, its effective use for local remediation actions, and outcomes in terms of the attention to children’s fundamental right to identity (civil status) (Variable Share, Equity).

4. Improvement in the efficiency of public spending, with a reduction in the dropout rate at the elementary level and improved performance in the execution of the M investment program (Variable Share, Efficiency).

5. Protection of domestic financing for education via the MoE, by means of an incentive to not cut the appropriations approved in the Initial Budget Law (Variable Share, Financing of Education).

These sector budget support objectives are accompanied by project support, consisting of three components:

**Component 1: Change management [€6,240,000]**

Change management will be the dominant theme of the activities in this component. The national objective and the PADES rationale involve establishing an action framework to be duplicated at the system level. The various focus areas will include:

- appropriate technical support with local management and sustainability;
- training and capacity-building programs;
- design, adaptation, dissemination and purchase of tools, equipment or resources.
The objective of the component is to develop the skills of the players at the central and deconcentrated levels throughout Senegal, focusing on four areas:

- Better oversight
  The focus here will be on recent efforts by the MEN for the development and integration of the information systems with the National Education Management and Information System (SIMEN) and experimentation with dashboards in schools, development of oversight of the sector involving experimentation with a management dialog in schools in Dakar, and performance contracts with the school inspectors.

- Improved student success
  The focus here will be on recent efforts by the MoE for the assessment of learning outcomes and the professional development of teachers.

- Better spending
  The focus here, in the three ministries involved in the sector, is to support the implementation of the WAEMU (West African Economic and Monetary Union) public finance reform and, in the MoE, to implement the investment programs and develop an active efficiency program.

- Better communication and support for schools
  This component covers the design of the financing, which will be implemented in the context of Component 2 of project support, dedicated to supporting performance and programs targeting the most vulnerable segments of the population. This support will be focused on better documented communication that targets the main determinants of school performance and the levers for its improvement.

Component 2: Support for renewed oversight and actor initiatives [€2,870,000]

The objective of this component is to stimulate change in practices and interventions by actors, particularly the IAs, as pilots for the actions of the MoE in the school zones, and to enhance the accountability of the directorates and units whose actions are decisive in achieving the targeted program outcomes in the short and medium terms. Execution of the financing disbursed annually for this component will be handled by the MoE, not by targeting pre-identified activities, but rather by focusing on achievement of the outcomes set by the MoE for support for schools or in performance contracts. The main actions financed in this component are:

- Subsidies for IAs;
- Performance contracts for MoE technical units, IAs and CRFPEs.

Component 3: Program oversight [€1,560,000]

The project support will finance the entities, teams and activities involved in program oversight, coordination of actions, sectoral coordination and monitoring-evaluation of the results. The main actions financed in this component are:
- Management and coordination bodies;
- External audits and evaluations.

Grant modality

The PADES is closely aligned with the national public spending execution systems. Budget support, which is the majority grant modality, is fully aligned with the public finance management system in Senegal. It will be disbursed to the Public Treasury if the general conditions are met or, in the case of the variable part, if the specific outcomes are achieved.

The minority grant modality of project support complies with a set of national rules and procedures (national entities for the commitment and execution of expenditure, procurement), but is noticeably not aligned with the public finance management system, as it involves a dedicated account in a commercial bank approved by AFD, specific programming and reporting, and monitoring of timeliness and execution by AFD in the form of notices of no-objection. The project support is also subject to specific ex post monitoring in the form of external financial audits.

Table A: ESPIG Components and Costs

<table>
<thead>
<tr>
<th>Component</th>
<th>Total in euros</th>
<th>AFD contribution in euros</th>
<th>GPE contribution in euros</th>
<th>GPE contribution as a percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PADES TOTAL</strong></td>
<td>71,885,600</td>
<td>35,000,000</td>
<td>36,885,600</td>
<td>51.3%</td>
</tr>
<tr>
<td><strong>ABS – fixed part</strong></td>
<td>34,185,600</td>
<td>16,600,000</td>
<td>17,585,600</td>
<td>51.5%</td>
</tr>
<tr>
<td><strong>ABS – variable part</strong></td>
<td>26,700,000</td>
<td>12,900,000</td>
<td>13,800,000</td>
<td></td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>7,050,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>7,050,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Learning Outcomes</strong></td>
<td>7,100,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MEN domestic financing</strong></td>
<td>5,500,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project support</strong></td>
<td>11,000,000</td>
<td>5,500,000</td>
<td>5,500,000</td>
<td>50%</td>
</tr>
<tr>
<td>Component 1</td>
<td>6,240,000</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Change management</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Component 2</td>
<td>2,870,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support for renewed oversight</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Component 3</td>
<td>1,560,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program oversight</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unforeseen expenses</td>
<td>330,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs incurred by the grant agent for implementation monitoring and support</td>
<td>314,400</td>
<td>PM</td>
<td>314,400</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL (including grant agent monitoring costs)</strong></td>
<td>72,200,000</td>
<td>35,000,000 (+ monitoring costs PM)</td>
<td>37,200,000</td>
<td>51.5%</td>
</tr>
</tbody>
</table>

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12 This is the variable part of the PADES as a whole—the analysis of the GPE dimensions will focus on the shares of the variable part of the PADES concerning equity, efficiency and learning outcomes.
3.3 ASSESSMENT OF THE PROGRAM DOCUMENT

- Program Design

The design of the program is closely aligned with the PAQUET, with objectives for improving MoE management to achieve equity, efficiency and quality of learning outcomes, under full management by the ministry and covering the entire national territory. The PADES targets the areas for reform and critical challenges identified in the revised PAQUET. It is also anchored in the bodies for joint dialog and coordination, i.e., the GNPEF (National Education and Training Partners Group) and the GTEF (Education and Training Thematic Group), and the sector reviews.

The PADES results chain is clearly set out, with strong structural links between the implementation modalities (budget support and project support), the results chain, the indicators and targets triggering budget support payments, the monitoring indicators and the oversight measures. The PADES corresponds closely to the strategic objectives of the GPE: use of national execution systems with a view to strengthen those systems, with emphasis on learning outcomes, enhancement of equity and better management of the education system, which is more effective and more efficient.

- Program Budget

The PADES budget consists mainly of budget support, as an incentive for a dialog on management and reform of the educational system and is based on the achievement of outcomes. The rationale is therefore different from that of support focusing on inputs and outputs. The volume of this budget support is in line with the reform and results ambitions of the PADES.

The project support budget is quite substantial in terms of the ratio to budget support (1 euro in project support to accompany 5.5 euros in financing of the outcomes of budget support), but is justified by the challenges of the expected outcomes for management perimeter covered by the MoE. The project support budget is detailed and planned by component and focus area, with expenditures adequately broken down by activity and unit cost.

- M&E

A monitoring and evaluation framework exists for the program, based on budget support components, the variable part of the budget support and the accompanying project support measures. This framework includes trigger indicators, monitoring indicators, the timetable, responsibilities, and sources and means of verification. A unified logical framework, attached to the PADES, coherently presents these various aspects of monitoring and evaluation.

