

PROJECT COMPLETION REPORT

ON THE

BASIC EDUCATION DEVELOPMENT PROJECT
Loan 1249-RMI[SF]

IN

THE REPUBLIC OF THE MARSHALL ISLANDS

December 2001

CURRENCY EQUIVALENTS

The currency unit of the Republic of Marshall Islands is the US dollar.

ABBREVIATIONS

ADB	–	Asian Development Bank
BEP	–	Basic Education Project
CMI	–	College of the Marshall Islands
MIS	–	management information system
HRD	–	Human Resource Development
MISAT	–	Marshall Island Standardized Achievement Tests
MOE	–	Ministry of Education
MOF	–	Ministry of Finance
NSB	–	National Standards Bureau
PIU	–	project implementation unit
RMI	–	Republic of the Marshall Islands
SPBEA	–	South Pacific Board for Educational Assessment
TA	–	technical assistance
USP	–	University of the South Pacific

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 September.
- (ii) In this report, "\$" refers to US dollars.

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BASIC DATA

A. Loan Identification

1.	Country	The Republic of the Marshall Islands
2.	Loan Number	1249-RMI (SF)
3.	Project Title	Basic Education Development Project
4.	Borrower	The Republic of the Marshall Islands
5.	Executing Agency	Ministry of Education
6.	Amount of Loan	Original amount approved—SDR5,752,000 Current SDR amount—SDR5,717,446.44 (equivalent to \$7,801,270)
7.	Project Completion Report No.	PCR: RMI 663

B. Loan Data

1.	Fact-Finding Mission	
	– Date Started	7 December 1992
	– Date Completed	21 December 1992
2.	Appraisal	
	– Date Started	14 April 1993
	– Date Completed	10 May 1993
3.	Loan Negotiations	
	– Date Started	2 August 1993
	– Date Completed	5 August 1993
4.	Date of Board Approval	9 September 1993
5.	Date of Loan Agreement	17 November 1993
6.	Date of Loan Effectiveness	
	– In Loan Agreement	15 February 1994
	– Actual	14 March 1994
	– Number of Extensions	0
7.	Closing Date	
	– In Loan Agreement	1 April 1999
	– Actual	11 June 2001
	– Number of Extensions	4
8.	Terms of Loan	
	– Interest Rate	1% service charge
	– Maturity (number of years)	40
	– Grace Period (number of years)	10
9.	Terms of Relending (if any)	Not applicable
	– Interest Rate	
	– Maturity (number of years)	
	– Grace Period (number of years)	
	– Second-Step Borrower	

10. Disbursement

a. Dates

Initial Disbursement **Final Disbursement** **Time Interval**
28 March 1994 11 June 2001 7.25 years

Effective Date **Original Closing Date** **Time Interval**
14 March 1994 1 April 1999 5 years

b. Amount (\$)

	Category or Subloan	Original Allocation	Latest Revised Allocation (17-10-00)	Amount Cancelled	Net Amount Available	Amount Disbursed	Undisbursed Balance
01A	Civil Works - MOE	2,979,661	3,051,992.84	153,490.16	3,205,483	3,205,483	0
01B	Civil Works - CMI	848,321	1,234,050.79	17,384.21	1,251,435	1,251,435	0
02A	Furniture & Eqpt-Furniture	282,778	310,451.59	(32,357.59)	278,094	278,094	0
02B	Furniture & Eqpt-Eqpt & Vehicle	59,091	165,571.35	(33,368.35)	132,203	132,203	0
02C	Furniture & Eqpt-Books, Learning Materials	592,982	325,965.47	10.53	325,976	325,976	0
03A	Staff Development - Overseas Fellowship	311,260	152,550.87	1,625.13	154,176	154,176	0
03B	Staff Development-Local Training	109,730	72,879.89	(11,292.89)	61,587	61,587	0
04A	Consultant Serv & Act-Int'l Cnsltants	965,433	955,281.82	(44,965.82)	910,316	910,316	0
04B	Consultant Serv & Act-Proj.Impl/BME	543,385	483,818.24	(35,518.24)	448,300	448,300	0
04C	Consltnt Svcs & Act-CW Dsgn & Superv.	559,218	758,662.16	(22,455.16)	736,207	736,207	0
05A	Proj.Impl & Rec Costs – Cap Costs	45,991	108,557.43	1,064.57	109,622	109,622	0
05B	Proj Impl & Rec Costs – Soc Mobiliz	8,437	7,877.50	(5,585.50)	2,292	2,292	0
05C	Proj. Impl & Rec Costs-Opern & Serv.Charge	173,033	23,565.37	(21,875.37)	1,690	1,690	0
06	Const.of Proj.Facil.	220,517	205,883.60	(21,994.60)	183,889	183,889	
07	Unallocated	740,087	23,131.08	(23,131.08)			
09	Imprest	0	20,256.11	(20,256.11)			
	Total	8,439,924	7,900,496.11	(99,226.11)	7,801,270	7,801,270	

BME = benefit monitoring evaluation; CMI = College of the Marshall Islands; CW = civil works; MOE = Ministry of Education.