- Fiduciary, Implementation Arrangements, and Readiness
The justification of the choice of budget support is well covered in the program document, with an analysis of the public finance management situation. This justification was already covered in the QAR I and the QAR II. The general conditions for the budget support include indicators to monitor the conditions for satisfactory fiduciary and budgetary management. Specific management measures are described for the project support, covered by ex ante and ex post expenditure monitoring procedures.

The PADES document shows a good level of preparation, with a good description of the oversight mechanism. The startup timetable is defined and includes a list of the activities anticipated for startup. It should be noted that the PADES will begin before the mobilization of the GPE financing, starting up in January 2019 on the basis of AFD financing.

- **Risk Identification and Mitigation Measures**

The program provides a summary of the sector, economic, financial and external risks, as well as technical risks related to the capacity of the MEN and its ability to implement the program. The approach for the strengthening of systems and its design, including the project support focused on capacity building, should help mitigate many of the risks, particularly those related to implementation. As well, the general conditions for budget support provide a safeguard in the event of a significant deterioration in public finance management.

- **Sustainability and aid effectiveness**

The entire design of the PADES and its institutional anchoring are focused on sustainability. The program is also considered to be the first phase of oversight of the reforms in the sector, which could take place over the long term. The PADES is closely aligned with the national management system and Senegal’s established institutions.

**4. VARIABLE PART**

**4.1 Description of the variable part**

The variable part of the PADES is divided into four components: (I) Learning; (II) Equity; (III) Efficiency; and (IV) Education Financing.

The first three sections cover the **three dimensions of the variable part considered by the GPE**. The analyses of the adequacy of the variable part will thus focus on these three components (total amount of €21.2 million).

**Learning (€7,100,000):**

Three measures are targeted, giving rise to disbursements on the basis of outcome indicators and targets: (i) increase in the proportion of qualified teachers in the first three years of elementary school; (ii) increase in the proportion of teachers at the elementary level supported by dedicated resources for teaching reading; and (iii) increase in the number of students who are proficient in reading at the end of year 3.
These three measures cover the points deemed crucial for learning in the early years of primary school, with leverage points for key intermediate results (initial teacher qualification and teacher support measures) impacting student learning outcomes. These three results are also accompanied by a monitoring indicator on the increased implementation and monitoring of Educational and Cultural Resource Centers.

Equity (€7,050,000):

Two measures are targeted, giving rise to disbursements on the basis of outcome indicators and targets: (i) increase in the number of vulnerable schools covered by targeted actions by Education and Training Inspectors, focusing on teachers and each individual school; and (ii) an increase in the effective management of (vulnerable) children without identity (civil status) papers, with a decrease in the proportion of children who are unentitled owing to civil identity issues.

These two outcomes are accompanied by monitoring indicators: on the improvement of the management of schools with incomplete education cycles and multigrade classrooms and a quantitative and qualitative improvement in the number of women in senior positions in the MoE.

Efficiency (€7,050,000):

Two measures are targeted, giving rise to disbursements on the basis of outcome indicators and targets: (i) improved performance in the execution of the MoE investment program (in proportion to the entire national budget); and (ii) a decrease in the dropout rate in the first three years of primary/elementary education.

These outcomes are accompanied by monitoring indicators: on the decrease in the gap, in terms of dropouts, between the poorest performing schools and the national average; a shortening of the stages of public spending of the MoE budget; and a decrease in the time required for public procurement by the MoE.

Education Financing (€5,500,000):

One measure is targeted, giving rise to disbursements on the basis of one outcome indicator and target: (i) annual appropriations established for the MoE are equal to or higher than the appropriations approved in the Initial Budget Law. This measure protects domestic financing for pre-primary, primary, secondary and non-formal education from any budget control measures during the implementation period for the PADES.

It should be noted that the variable part of the PADES is also dependent on the annual verification of the General Conditions for Budget Support, focusing on (i) effectiveness of the monitoring of the sector policy (MoE annual performance report, annual joint sector review and its aide-memoire); (ii) stability of Senegal's macroeconomic framework (review of the Economic Policy Support Instrument by the IMF); (iii) improvement in the quality of public finance management and the reform program in Senegal; and (iv) budget transparency.
4.2 Assessment of the variable part

We will primarily consider the first three components of the variable part of the PADES, which are aligned with the three dimensions of the GPE for results-based financing (GPE variable share). The fourth component, on National Financing, may be useful to support or at least protect the MoE budgetary effort, but does not specifically respond to the three GPE dimensions of efficiency, learning outcomes and equity, and will therefore not be considered in this section of the QAR III.

- Sector Alignment

The PADES stands out for its strong sector alignment with the national policy, strategies, reforms and implementation mechanisms. All of the leverage points, indicators and support strategies for the PADES are based on the revised PAQUET and aim to improve implementation. The coverage of the PADES includes all of Senegal and all administration of primary/elementary school management, which gives the PADES a degree of structural and strategic alignment that is relatively rare in external aid. Moreover, the PADES encompasses and targets the enhancement of crosscutting national policies, including in particular, a strong anchor in the sovereign ministries (particular the Ministry of Finance and Planning), the reform of Senegal’s program budgets in the context of the WAEMU directives, budget execution and public procurement, deconcentration.

- Relevance of selected strategies on equity, efficiency and learning

The strategies selected for equity focus on a structural transformation of management of the education system in favor of vulnerable children. These strategies are based on a design that is both broad and targeted: the PADES targets a leverage effect throughout the country and the administration, but is based on targeted support by deconcentrated staff for each vulnerable school, using vulnerability data from the new mapping supported by the PADES project support. The project support also strengthens the design of the tools and procedures needed for targeted management of vulnerable schools: dashboards, data use and monitoring mechanisms, etc. The trigger indicators for equity support the strategies through relevant incentivization of effective management of vulnerable schools throughout the country, combined with a crosscutting indicator on the demarginalization of vulnerable children from the standpoint of their basic civil rights (right to identity). The focus on vulnerability will help to address the existing disparities in the education system, notably in rural environments, characterized by high degrees of poverty (2 out 3 people living in rural areas are below the poverty threshold) and which currently account for 60% of out-of-school children. The target on increased access to civil documents also correlates with the fact that a large majority (77%) of out-of-school children do not have birth certificates. A more responsive school system for the vulnerable aims to impact enrolment levels and reduce dropouts. The program document includes a table with the PAQUET’s key annual targets over the period of program implementation; this includes the formal primary completion rate, due to progress from 61.82% in 2017 to 72.7% in 2022. Based on the key ambition of the PADES on equity, the PADES strategies are deemed relevant.

The strategies selected for efficiency focus on a structural and qualitative transformation of the execution of public spending by the MoE and a reduction in the school dropout rate, with efficiency gains in the area of system management and the resulting fiscal space. The strategies are focused
on two relevant outcomes that the administration is targeting: more efficient execution of public investment by the MoE and a reduction in the dropout rate in the first three years of elementary school.

The attention paid to the management and effective reduction by the administration of the gaps noted in the audit reports, in conjunction with the rollout of a new public procurement execution and procedures manual, is relevant.