11. Local Costs (ADB-financed)
 - Amount (\$ million) not applicable
 - Percentage of Local Costs not applicable
 - Percentage of Total Costs not applicable

C. Project Data

1. Project Cost (\$ '000)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	8,000	7,801
Local Currency Cost	3,565	3,419
Total	11,565	11,220

2. Financing Plan (\$ '000)

Source	Appraisal Estimate			Actual		
	Foreign	Local	Total	Foreign	Local	Total
Asian Development Bank	8,000		8,000	7,801		7,801
Government		3,565	3,565		3,419	3,419
Total	8,000	3,565	11,565	7,801	3,419	11,220

3. Cost Breakdown by Project Category (\$ '000)

Project Activity	Appraisal Estimate			Actual		
	Foreign	Local	Total	Foreign	Local	Total
A. Civil Works						
1. Land Lease - MOE		34	34			
- CMI		34	34			
2. Const./Rehab - MOE	3,104	170	3,274	3,206	169	3,375
- CMI	884	48	932	1,251	66	1,317
Subtotal (A)	3,988	286	4,274	4,457	235	4,692
B. Furniture and Equipment						
1. Furniture	295	16	311	278	15	293
2. Equipment and Vehicles	62	0	62	132	0	132
3. Books and Learning Mat.	618	411	1,029	326	208	534
Subtotal (B)	974	427	1,401	736	223	959
C. Staff Development						
1. Overseas Fellowship	324	0	324	154	0	154
2. Local Training	114	669	783	61	349	410
Subtotal (C)	438	669	1,107	215	349	564

D. Consultant Services and Activities

1. International Consultants	1,006	0	1,006	910	0	910
2. Proj.Impl./BME Cons.	566	0	566	448	0	448
3. Civil Works Design & Superv.	582	0	582	736	0	736
Subtotal (D)	2,154	0	2,154	2,094	0	2,094

E. Proj. Impl. & Recurrent Costs

1. Training of PIU Staff	0	5	5	0	0	0
2. Capital Costs	48	6	54	110	12	122
3. Social Mobilization	9	48	57	2	12	14
4. Recurrent Costs - PIU	0	430	430	0	0	0
- O&M	180	1,694	1,874	2	2,588	2,590
Subtotal (E)	237	2,183	2,420	114	2,612	2,726

F. Service Charge	209	0	209	185	0	185
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Total Project Cost 8,000 3,565 11,565 7,801 3,419 11,220

ADB Loan as a % to Proj. Cost 69.17% 69.53%

BME = benefit monitoring evaluation; CMI = College of the Marshall Islands; PIU = project implementation unit.

4. Project Schedule

Item	Appraisal Estimate	Actual
Consulting Services		
Start of Services	Oct. 1993	Jan. 1995
Completion of Services	Dec. 1996	Nov. 2000
Civil Works Contract		
Date of Award	Jan. 1995	Jan. 1996
Completion of Work	Jan. 1996	Jan. 2001
Equipment and Materials		
First Procurement	Apr. 1994	Jan. 1995
Last Procurement	Mar. 1996	Dec. 2000
Completion of Equipment Installation	Dec. 1995	Dec. 2001
Fellowships and Study Visits		
First Award	Oct. 1994	Apr. 1995
Return of Last Fellow	Sept. 1998	Jan. 2000
Project Implementation Unit		
Beginning of Start-Up	Oct. 1993	Oct. 1993
Completion	Jan 1994	Jan 1994

I. PROJECT DESCRIPTION

1. The Government of the Republic of the Marshall Islands (RMI) had embarked on a ten-year education plan. Assistance was required to review the education system in the RMI and implement the master plan. In April 1991, the Asian Development Bank (ADB) approved technical assistance to review the education sector in the RMI and formulate an action program to address human resources development needs. The main human resource development problem in the RMI was the general population's lack of education and more fundamentally, the inadequacies and deficiencies in the country's basic education system. The basic education subsector needed to be accorded the highest priority because it provided the foundation for further development of human resources and for achieving the Government's goal of self-reliance. The technical assistance was reoriented toward formulating an action program for basic education, which formed the basis for the Basic Education Project (BEP).

2. ADB fielded a fact-finding mission in April 1993, followed by an appraisal mission in April and May 1993. The appraisal mission finalized the scope of the BEP in consultation with the Government. The Basic Education Development Loan was approved on 9 September 1993. The loan document was signed on 17 November 1993 and the loan went into effect on 14 March 1994. The cost of the BEP was approximately \$11.6 million, including a local share of approximately \$3.6 million. The purpose of the BEP was to assist the Ministry of Education (MOE) in its plan to upgrade basic education at the elementary level, which covers school grades one through eight.

II. EVALUATION OF IMPLEMENTATION

A. Relevance of Design and Formulation

3. The BEP aimed at improving elementary academic performance, teacher qualifications, and teaching methods, and at providing a healthier environment for outer-island students. To achieve these long-term development objectives, the BEP would reform the curriculum; develop and produce assessment tools; train teachers; improve the institutional capacity of principals, MOE staff, and local administrators through special programs; review and pilot an alternative education delivery system through the establishment of a middle school in Majuro; and finally, improve outer-island elementary student access to toilets and potable water. All the above components were crucial and relevant to the achievement of the long-term objectives, especially the development of a curriculum and assessment tools and the training of teachers. These components were very well designed, although the final results as developed by consultants could have been of a better quality.

4. However, certain subcomponents in the design were difficult to implement or were overtaken by changes in MOE's education philosophy. Among them, practical arts and entrepreneurship development were deleted, as there was no consensus on course content. Similarly, the construction of the teacher demonstration school was abandoned because it was not cost effective. The design should have incorporated a larger allocation for production of student textbooks based on the new curriculum, in anticipation that government funding would be inadequate. A better understanding of MOE's printing requirements and capability could have enhanced the BEP's ability to achieve its objectives.

B. Project Outputs

5. The BEP comprises three components: (i) improvements in the relevance and quality of

elementary education through curriculum reform; teacher training; establishment of a demonstration elementary school (grades 1 through 6); upgrading of the capacity of the College of the Marshall Islands (CMI) for teacher education; development, production, and distribution of textbooks and learning materials; construction of basic facilities; and development of academic supervision and achievement testing systems; (ii) strengthening of institutional capacity through the training of principals and local government and MOE administrators; establishment of a middle school (grades 7 and 8); pilot testing of more cost effective delivery system for schools; and (iii) support for implementation of the BEP through strengthening of MOE's implementation capacity and provision of incremental recurrent costs. The discussion of each subcomponent, with deviations and factors that affected BEP costs and outcomes and time schedules, follow.

1. Relevance and Quality

a. Curriculum Reform

6. Under the BEP, the curriculum was reformed in elementary grades one through eight. MOE appointed curriculum specialists or writers with teaching experience for each of seven subjects. English and Marshallese language arts, social studies, mathematics, health, science, and creative arts. During implementation, the BEP provided international consultants to work with the specialists in preparing frameworks for the reformed curriculum. The frameworks were divided into two sets; one for grades one through six and another for grades seven and eight.

7. The frameworks were introduced with general statements of vision, mission, and goals. A scope and sequence was also set up. Generalized goals for self-reliance and elementary education expectations were included in the frameworks along with a philosophy statement. These entailed important ideas and concepts that were new to curriculum work in the RMI. Because of the work of local specialists, there was a sense of ownership of the frameworks by the Marshallese writers. The ADB consultants provided direction and guidance, but the ideas formulated were the work of the Marshallese specialists, so the frameworks were uniquely Marshallese. The resulting framework documents consist of 400 pages of material.

8. The specialists, with the assistance of the ADB consultants, produced corresponding teachers' guides for each grade level. Each teacher's guidebook, averaging 200 pages of information, contains curriculum information for each subject, including outcomes and objectives, sample lesson plans, assessment pointers, and teaching hints. Frameworks were distributed to every elementary principal; teacher's guides to every public and private elementary teacher, and to CMI for use in their teacher training program. The frameworks and the guidebooks were both printed using BEP funds. While most of the guidebooks and frameworks were comprehensive and well prepared, some subjects need further refinements, which will be made as the curriculum evolves.

b. Practical Arts and Entrepreneurship Development

9. Because of disagreements on what was considered appropriate under practical arts and entrepreneurship development, the program was discontinued. It was questioned whether the same life skills curriculum applicable to middle schools in Majuro and Ebeye would serve the needs of students in the outer islands. Developing separate curricula for urban centers and the outer islands was beyond the funding available under the BEP. Suitable consultants capable of undertaking such work were difficult to find. Therefore, it was agreed that MOE would continue to pursue in a limited way the introduction of life skills in grades 7 and 8, utilizing the federally funded school-to-work program. Subsequently, the whole issue of vocational training skills and

entrepreneurship development would be taken up separately, under a later ADB loan.

c. Desktop Publishing

10. The BEP contracted a desktop publishing consultant to work with the specialists. Under this consultancy, the specialists learned to prepare camera-ready manuscripts for printing. A major benefit of the desktop publishing expertise is that all the curriculum materials developed under the BEP are now stored in computers. This is the first time that curriculum information has been put on computers in the RMI.