The reduction in the drop-out rate will be supported by a set of strategies, incentives and actions under the PADES, particularly components 1 and 2 of project support, including the targeting of vulnerability, the construction and integration of management tools, better allocation of resources, training, and performance contracts. All of these implementation strategies and methods are relevant to advance the administration of the MoE toward these efficiency outcomes.

The strategies selected for learning outcomes ultimately target an improvement in reading outcomes in year 3, based on better initial teacher qualification and better targeting of teacher support activities and resources by MoE deconcentrated units, with an emphasis on those used in schools with a vulnerability index. Project support contributes with the mobilization of resources targeting tools and capacities, based on routine assessments of learning outcomes as management tools. These strategies are relevant: the initial teacher qualification is a key aspect, combined with effective methods for targeted remediation and support, devised on the basis of the results of assessments.

- Transformative effect

The PADES is designed precisely to have a transformative effect on the management of education in order to achieve decisive results in the medium term and impact results at the end of the program (year 4), particularly in terms of repetitions and learning outcomes in year 3. The PADES intervenes on the basis of system transformation at all levels of management of the MoE and with national coverage, while targeting the improvement of services for the most vulnerable.

The program selects intermediate outcome indicators on crucial aspects of system management (initial teacher training, pedagogical inspections and monitoring, allocation of resources targeting vulnerabilities, budget execution, investment contracting) that are aimed at transforming education services. These indicators are supplemented by leverage points or incentives on crosscutting reforms, including in particular greater numbers of women in senior positions in the MoE and the right of children to an identity, establishing the link between these crosscutting issues and education outcomes. The anchoring of the PADES as budget support enhances the accountability of the Government for these transformational outcomes. Finally, we can note the project support activities across the MoE administration and the major government reforms, including the program budget reform.

The outlook is favorable for a transformative effect of the variable part of the PADES on the three dimensions of equity, efficiency and learning outcomes, which are strongly connected with the overall rationale of the PADES and in particular with the first General Condition for the fixed part (accountability and transparency in the monitoring of public spending execution through reporting to the GNPEF and sector reviews) and the activities to oversee the project support.
• Adequacy of indicators and targets

Indicators:

The indicators for the three dimensions are relevant and consistent with the targeted strategies and transformative effects.

Equity: transformative effects targeting support for vulnerable children with indicators to track the effective increase in this support in line with the new management tools and the crosscutting impact on civil identity. Monitoring indicators — on the management of schools with incomplete cycles and multigrade classes and an increase in the number of women in senior positions in the MoE — complete these indicators triggering disbursements.

Learning outcomes: transformative effects targeting the early years of primary school, focusing on reading, with intermediate indicators on teacher qualification, support in the form of reading resources, and the impact indicator on the improvement of learning outcomes for reading in year 3. Monitoring indicators—on improved planning of educational resource services—complete these indicators triggering disbursements.

Efficiency: transformative effects targeting the reduction in the dropout rate in the early years of primary school and better execution of MoE investment spending, with indicators on improvements in procurement in response to the technical audits and an indicator on the reduction of the average dropout rate in the first three years of school. Monitoring indicators—on the performance gap between schools and the time required for the execution of spending and procurement (source of inefficiency and also a vector of risk for the integrity of public contracts)—complete these indicators triggering disbursements.

Targets

A significant number of these indicators require the definition of a baseline: the indicator for learning outcomes in year 3, the assignment of qualified teachers, the percentage of pupils without identity papers, and the improvement in the execution of the investment program. This is explained by the introduction of new measures (management based on vulnerability mapping), the lack of regularized data or data integrated in a logic of routine management (including the assessment of learning), or the existence of data covering a reduced area, whereas the PADES is targeting transformations at the national level (for example, determining the number of pupils without identity papers).

The targets seem adequate, with progression rates that can be considered sufficiently ambitious as they cover the national level and complex system issues. We note some targets that are more qualitative in nature, particularly the annual improvement of at least 50 percent (and makeup of the lags identified) in the execution of the investment program, as compared to the findings of the external audits in the previous year. Although this target currently lacks a degree of precision, it is true that the procedures for the execution of public contracts—and the issues that may be raised in the audits—are complex and difficult to predict. The indicator and the annual targets have the advantage of covering this situation, without a fixed, reductive or speculative effect. We can also note, on the basis of experiences in other partner countries, that the reduction by at least half of the deficiencies noted...
in the external audit of the entire MoE investment budget (estimated at CFAF 135 billion, or US$234 million, over the period 2019-2021) represents a real challenge.

One question is still pending on the use of the double indicator and target for reading outcomes (5 percent increase over the baseline level OR 70 percent receiving a passing grade in reading). Given that the baseline should be determined in year 2 of the PADES, it is not clear how the alternative target of 70 percent was determined. Questions to clarify this point are being raised with the Grant Agent.

In conclusion, apart from an issue of clarification on the alternative indicator for learning outcomes, the indicators are consistent with the transformative approach of the management of education by the MoE throughout the country, as targeted by the PADES, and the targets show a credible degree of ambition vis-à-vis the current situation.

- Reliability of means of verification

The means of verification are clearly described in the program document, with several tables containing the verification sources, responsibilities, annual targets for the triggering indicators, amounts of disbursement for each annual target, measurement of baselines and qualitative descriptions.

The verification of attainment of the targets—and thus the decisions on disbursements—will be based on a number of information and control points.

- Multiple diversified verification sources depending on the indicators: MoE performance reports (technical units and national information management systems), ongoing external monitoring reports (monitoring by the experts mobilized by the AFD), external audit reports (contracted under project support, subject to ex ante verification by the AFD);
- Annual supervision missions for decision analyses on the attainment of the targets.

Supervision missions to facilitate decision making are preceded by the intervention of external experts mobilized using the GPE supervision funds allocated to the AFD and the AFD’s own funds. These experts document outcomes and conduct investigations in the field and with the stakeholders. The conclusions of the external experts are relayed and studied during the supervision mission in the context of a broad dialog with the partners, including the GNPEF and the Education-Training Thematic Group (DPG).

Anchoring in the national information management and reporting systems is consistent with the transformative approach of the PADES management practices. The mobilization of external experts ensures that national data are verified by means of crosschecks with their own investigations. Finally, the data on the verification of the targets and disbursement decisions are subject to the transparency of the sector dialog. Based on these arrangements, the Secretariat concludes that the means of verification are reliable. At most, the PADES section on risks should include any potential risk to the reliability of the data on the targets and their management by the described means of verification.

- Clarity and adequacy of disbursement mechanism
The disbursement mechanisms are **clearly presented** in the document, with annual decision deadlines, progression margins and prorated disbursements. Flexibility elements are included, in particular with disbursement per stage (when between 50% but less than 80% of results are achieved a prorated disbursement will be made and when 80% or more of the target is achieved, 100% of the financing will be disbursed), in order to reasonably encourage towards expected improvements. An additional procedure is included to allow for rollover of amounts of the variable share that may not have been disbursed in previous years to the last year of the PADES—subject to the attainment of the end-of-program outcomes. The disbursement mechanisms are considered **broadly adequate but require revisions on the provision allowing full payments for results achieved below 100% (cf. box).**

**Additional analysis**

At its meeting in London on January 29-31, the Grants and Performance Committee considered that full payments of targets that were not fully achieved was not an acceptable practice. The Committee requested the Secretariat to provide additional analysis on this and revised recommendations. A note reviewing the constraints and flexibility of the variable part payments was shared (cf. annex 4). The conclusions on deliberations of the Secretariat and Committee are:

- The Grant agent is asked to renegotiate the payment conditions in a way that does not include full payments for achievement of targets below 100%.