11. Since the BEP provided all specialists with computer software and printers, the electronic format of the curriculum materials allowed them to easily modify and adapt to changing teaching practices in the RMI and to improve the sensitivity of the curriculum to the local environment. This subcomponent of the BEP was highly valued by the curriculum specialists.

d. Marshallese Dictionary and Grammar Book

12. Two local consultants were hired by the BEP to work on a Marshallese dictionary with grammar rules included. These consultants worked with the Marshallese language arts specialist. Formulating the dictionary is ongoing at MOE and has subsequently been funded by a United States (US) federal bilingual grant. The Marshallese language arts specialists have incorporated revised spelling and grammar into the production of student materials.

e. Curriculum Workshops

13. Upon completion of the teacher's guides, the BEP set up and funded workshops. Teachers were brought into Majuro and Ebeye to be trained in the new curriculum by the specialists. All 544 public and private school elementary teachers attended the two-week sessions. However, when these trained teachers returned to their classrooms, they were not provided with adequate teaching and classroom support materials. Thus, they had difficulty applying the skills and techniques acquired in the workshops.

14. To assist the teachers further in implementing the revised curriculum, monitoring teams were sent to work with the teachers in their schools. Teams of specialists and MOE administrative personnel traveled to all the Majuro and outer-island schools and observed the presentation of the curriculum, gave demonstration lessons to the students, and gathered teacher input on implementation problems. The teams visited each school once a year for two years and garnered valuable information about changes necessary to make the curriculum more applicable in the classroom setting. Two-year monitoring was inadequate, and further monitoring is needed on an annual basis. BEP funds used for both training and monitoring was approximately \$410,000.

15. A curriculum consultant was also hired by the BEP to work with the curriculum committee in modifying the curriculum as a result of lessons learned from the monitoring teams. It was decided that the BEP-revised curriculum would dovetail better with the secondary education curriculum and that the English language curriculum should be revised to meet the needs of the students, with English as a second language.

f. Textbooks

16. The BEP also purchased student textbooks and reference books for teachers, at a cost of approximately \$280,000. This was not enough to meet the needs of the students and teachers in the RMI basic education program. Lack of textbooks and workbooks remains a major obstacle in fully implementing the revised curriculum and delivery of the program. Under the BEP, a limited number of student workbooks were produced locally, using computers for desktop publishing. Although workbooks and textbooks continue to be produced and purchased by MOE, the supply is not adequate to fulfill the needs of the student population due to limited funds.

g. Government Printing Facilities

17. To facilitate the production and distribution of curriculum-based materials, the capacity and capability of the present government printing facility were assessed. It was concluded that the current print shop had poor facilities and was not capable of mass producing quality textbooks, workbooks, and teachers' guides. Without the capacity to produce these inexpensively in-country, MOE would have to continue importing, which would adversely affect curriculum development work.

18. Based on the assessment, it was recommended that the physical plant be moved to larger premises and production facilities be improved and managed professionally. Funds from the BEP were reallocated, and approximately \$300,000 was disbursed for the purchase of print shop equipment capable of producing quality textbooks and materials and meeting the Government's printing requirements. A major constraint in bringing the improved plant into operation was the Government's inability to find a qualified professional manager. The equipment is stored in a secure facility and is tentatively scheduled to be of use for training and printing in the Vocational and Skills Loan.

h. Assessment of Academic Performance

19. In conjunction with the curriculum reform, the BEP also contracted an assessment consultant to work with the specialists. With the assistance of the consultant, the specialists produced three national tests based on the reformed curriculum. Examination question banks were established to ensure that the tests would vary from year to year, and field testing was completed using BEP funds.

20. The tests, called Marshall Islands Standardized Achievement Tests (MISAT), are now being given to all students in the RMI at grade 3 (MISAT I), grade 6 (MISAT II), and grade 8 (MISAT III). These tests are prepared and administered by the MOE National Standards Bureau (NSB) on a yearly basis. To interpret results and produce reports on the testing, a BEP consultant worked with NSB to produce the *Digest of Marshall Islands Education Data*, which tabulates the degree to which students are achieving learning objectives and the numbers and distribution of factors like schools, teachers, students, and gender. These figures are to be gathered annually by NSB to form a basis for the Government and external funding agencies to make education decisions. The assessment tools were prepared under time constraints and with less-than-adequate inputs from the local counterparts. As a result, the tools were not as culturally sensitive as they could have been and the language of assessment did not match the language of instruction. MOE is undertaking further review and revision of the tests.

i. Teacher Training

21. With the assistance of a project consultant, CMI developed a three-year education degree program to replace the previous two-year teacher training program. Teachers trained under CMI's two-year program were not conversant with the subjects they were supposed to teach. The three-year diploma was integrated into the CMI education curriculum in the 1997–1998 school year. The three-year degree program stresses subject matter instruction for the first two years, with teaching methodology classes and student teaching in the third year. This has led to more in-depth understanding of the subject matter by the teachers and improved pedagogy skills.

22. As a result of the BEP, the ADB Teacher Training Component Committee was set up to meet on a monthly basis. The committee offered a revision of the present teacher certification standards and presented them to MOE. These revisions were adopted by the RMI Cabinet, and a database on teachers has been set up to track and enforce the revised teacher certification standards. MOE has hired a teacher training coordinator responsible for maintaining the database and making recommendations to the ministry regarding the teacher's adherence to the new standards.

j. CMI Civil Works

23. BEP funded the construction of a four-classroom addition to the CMI education building. This addition was constructed specifically to enable the CMI Teacher Education Program to increase its capacity. The four 26'x 30' classrooms were completed in January 1998, at a cost of approximately \$250,000.

24. Seven CMI staff houses were renovated under the BEP at a cost of \$170,000, and a student dormitory was renovated at a cost of \$200,000. Both these renovations were completed in April of 1998, including the purchase of new furniture and fixtures. The original loan proposal called for the construction of new CMI staff houses, to be built atop existing teachers' houses. As this solution was found to be structurally unsound, it was decided to renovate the housing units. The renovation of the student dormitory was also not in the original loan proposal. The original design was for a new 60-bed dormitory, but no site was available on the CMI campus. Instead it was decided to renovate a student dormitory and to construct a new 30-bed dormitory. The new dormitory was built on the CMI campus and completed in November 2000 at a cost of \$450,000. The dormitory is 100' x 40' and can house 28 students with apartments for two counselors. The BEP also funded all furniture and fixtures for the new dormitory.

25. The BEP included the construction of a teacher demonstration school to be used by the CMI Education Department for the training of new teachers. Students from the nearby Uliga Elementary School were to be taught in the demonstration school. After a comprehensive review, it was decided that the demonstration school was a costly way to train a small number of teachers. Further, given the cost overruns in the other CMI civil works components of the BEP, funding was likely to be inadequate to construct a demonstration school.

k. Basic Facilities

26. BEP undertook construction of water catchments and toilets for selected schools on Majuro and the outer islands. The schools were selected based on an MOE survey of all public elementary schools.

27. Initially, outer-island construction of the basic facilities was to be done by the community on a voluntary basis, as part of the participatory approach to education in the outer islands. Once the preparatory actions were completed by the local community, construction supplies were to be purchased by the BEP and shipped to the island, along with construction plans. However, this was not successful primarily because: (i) most outer islands did not have proper or secured storage areas for construction supplies, and (ii) not all the outer islands had skilled construction supervisors to assist the community in building the catchments and toilets. This was not the situation with the Majuro schools, where Ministry of Public Works personnel supervised the work and there was ample storage space. Therefore, the Majuro facilities were completed, but most of the outer-island projects remained unfinished. Much of the material sent to the outer islands under this program was either damaged beyond usefulness or pilfered.

28. A second survey of outer-island facilities was undertaken, and it was determined that numerous schools either had major roof damage or in some cases no roofs at all. It was also determined that in the initial phase of the BEP, the catchments had been constructed but not the roof gutters and downspouts for collecting water. It was decided that wherever catchments were to be provided, the work would also include roof repair or replacement and provision of gutters and downspouts. The construction of toilets was deemphasized, since those previously built were in many cases underutilized.

29. The hiring of a local construction supervisor by MOE proved extremely beneficial in completing work on the outer islands. The supervisor traveled with the supplies to each island and assisted the community in the construction. The total cost for the basic facilities was approximately \$350,000.