**5. RECOMMENDATIONS**

The Secretariat recommends that the Grants and Performance Committee considers the requirements one and three to access the fixed part of the ESPIG as met. As for requirement two, the Secretariat recommends that the Committee considers the requirement acceptable, while clearly pointing out that the relative share of primary education financing does not achieve the benchmark of 45 percent. Although the benchmark of 45 percent has not been met, the adequacy of the financing for the primary level compares favorably to other countries based on unit spending per schooled or school-age child and is consistent with the universal primary education objectives targeted in the PAQUET. In addition, the PAQUET articulates alternative and innovative strategies, with the modernization of the Daara and emphasis on community-based schools, which reflect a greater focus on improving equity and inclusion. The PAQUET strategies and its associated financing framework include measures to tackle the situation of out-of-school-children and gradually decrease their number in line with the national targets for increased enrollment and completion rates. Therefore, the main conclusion of the Secretariat is that the primary education level does not suffer a lack of financing in the framework of the completion of a quality primary education, the challenge being much more on the improvement of system management, more equitable access and quality measures, as well as the scaling up of alternative forms of schooling to cater to challenges in education demand in Senegal.

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13 These recommendations were adjusted by the GPC. The final recommendations are found in Board Document BOD/2019/02 DOC 01 Annex 1.
It is recommended that Senegal **report annually on the status of financing for primary**, including expansion of alternative education provision, in line with the universal primary education objectives of the PAQUET. In addition, it is recommended that the **situation of out-of-school children be tracked in the annual performance reports** (using appropriate survey tools and projections), with a focus on how improvements in responsive school management, targeted towards the most vulnerable, and the increased provision of alternative pathways to primary education as outlined in the PAQUET are affecting this. This monitoring of primary financing and the reduction of out-of-school children needs to be included in the **Ministry of National Education annual performance reports** and **joint sector reviews**.

The Secretariat considers the proposed program to be robust and relevant to the national context. It is noted that the program achieves a very high degree of alignment with the national systems and consistency with the sector policy and strategies. More than a traditional financing program, the PADES constitutes a catalytic mechanism to strengthen the reforms of education management focusing on the results of the PAQUET and the joint sector dialog. The indicators for the variable part emphasize key sector outcomes for the primary level, MoE management practices, the management of vulnerabilities and the government reforms under way. Their transformative nature is clear. However, the provision for flexibility in the payment scheme for the variable part – which allows for full payments for less than full achievement of targets – is not considered appropriate. It is recommended that the Grant Agent and Senegal **revisit the payment method**, so that **full payments are only possible at full achievement of targets**.
Attachment 1: GPE Multiplier FRR Update

This form summarizes changes, if any, to the levels and sources of co-financing that may have occurred between the submission of the Expression of Interest and the Financial Requirements Review (FRR). It is based on the Application submitted by the country, including any annexed documents.

### Sources, types, and volumes of co-financing listed in Expression of Interest

<table>
<thead>
<tr>
<th>#</th>
<th>Partner</th>
<th>Amount</th>
<th>Instrument (grant, loan, etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agence Française de Développement (AFD)</td>
<td>EUR€ 30,000,000.</td>
<td>EUR€ 25,000,000 loan and EUR€ 5,000,000 grant</td>
</tr>
<tr>
<td></td>
<td>Total in US$:</td>
<td>US$ 35,900,000.</td>
<td></td>
</tr>
</tbody>
</table>

### Changes to the sources, types, or volumes of co-financing at the time of the FRR

<table>
<thead>
<tr>
<th>#</th>
<th>Partner</th>
<th>Changes or modifications</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Agence Française de Développement (AFD)</td>
<td>The grant to the project has been increased from EUR€ 5,000,000 to EUR€ 10,000,000. The concessional loan remains unchanged.</td>
<td>The application package clarifies that AFD has increased the total size of the co-financing provided alongside the GPE Multiplier through an increase in the size of the grant. The increased US$ value of the co-financing reflects an increase in total co-financing and changes in exchange rates between the EOI and FRR stages of the application.</td>
</tr>
<tr>
<td></td>
<td>Total in US$:</td>
<td>US$ 39,900,000.</td>
<td></td>
</tr>
</tbody>
</table>

### Updates or changes to the value of the Multiplier ESPIG

| Multiplier ESPIG application value at the time of the EOI (US$) | US$ 10,000,000. |
| Multiplier ESPIG application value at the time of the FRR (US$) | US$ 10,000,000. |

Is the co-financing sufficient to meet the US$ 3 to US$ 1 co-financing requirement? Yes
### Attachment 2: Major Interventions of Development Partners

<table>
<thead>
<tr>
<th>Donor name</th>
<th>Major interventions</th>
<th>Amount (CFAF 2018-2022)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>World Bank</strong></td>
<td>Construction of “lycées d’excellence,” subsidies to elementary and secondary schools, catch-up program for children outside the system, capacity building for teachers</td>
<td>33,000,000,000</td>
</tr>
<tr>
<td><strong>USAID</strong></td>
<td>Reading for all</td>
<td>50,000,000,000</td>
</tr>
<tr>
<td><strong>USAID</strong></td>
<td>Access to education in southern Senegal</td>
<td>12,500,000,000</td>
</tr>
<tr>
<td><strong>Global Affairs Canada</strong></td>
<td>Improved support for the protection of children in education in Senegal</td>
<td>4,620,000,000</td>
</tr>
<tr>
<td><strong>UNICEF</strong></td>
<td>Improved support for the protection of children in education in Senegal</td>
<td>1,980,000,000</td>
</tr>
<tr>
<td><strong>Plan International</strong></td>
<td>Improved support for the protection of children in education in Senegal</td>
<td>1,980,000,000</td>
</tr>
<tr>
<td><strong>Italian Corporation</strong></td>
<td>Infrastructure construction</td>
<td>7,963,317,980</td>
</tr>
</tbody>
</table>
1. Key concerns identified by the Committee

The fact that Senegal does not reach the benchmark of 45% of education spending on primary raised concerns for the Committee, particularly in light of the large number of out-of-school children. The Committee wanted this concern to be expressed to the country partnership and to then have additional answers and justification on the adequacy of funding to tackle the challenge of out of school children.

While recognizing that application of the 45% benchmark should be context-sensitive, as highlighted in the June GPC discussion about considerations when applying this benchmark across different contexts, fairness and consistency across GPE countries was deemed important for the Committee. The Secretariat therefore prepared a comparative analysis of how similar issues have been handled for other countries (see further below).

On the basis of this additional information, the Committee would then formulate its conclusions, via non-objection or through an additional audio call.

The Secretariat has been in dialogue with Senegal (Ministry of National Education, Coordinating Agency and Grant agent) around these concerns. Senegal has provided additional information and analysis, which forms the basis of this additional note prepared by the Secretariat.