2. Institutional Capacity

a. Institutional Development

30. To strengthen the leadership and managerial skills of RMI elementary school principals, the BEP contracted the University of the South Pacific (USP) to provide an eight-course diploma program in education administration. This program, a combination of distance education and extension courses, included visits to Majuro by USP instructors to teach courses. The principals received packages of extension course materials for classes held at the USP Extension Center in Majuro, and audio tape recordings for distance learning. Tutorials were provided and coordinated by the BEP project implementation unit (PIU) for those principals on outer islands.

31. Of the 13 principals involved in the first offering of the courses, 9 completed the program. A second group of principals enrolled in the program, but for various reasons the program was discontinued. The principals lacked commitment and did not have the English language skills required to successfully complete the courses offered. Therefore, the program was a partial success. A similar program offered by CMI might have been more successful.

32. The BEP offered a much more successful program in coordination with Brigham Young University at Hawaii. This program enabled MOE administrators to earn a bachelor's degree through the university's Continuing Education Division and upgrade their skills and work performance. The candidates for this program were carefully selected and required to sign a bond stating that they would continue to work with MOE for a certain length of time.

33. A total of 21 participants out of 24 enrollees attained their bachelor's degrees in this program. Successful participants have since demonstrated increased competencies in writing,

critical thinking, and problem solving. The program was an excellent example of dovetailing BEP funding with MOE resources, resulting in a successful endeavor.

b. Delivery and Network Rationalization

34. As a condition of the Loan Agreement, MOE instituted a review of its delivery system. The review process included a mapping exercise of schools and student enrollments, discussions with principals and head teachers, a survey of school concerns, and a review of the impact of a pilot middle school on Majuro. The review suggested a need for a differentiated curriculum for grades seven and eight and a separate middle school comprising grades seven and eight. A pilot middle school was constructed in Majuro using BEP funds.

c. Middle School Building

35. The middle school building was constructed on Majuro using BEP funds at a cost of \$1.7 million. The building contains 23 classrooms, including a science room, a computer room, a teacher lounge and administrative offices. The building has a capacity of 650 students and has significantly reduced the overcrowding in the Majuro elementary school system. This middle school building is now considered one of the best designed and laid out schools in the RMI. During construction, a design problem manifested itself in a structural flaw. Structural experts were called in and remedial measures were taken. Additional supports over and above design requirements were put in. Subsequent structural testing determined that the building was safe, and test results surpassed United States (US) standards for school buildings. However, this resulted in some delays and additional costs. The BEP provided furniture and fixtures for the middle school building.

36. The water distribution system set up under ADB loan, Majuro Water Supply and Sanitation¹, was unable to provide adequate pressure and supply to the middle school. As the middle school was going to be a major water consumer, it was proposed that three additional pumps be installed to increase water pressure. MOE agreed to the use of BEP funds for the purchase and installation of the pumps at a cost of approximately \$200,000. The installation of the pumps provided adequate water for the middle school and helped increase water pressure and supply to the Rita end of the atoll.

d. Monitoring and Information System

37. MOE created a management information system (MIS) with the assistance of the South Pacific Board for Educational Assessment. A benefits monitoring consultant was hired by the BEP. In conjunction with the MIS, the consultant gathered benchmark data for the BEP along with benefits data. This data was incorporated into the MIS. In the last year of the BEP, the Pacific Resources for Education and Learning organization revised and refined the MIS. The revision included a software data bank for tracking teacher certification.

C. Project Cost and Financing Plan

38. At the time of appraisal the total cost of the BEP was estimated at \$11.6 million, of which \$8 million was for foreign exchange cost fully financed by ADB and \$3.6 million was the local cost financed by the Government. ADB approved a loan of SDR5,752,000 from its special fund resources. ADB's loan financed 69 percent, while the Government financed 31 percent. At the

¹ Loan 1389-RMI(SF): *Majuro Water Supply and Sanitation*, for \$9,200,000, approved on 29 September 1995.

time of the revised loan closing, the actual project cost was \$11.2 million, of which ADB financed \$7.8 million (69.5%) and the Government financed the balance of \$3.4 million (30.5%).

Project Costs
(\$ '000)

Item	Appraisal Cost	Actual Cost
A. Civil Works	4,274	4.692
B. Furniture & Equipment	1.401	0.959
C. Staff Development	1.107	0.564
D. Consultants Services	2.154	2.094
E. Project Implementation	2.420	2.726
F. Service Charge	0.209	0.185
Total	11.565	11.220

39. There were no overall BEP cost overruns, but the civil works components had cost overruns of about \$400,000 as explained in paras. 23–28. A cost overrun of about \$300,000 also occurred in project implementation, as contracts for the project manager and the civil works engineer (both international consultants), costing almost \$150,000 per year, had to be extended to complete the BEP after an initial three-year hiatus. Some expenditures in other components had to be curtailed to accommodate the cost overruns in civil works. The original appraisal estimates of project cost and ADB financing and the actual expenditures are compared on page iv of the Basic Data. At project completion, the loan was fully disbursed, with a partial cancellation of \$43,588.