2. Addressing the Out of School Children in Senegal

1.47 million children aged 6-16 (primary and middle school enrollment age) are estimated to be out of school in Senegal. The number of OOSC children corresponding to primary (aged 6-11) is about 800,000; of these, the vast majority – 724,000 – were never enrolled in a formal primary school. Data indicate that the OOSC issue is primarily a rural issue (86% of primary OOSC) and concentrated in 5 priority regions (out of 14) as identified in the ESP. Additional data indicate that over two thirds of the primary OOSC are enrolled in various forms of Koranic schools (including traditional daara). The 2017 study on OOSC lists the main reasons given by heads of households for not enrolling their children in formal schools, by order of importance:

- Cultural and religious factors (58.7%)
- Poverty, insufficient means (19.4%)
- Distance to closest school (17.2%)

Senegal’s strategy to reduce the number of OOSC has two main pillars:

- Increasing the number and rate at which school aged children attend and complete formal primary schools.

Enrollment in primary education is planned to rise from 2.1 million in 2017 to 3.8 million in 2030. This is an increase of 4.7% per year on average, while the school age population increases by 2.9% per year. As a result, the primary completion rate is expected to increase from 62% in 2017 to 73% in 2022 and 97% in 2030. An increased volume of children, which would previously have been expected to become OOSC, are to be educated in the formal primary schools. Funding for primary has been calculated to match this expansion of the formal primary education system.

Over the medium term, recurrent funding for formal primary is planned to increase from 192

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14 Based on the Etude nationale sur les enfants et les jeunes hors du système éducatif au Sénégal (USAID, June 2017).
15 Enrollments in primary will always include some children outside the 6-11 age bracket.
billion XOF (332 million USD) in 2018 to 299.5 billion XOF (517.5 million USD) in 2022 and 428 billion XOF (740 million USD) in 2030.\(^\text{16}\)

This expansion is to be supported by reforms in the management of schools and resources, with a focus on disparities and vulnerability. The reforms are about making better use of resources towards results, while also reducing the overhead and wastage of the system. It is currently estimated that 8% of the budget allocated to formal primary education is wasted every year, just as a consequence of dropout rates. The key objective is to make schools more attractive, more responsive to vulnerable populations and more effective. The key management and service delivery reforms include:

i) rationalizing the school mapping by setting up primary schools in isolated locations to reduce the distance to school, which hinders school enrollment and attendance;\(^\text{18}\) ii) greater focus and favorable resource allocations for the five underperforming regions; iii) promote multi-grade teaching in sparsely populated locations to provide educational continuity throughout the primary cycle, iv) develop school canteen programs to support the principle of free education and reduce the costs to poorer households;\(^\text{19}\) (v) train and monitor school principals and teachers on attendance in order to provide the children with the guaranteed minimum teaching hours for learning; (vi) introduce closer monitoring of students' learning difficulties; (vii) improve timely and targeted responsiveness of front-line education services, with a focus on vulnerable children (in line with new vulnerability mapping).

<table>
<thead>
<tr>
<th>The expansion of formal primary and the strategies to increase the effectiveness and efficiency of resource allocation and delivery of education is planned to absorb an additional 1.7 million children (from 2.1 million to 3.8 million) in formal primary school by 2030. Given that the primary age school-age population will increase by 1.1 million over this period, this enrollment growth is consistent with accommodating 600,000 children who may not otherwise have had access to formal schooling. Although some of these children may be outside the 6-11 age range, a conservative estimate would be that the number of primary age OOSC would be reduced from the current 800,000 to about 400,000 as a result. Senegal’s strategy is to meet the educational needs of the remaining OOSC is described below.</th>
</tr>
</thead>
</table>

- Providing increased alternatives to formal primary education, in response to population demand and education needs

Two core alternative forms of primary education are to be invested in and expanded:

- Basic community schools (écoles communautaires de base, ECB), enrolling children between the ages of 9 and 11 in more remote areas. ECB enrolments are planned to increase from 14,500 in 2018, to 47,000 in 2022 and 87,000 in 2030.
- Modernization of daara, which are to be expanded in areas where the population is resistant to the standard formal schooling system. A complex legal and regulatory framework has been prepared for this. Public expenditure for the modernization of daara is a combination of construction, equipment, oversight and inspection services, grants and performance contracts. Enrollments in the modern daara are to increase from 11,000 in 2017 to 174,000 in 2030, with corresponding recurrent spending increases from 27.8 million USD in 2018 to 100 million USD.

A broad bridging system planned under the ESP also seeks to better integrate these and other forms of non-formal learning to facilitate a path back to formal schools.

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\(^{16}\) Given the overall size of the Senegalese budget, including economic growth projections, and its sizeable proportion dedicated to education (above 32%, including debt service), this level of funding to primary would remain at around 34% of the education budget. Source: ESP simulation model, domestic financing table.

\(^{17}\) This represents 31 million USD in 2018, and 53 million USD in 2022 (recurrent and investment spending) if dropout does not improve.

\(^{18}\) Cf. supra – 17.2 % of households interviewed citing distance to school as the main factor for non-enrollment.

\(^{19}\) Cf. supra – 19.4 % of households interviewed citing cost as the main factor for non-enrollment.
The expansion of basic community schools and the modernization of daara is planned, by 2030, to reduce the number of primary-age OOSC by 261,000.

A third alternative exists, which is akin to a one-time investment expenditure:

- Bridging classes (classes passerelles) to provide accelerated learning (typically over 9 months) to OOSC, which are then (re)enrolled in formal primary schools. A specific new program with USAID aims to support **124,000 OOSC** on a pathway back to primary and secondary schools. Other Development partners, including UNICEF for example, support similar investment programs.

These combined strategies and resource allocations aim to meet the needs of all children consistent with Senegal’s strategy to reach UPE by 2030. The current strong preference for informal Koranic schools (traditional daara) however introduces a demand-side uncertainty as to whether these strategies will succeed in full. This is a challenging undertaking within the broader and challenging objectives of increasing the quantitative and qualitative supply of a growing population for a full 10-year basic education, expanding access to early childhood education and preschool, expanding TVET and transforming higher education for Senegal’s economic and job-creation needs.

3. Domestic financing for primary education

The first table below provides information on recurrent spending for formal primary and non-formal primary. The second table indicates the share of the recurrent education budget allocated to the various sub-sectors\(^{20}\).

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2022</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Primary school-age population (6-11)(^{21})</td>
<td>2,480,184</td>
<td>2,781,669</td>
<td>3,503,510</td>
</tr>
<tr>
<td>2. Recurrent spending on formal primary (USD)</td>
<td>332 million</td>
<td>517.5 million</td>
<td>740 million</td>
</tr>
<tr>
<td>3. Unit-resource allocation per primary school-age child(^{22}) (USD)</td>
<td>134</td>
<td>186</td>
<td>211</td>
</tr>
<tr>
<td>4. Recurrent spending on ECB and modern daara (USD)</td>
<td>27.8 million</td>
<td>80 million</td>
<td>100 million</td>
</tr>
<tr>
<td>5. Total formal and non-formal primary education recurrent spending (USD)</td>
<td>359.8 million</td>
<td>597.5 million</td>
<td>840 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2022</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Recurrent sub-sector spending as percentage of recurrent education budget</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Recurrent spending on formal primary</td>
<td>34.9 %</td>
<td>34.1 %</td>
<td>34.0 %</td>
</tr>
<tr>
<td>8. Recurrent spending on <em>école communautaire de base</em> and modern daara</td>
<td>3 %</td>
<td>5.8 %</td>
<td>5.2 %</td>
</tr>
<tr>
<td>9. Percentage of total recurrent education budget, formal and non-formal [7. + 8.]</td>
<td>37.9 %</td>
<td>39.9 %</td>
<td>39.2 %</td>
</tr>
<tr>
<td>10. ECD and preschool</td>
<td>1.3 %</td>
<td>2.5 %</td>
<td>4.6 %</td>
</tr>
<tr>
<td>11. Middle school (lower secondary)</td>
<td>15.8 %</td>
<td>12.2 %</td>
<td>17.8 %</td>
</tr>
<tr>
<td>12. Upper secondary</td>
<td>6.4 %</td>
<td>5.2 %</td>
<td>8.4 %</td>
</tr>
<tr>
<td>13. TVET</td>
<td>6.3 %</td>
<td>7.6 %</td>
<td>14.4 %</td>
</tr>
<tr>
<td>14. Higher education</td>
<td>29.7 %</td>
<td>31.6 %</td>
<td>15.2 %</td>
</tr>
</tbody>
</table>

Key takeaways from these figures are:

- Significant increases in recurrent spending for formal primary education, from 332 million (2018) to 517 million (2022) and 740 million (2030), despite a trajectory that stays at

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\(^{20}\) Sources: domestic financing table submitted to Secretariat (for years 2018 and 2022), simulation model information for 2030.

\(^{21}\) Source: Senegal ESP simulation model.

\(^{22}\) Includes OOSC population.
around 34%. This represents a positive change from the projections at QAR 1 stage, which showed a decline in percentage, from 32.2% (2016) to 28.4% (2020)23

- Relatively high allocation-per-child (including all primary school age population, between ages 6 and 11) with upward growth
- Significant increases in recurrent spending on non-formal primary education (mainly modern daara)
- Upward trend in relative spending on formal and non-formal primary, towards 39-40%.
- Increases in rates of spending on ECD and preschool, which are included in the ESP as important measures to increase the factors of success in primary.
- A high rate of spending on Higher education, with a longer-term trajectory to bring this significantly down – mainly towards increases in TVET and secondary.

The cross-sectoral arbitrations were the result of a participatory process of dialogue for the update of the ESP, balancing priorities and credible trajectories on the basis of an evidence-based simulation model towards results. In their consideration of education budgets, the government and its partners have considered that what the subsector needs are strong reforms so that the resources are better allocated and used; and front-line primary education services better managed for results. This is combined with significant increases in spending for non-formal and alternative pathways in primary education, as culture- and context-relevant strategies for reducing the number of out of school children. The ESP was endorsed in August 2018 by the Development partners24.

Key technical conclusions:

- The projected funding for primary is high in real terms and in coherence with the objectives towards UPE of the endorsed ESP. The fact that this high spending translates to a ratio below 45% is largely down to the fact that Senegal spends a very high proportion of its national budget on education – considerably higher than the GPE benchmark of 20%.

- It is demonstrated that Senegal has made a concerted effort to increase its spending for primary education, for both formal and non-formal, as evidenced by the changes between spending projections at QAR 1 (June 201825) and the endorsed ESP (August 2018). It also increased its ambition towards universal primary completion (UPC), from 91% originally to 97%.

- The ESP, including its detailed financing framework, has been independently appraised, endorsed and is considered credible. The combined financing projections and strategies in the ESP for both formal and non-formal primary education are adequate and coherent to substantially reduce the number of OOSC.

- Improving primary education outcomes towards UPC – at the endorsed level of resource projection - is dependent on reforming the management of the system, through better/more equitable allocation of the primary education resources, increased effectiveness and efficiency of expenditure and targeted actions towards the most vulnerable. These are central elements in the ESP and in the proposed program to support it.

- Evidence shows that a large portion of the primary age population cannot credibly be reached through the formal school and requires investments in, and expansion of, non-formal modes of education, particularly the modern daara; this is included in the ESP spending projections. It is not clear that a substantial increase in spending on primary beyond the endorsed ESP projections would be successfully absorbed or allow a faster achievement of results. Primary education management reforms and expansion of modern daara are complex and require proper timing and sequencing.

23 Source QAR 1 domestic financing table.
24 UNESCO, UNICEF, World Bank, Canada, France, USAID, Italy, JICA, KOICA, Aide et Action, WFP.
25 Projections presented at QAR 1 were from the April 2018 simulation model.
• There is a recognition that spending on higher education is too high and a long-term trajectory has been endorsed to reduce its share of the education budget. But the simulation model of the ESP does not indicate that this current imbalance is at the expense of primary. The main corrections in the ESP’s financing framework are towards secondary and TVET.

• The considerable number of OOSC remains a major concern and a challenge that the government and country partnership need to rise to, but the pathway indicated in the revised ESP, including its financing framework, is credible. The resolve to decrease the numbers of OOSC – through improved formal and non-formal education delivery – requires close attention and regular monitoring, including in the annual joint sector reviews and the Ministry’s performance reports.

• Any potential course correction in the trajectory of the ESP and its objectives towards UPE – whether on resources, strategies or management actions – should be undertaken swiftly, based on the evidence of the annual reviews.

4. Comparative analysis on treatment of 45%

4.1 Past and more recent country situations

**Republic of Congo:** In December 2015, the GPC recommended to the Board not to approve the ESP/PIG application of the Republic of Congo as it “does not meet the funding model requirement to commit to allocate at least 45 percent of the education budget to primary education in cases where universal primary education has not been achieved. The Country Grants and Performance Committee deems the justification provided to obtain an exception to this requirement not sufficiently strong, despite clear messages sent to the country by both the GPC and the Secretariat during the application process that it has to be reinforced.”

At the time, overall education spending by the Republic of Congo was a low 3.2 percent of GDP and the country had projected to keep the primary education share at 34 percent through 2020. The reasons put forward in a note from the country were:

(i) “The current spending structure reflects the already relatively high level of school participation at post-primary levels in Congo compared with the GPE country average;

(ii) Congo’s education strategy puts a high priority not only on junior high school but also on universal primary schooling and on the improvement in the quality of primary education. The two programs (primary and junior high) together represent CFAF 2767 billion over ten years or 56 percent of the total cost of the strategy; and

(iii) The Government of Congo’s firm commitment to primary education is strong in the sector strategy, as reflected by the prospect of primary education for all by 2024. The effort in support of primary education is clearly visible in the growth in current expenditure (at constant prices as of 2017) from CFAF 75 billion in 2015 to CFAF 157 billion in 2025. On this basis, average current expenditure per primary student grows from CFAF 80,000 in 2015 to CFAF 190,000 in 2025.”