D. Disbursements

40. Disbursement procedures were adequate, but as a result of the substantial delays early in the BEP, actual disbursements lagged well behind the appraisal estimate. The inexperience of MOE as Executive Agency as well as delays in start-up contributed to the Government's being unable to utilize the retroactive financing. The PIU project manager, PIU would establish only after loan approval. In fact, loan effectiveness came a full six months after loan approval.

41. In 1997, ADB took effective action and prepared a revised disbursement schedule. As a result of well-developed action plans prepared jointly by the project manager and the ADB mission leader, implementation of the BEP was improved and disbursements accelerated. MOE's lack of experience in preparing withdrawal applications led to some delays in ADB replenishments and direct payments. Subsequently, PIU staff were trained in the preparation of withdrawal applications, and no further delays were encountered. However, toward the end of the project, ADB strictly required MOE to provide the original invoices with signatures to be attached for direct payments. The Government's inability to provide original supporting documents on a timely basis led to some delays in paying various contractors.

42. The Government initially required that both the counterpart and ADB imprest accounts proposed under the loan design be maintained by the Ministry of Finance (MOF). Under this system, imprest account payments were slow and resulted in delays. Further, MOE had no control of, and almost no knowledge of, the imprest account transactions. Subsequently, after the major review in 1997, ADB insisted that both imprest accounts be put under the control of the PIU. The Government was given a quarterly schedule of replenishment for the counterpart imprest account. After that, no further problems occurred with counterpart funding. However, the

lack of a qualified accountant in the PIU resulted in minor problems in the management of the imprest accounts. The PIU subcontracted a qualified accountant, who established the accounting procedures and proper internal control systems, and eliminated the financial management problems.

E. Project Schedule

43. A major constraint on the BEP was delays in implementation. The BEP was originally scheduled to be completed in April 1999. In the first three years, progress was extremely slow and ran into several problems, which included counterpart funding difficulties and poor supervision and management. Changes in personnel also contributed to the slow progress of implementation and the continued redirection of the project. In 1997, ADB concluded that unless major changes were instituted and MOE agreed to certain conditions, the BEP would be discontinued and the loan canceled. After a major review, the BEP was redirected to establish the PIU and staff it with competent accountants and other support staff. The imprest accounts were to be transferred from MOD to MOE. Several major changes were made in the scope and design of the BEP and the MOF was directed to advance funds to the counterpart imprest account. Subsequently the BEP moved fairly smoothly, except for procurement and some construction delays described in section II B. Four extensions were required to complete the BEP in February 2001. The last two extensions were required to design, procure, and install the pumps to improve the water supply to the middle school.

F. Implementation Arrangements

44. The MOE was the Executing Agency for the BEP and the Secretary of Education was supposed to be responsible for implementation. A project steering committee comprised of senior government representatives was supposed to provide high-level policy dialogue in close coordination with the National Board of Education. A PIU was to be established and to be responsible for day-to-day implementation of the BEP. Under advance action, a consultant was supposed to be hired to establish the PIU, prepare operational procedures, and complete advance recruitment action for other consultants. Initially, the financial controls and the imprest accounts were placed under MOF in accordance with government regulations.

45. While the implementation arrangements were generally satisfactory and the PIU was established without the recruitment of the advance action consultant, repeated changes in secretaries and ministers of education created considerable implementation difficulties during the BEP's first three years. Proper guidance was lacking and the project steering committee seldom met. The National Board of Education was not functional. Therefore, the project manager and the PIU were left to implement the entire BEP. However, things improved starting in 1998, as the result of a closer relationship among the minister of education, ADB, and the PIU. PIU staffing was augmented with a proper accountant. There were difficulties encountered in the original financial arrangements, until the financial controls and imprest accounts were transferred to the MOE and the counterpart funding requirements were fully supported by the MOF. The project implementation schedule is shown in Appendix 1.

G. Conditions and Covenants

46. Compliance with loan covenants has been partly satisfactory (Appendix 2), as some of the covenants, especially those related to policy issues such as cost recovery, benefit monitoring, consolidation of school programs, etc., could not be fully complied with. However, the project accounts were not audited for the first three years, as the BEP was not properly

managed and underwent frequent changes of secretaries and ministers of education. As a result, no one took responsibility for audits and no funding was available under the government budget. Government auditors also did not have time to conduct the audit. In 1998, this was finally rectified and a three-year consolidated audit was undertaken using BEP funds. This was made possible by a minor change in BEP scope and a reallocation of funds to finance the cost of audit services for all subsequent audits. All future projects in the RMI now incorporate the budget for auditing under the loan.