A contributing factor to the GPC recommendation may have been that according to the Secretariat’s Final Readiness Review, the Government had not been responsive to Secretariat comments on the ESP’s financial framework, which was deemed inadequate.

**Ethiopia:** In December 2016, the report from the GPC to the Board of Directors presents Ethiopia as spending more than 45% of the recurrent education budget on the 8-year primary cycle (by pro-rating, this would mean a financing share of about 33.8 percent for a 6-year cycle)
and committing to increasing the 6-year primary education share of the overall education budget by 1% a year during the ESP period (2015-2020). This was accepted by the LEG as a reasonable level of increase. The GPC further recommended to the Board that Ethiopia be requested to report back annually on progress on commitment to increase share of primary education by 1% per year. The ESPIG (fixed part) was approved. According to the FRR for Ethiopia, the country’s overall spending on education was quite high at 5.6% of GDP and 25% of the overall government budget. The Grade 8 completion rate was only 47%.

**Eritrea:** In December 2018, the Secretariat reviewed Eritrea’s application (QAR III) and found that Eritrea does not currently meet funding model requirement 2:

>“According to ESP data, in 2016, the education sector was allocated 10.6% of the government budget and the estimated share of basic education (grades 1-6) from the total government expenditure to education is 32%. The ESP period projection shows an upward trajectory in recurrent spending to 13% in 2020 and spending in primary education to 33.73% in 2020.”

While the Secretariat considered the justifications put forward for the overall education budget (upward trend), the justification for not allocating 45% of the education budget to primary education was not sufficient. The lack of credible, verifiable finance data was a contributing factor in the Secretariat’s assessment. The only source for the finance data were the ESA and ESP prepared by the ministry of education, with no ability to cross-check with official government sources which are not made available to the public. The Secretariat found that it is also difficult to credibly assess Eritrea’s progress towards UPE. The Secretariat is cautiously optimistic regarding the opportunity for promoting greater data transparency as the process moves forward.

**Rwanda:** In December 2018, the Secretariat reviewed Rwanda’s application (QAR III) and found that Rwanda does not currently meet the funding model requirement 2. Given that this is Rwanda’s second application under the current Funding Model, the Secretariat reviewed the level of government financing for education in the years since the last application was approved and found that the commitments had not been met, and in fact found that the domestic financing share has further dropped from 17 percent in 2013 to 14 percent in 2018. Also, Rwanda’s latest projections of the budget share for primary education show a declining share from 44.9 percent in 2017 to 39.7 percent in 2021. In this case the 39.7 percent is out of a small overall education budget, contrary to the case of Senegal.

The analysis was communicated to country partners, as follows:

>“At the time of its last grant application, the Government of Rwanda committed to increase the share of education in the national budget from 17 percent in 2013 to 22 percent in 2018. Based on available data, this commitment was not met. Rather, the share has gone down to around 14 percent in 2018 (ESSP 2018-2023, p. 9). In addition, while we still have not received data for the entire period of the proposed ESPIG, the partial projection data (excluding debt servicing and some earmarked items) from 2018 to 2021 show at best a marginal increase from 16.0 percent to 16.4 percent, whereas the ESSP proposed, “In order to achieve the goals and aspirations articulated in ESSP 2018/19-2023/24 it is clear that a substantial increase in the education budget will be required, that will bring it into line with international benchmarks” (p.9). Finally, the share of primary education in the recurrent education budget rolls down from 44.9 percent in 2017 to only 39.7 percent in 2021 despite the fact that Rwanda has not achieved its universal primary education goal.”

A contributing factor in the assessment is that LEG members in Rwanda have expressed concern that Rwanda is not committing sufficient financing for primary education. Rwanda has responded to the Secretariat’s letter and communicated that the country will re-submit in a later round.
Summary of country comparisons:
The review of the country cases shows that countries have been assessed as not meeting the 45% requirement for different reasons, and that the Grants and Performance Committee has in the cases brought before the committee always considered whether there were justifications for seeking an exception. In the case of Ethiopia, the grant was approved based on an upward trend in the share allocated to primary education of 1%-point per year with an annual report-back on the trend. For the Republic of Congo, the GPC did not find that there was sufficient justification for an exception, and the country did not commit to an upward trend in the share of financing for the primary cycle. In the cases of Eritrea and Rwanda, the Secretariat has recently communicated to both countries that they are not on track to meet the funding model requirements. Both countries spend relatively little on education overall, as does Congo.

For Senegal, despite having just rebased it’s GDP in late 2018 so that it is now 30% higher, the education as a share of GDP is still comparatively high at around 5% and projected to further increase back up to over 6%, and the share of the overall Government budget allocated to education is higher than in most countries. Moreover, the country has been responsive to the Secretariat’s comments regarding having the ESP chart a clearer path towards UPE and has committed to increasing the financing share for the primary level over the grant period, if the non-formal is included, backed by a plan for reducing the number of out of school children.

4.2 GPC check-ins, QAR process, and engagement with country partners for Senegal

Discussions with the country partners on the 45% benchmark and the importance of adequate funding for primary started in 2017. This was reinforced in the first half of 2018, including a Secretariat mission in April 2018 that met with the Minister. This led to intense discussions by the country-level partnership.

In June 2018, the Secretariat sent its QAR 1 report to Senegal. The QAR 1 did note that Senegal’s overall education budget was high, as a result of a comparatively high level of government revenue and a large share of this being allocated to education. It also noted that UNESCO and World Bank comparative data indicated a high level of per pupil spend, expressed as a percentage of GDP per capita.

While recognizing that the high share of spending to education has a positive effect on the actual level of resources allocated to primary, the report also noted the declining share of spending on primary education (based on projections provided at the time) and the high number of out of school children. The report stressed that the draft education sector plan under development needed to be clearer about the country's ambition to reach UPE and plan for sufficient funding to be allocated for this objective. The QAR 1 report also flagged the risk of non-approval by the GPC:

“The sub-criterion on the share of funding for education allocated to primary education - a share of 45% of the education budget towards primary to achieve universal primary completion - is not achieved according to historical data and current projections. This therefore constitutes a risk when the requirements are assessed by the GPE Board's Grants and Performance Committee. However, the image of primary financing is more nuanced and more complex than a simple percentage of the education budget. But, the questions of ambition for universal primary completion and the adequacy of resources remain relevant.”

At the GPC meeting later in June 2018, the Committee discussed Senegal in the session of Fulfillment of the Fixed Part requirements. The Secretariat presented data and information on the domestic financing situation and explained that the 45% requirement on primary education, in the context of very high education spending in Senegal, was problematic. The Committee concluded that the Secretariat would continue the dialogue with the country, including around the inclusion of more data on the non-formal primary education in the ESP. The GPC comments were communicated to the country and reiterated in the Secretariat’s comments to the draft ESP sent in July 2018. In the final version of the ESP, endorsed in August 2018, the plan includes a much clearer prioritization of UPE and primary education, including alternative delivery models, and projects an increasing allocation for these objectives as part of the ESP financial framework.
ANNEX 4 -- REVIEW OF THE CONSTRAINTS AND FLEXIBILITY OF THE VARIABLE PART PAYMENTS FOR THE SENEGAL ESPIG CO-FINANCED PROGRAM

The variable part payment method used in the Senegal program includes:

- **Zero payments** for any results achieved below 50%
- **Prorated payments** for results between 50% and 80%
- **Full payments** from 80%.
- The (annual) indicators are assessed in April/May for a disbursement decision in May/June. There is no flexibility for catchup on the targets – no additional months to reach the target.
- Any undisbursed funds can be put back into play in the last year of the program, as a top-up to those last VP targets. These last-year targets are the most challenging, including the indicator on learning outcomes.

The annexed table shows the VP indicators, targets and payments. The **maximum punitive non-disbursements** for results achieved below 50% of targets is **10,600,000 euros**, while the **maximum marginal payments** on full disbursements for results achieved from 80% of targets is **4,240,000 euros**.

**Analysis and proposed way forward**

To date, the Secretariat and Committee have accepted different measures of flexibility in grant applications, including fully prorated payments (i.e. no non-disbursements for under-achievement of targets below a certain threshold) and a catch-up period of up to 12 months. In its quality assurance assessment, the Secretariat had considered Senegal’s flexibility on the VP targets as acceptable considering its lack of a catch-up period for the annual targets. The scale and ambition of the targets was also considered.

Changing the conditions of payments of the VP will require a period of renegotiation between the Grant agent and the new Government. The program is co-financed with AFD, including a concessional loan to the Government, which may affect the process of renegotiation.

Depending on the final review and conclusions of the Committee, the Secretariat suggests that a formal request be sent to Senegal to review the payout approach and propose an alternative one.
<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Baseline</th>
<th>Final Targets</th>
<th>Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Learning outcomes</strong></td>
<td>100% result achieved</td>
<td>80% result achieved (full disbursement)</td>
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<tr>
<td>% of pupils who master competencies in reading at the end of the third year of primary</td>
<td>To be determined in 2020: INEADE will have developed and tested an instrument for the evaluation of learning outcomes in reading for the first years elementary, in particular for the third year</td>
<td>Mastery of reading improves by, at least 5 points, compared with the baseline</td>
<td>Mastery of reading improves by, at least 4 points, compared with the baseline</td>
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<td></td>
<td></td>
<td></td>
<td>2,800,000 euros</td>
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<td></td>
<td></td>
<td>Improvement between 0 and 2.4 points – zero payment</td>
<td>Improvement between 2.5 and 4 points - prorated, between 1,400,000 and 2,800,000</td>
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<td></td>
<td></td>
<td></td>
<td>Maximum marginal payment for 80% results achieved = 560,000</td>
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<tr>
<td>% of primary teachers supported by resources dedicated to teaching reading</td>
<td>The DEE and DFC will have defined what types of resources are included in the pedagogical resources to teaching reading and data on dissemination of resources will have been established for the baseline.</td>
<td>70% of teachers benefit from resources dedicated to teaching reading</td>
<td>56% of teachers benefit from resources dedicated to teaching reading</td>
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<td></td>
<td></td>
<td></td>
<td>2,150,000 euros</td>
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<td></td>
<td></td>
<td>Between 0 and 34% of teachers benefit from dedicated resources – zero payment</td>
<td>Between 35% and 56% of teachers benefit from dedicated resources - prorated, between 1,075,000 and 2,150,000</td>
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<td>Maximum marginal payment for 80% results achieved = 430,000</td>
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<td>% of qualified teachers in charge of the first three years of primary education (CI, CP, CE1)</td>
<td>To be determined in 2020: Measure on allocation of qualified teachers in the different grades of</td>
<td>In schools where repetition and early dropout are high (more than 5%), at least 60% of teachers</td>
<td>In schools where repetition and early dropout are high (more than 5%), at least 48% of teachers of the first three years of primary</td>
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<td></td>
<td></td>
<td></td>
<td>2,150,000 euros</td>
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<td></td>
<td></td>
<td>Between 0 and 29% of teachers in weak school have the CAP certificate – zero payment</td>
<td>Between 0 and 29% of teachers in weak school have the CAP certificate – zero payment</td>
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</table>
| **Equity** | **Schools characterized by a high degree of vulnerability which are supported by targeted actions** | **To be determined in 2019 and 2020:** DPRE, SIMEN and INEAD will have conducted a study whose results will be used to determine this baseline; the cartography of vulnerability will have been carried out for the country and the tracking method for school support actions is defined. | **At least 70% are supported** | **At least 56% are supported** | **4,025,000 euros**

Between 0 and 29% of teachers in weak school have the CAP certificate – zero payment

Between 30% and 56% of schools characterized by a high degree of vulnerability supported by targeted actions - prorated, between 2,012,500 and 4,025,000

Maximum marginal payment for 80% results achieved = 805,000 |
| **Reduction of % of students who do not have a civil status thanks to the schools’ support** | **To be determined in 2020:** DPRE and SIMEN will have collected data on the percentage of pupils with no civil status enrolled in primary schools in 2019 – 2020 and the support strategy will have been defined. | **At least 30% of pupils who did not have a civil status have been supported and have a civil status** | **At least 24% of pupils who did not have a civil status have been supported and have a civil status** | **3,025,000 euros**

Between 0 and 14.7% reduction in vulnerable children without civil status documents – zero payment

Between 15% and 24% reduction in vulnerable children without civil status documents - prorated, between 1,512,500 and 3,025,000

Maximum marginal payment for 80% results achieved = 605,000 |
### Efficiency

<table>
<thead>
<tr>
<th>Reduction of the dropout rate</th>
<th>2017: 1&lt;sup&gt;st&lt;/sup&gt; year of elementary: 10.55% 2&lt;sup&gt;nd&lt;/sup&gt; year of elementary: 3.44% 3&lt;sup&gt;rd&lt;/sup&gt; year of elementary: 8.53% [average of 7.5% in first three years]</th>
<th>Dropout rate during the first three years of the elementary level is at a maximum of 5%</th>
<th>Dropout rate during the first three years of the elementary level is at a maximum of 6%</th>
<th>3,600,000 euros</th>
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<tr>
<td></td>
<td>Average dropout at 7.5% or above – zero payment</td>
<td>Average dropout between 7.4% and 6.0% - prorated, between 1,800,000 and 3,600,000</td>
<td>Maximum marginal payment for 80% results achieved = 720,000</td>
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<td>Improvement of the performance in the execution of the investment program BCI in terms of the MoE’s norms and procedures</td>
<td>To be determined in 2020: The first external audit will have been made available.</td>
<td>50% improvement according to the annual external audit compared with the previous year’s external audit report</td>
<td>40% improvement according to the annual external audit compared with the previous year’s external audit report</td>
<td>3,450,000 euros</td>
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<td>Improvements in investment program performance of between 0% and 24.5% – zero payment</td>
<td>Improvements in investment program performance of between 24.9% and 40% - prorated, between 1,725,000 and 3,450,000</td>
<td>Maximum marginal payment for 80% results achieved = 690,000</td>
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</tr>
</tbody>
</table>

Maximum punitive non-disbursements for results achieved below 50% of targets: 10,600,000 euros  
Maximum marginal payments on full disbursements for results achieved from 80% of targets: 4,240,000 euros