H. Consultant Recruitment and Procurement

1. Consultant Recruitment

47. Recruitment of consultants went fairly smoothly. Face-to-face interviews with potential consultants would have been optimal but were prohibited by time and costs. It was sometimes difficult to judge an individual consultant by references and phone interviews alone. Some problems were encountered with the sequencing and proper overlap of consultant engagements. As an example, the desktop publishing consultant should have been engaged earlier and properly overlapped with the curriculum consultant. This lack of coordination caused some duplication of effort and fragmentation of curriculum development. Further, certain consultants were engaged on a continuous basis even though their workload was intermittent. There were several periods between bids and time for mobilization and while waiting for materials during which the consultants did not have any work to do. From time to time, disagreements arose between MOF and ADB with regard to evaluation and recruitment of consultants.

2. Procurement

48. Local bidding was allowed, but there were not enough companies with financial capabilities to prequalify and meet bonding requirements for the conduct of local competitive bidding. International companies were not interested because of the high cost of mobilization. MOE, in consultation with ADB decided to reduce the size of individual contracts by bidding out portions of the total civil works projects (e.g. separate contracts for building foundations, superstructure, electrical works, and plumbing). This also gave local contractors the chance to participate in an ADB contract. While this helped the local economy, it created for the PIU management and coordination problems that resulted in delays. The failure of one contractor to complete its assigned portion of the civil works led to contract termination. However, this was an isolated case. Overall, the performance of the contractors was generally acceptable.

49. For the initial three years of the BEP, all procurement of goods and services was undertaken by MOF. The BEP experienced difficulties in getting supplies because inadequate shipping schedules resulted in long lead times. There were not enough local bidders, so bidding failed. In spite of rebidding, the PIU eventually had to resort to direct or negotiated bids to complete the BEP on time. A limited number of suppliers leads to artificially inflated prices and price fixing. International vendors and suppliers seldom provide warranties or guarantees for materials supplied to the RMI.

I. Performance of Consultants, Contractors, and Suppliers

1. Consultants

50. The Government's request for the engagement of a local consultant slowed implementation. MOE recruited locally based benefits monitoring and evaluation consultant which resulted in a major disruption, the departure of foreign consultants, and a six-month hiatus. The interruption also necessitated the rerecruitment of the consultants at a cost overrun. Several BEP components had to be restarted, causing further delays.

51. Local counterparts and officials of MOE expressed some concerns about the suitability of the international consultants, specifically concerning their lack of sensitivity and knowledge of Pacific cultures. As the Marshallese education system is entirely based on the American model, the recruitment of Australian consultants led to some inconsistencies in curriculum development and language usage. In some isolated cases, the temperament of the consultants was unsuitable for working in the Marshall Islands.

2. Contractors and Suppliers

52. Many of the local contractors were not conversant with the purchase, shipping, and handling of large amounts of construction materials, and relied on local agents for the importation of materials. However, the import agents did not have an interest in adhering to the details of contract specifications. High prices paid for materials, along with multiple errors in delivered goods, contributed to construction delays on both the CMI dormitory and the Majuro middle school. Eventually, the BEP took over direct ordering of construction materials, leaving the contractor responsible for receiving, storage, installation, and labor.

53. Most local contractors are also inexperienced at bidding and working under competitive bid or lump sum contracts. Some contractors in the RMI are used to having design-build or cost-plus contracts and pay little attention to quality of work and materials. The work of the contractor had to be closely monitored and substantial remedial work had to be performed by the contractors at the insistence of the civil works consultants. Local contractors are not used to such close inspection of work.

J. Performance of the Borrower and the Executing Agency

54. Although the overall performance of the Borrower and MOE was highly satisfactory during the later part of the BEP, the initial delays and inaction by MOE warrant a partly satisfactory evaluation. The performance of the PIU since its establishment was generally satisfactory. However, the lack of a qualified accountant in the PIU, and major changes in the MOE administration and the RMI Government during the loan period, contributed to BEP delays. There were five ministers of education, four secretaries of education, three ministers of finance, three secretaries of finance, and three RMI presidents during the implementation of the BEP. Each new minister and secretary of education had different views on the direction of the BEP resulting in implementation delays. The extent of involvement of individual secretaries and or ministers also had a significant effect on the implementation of the BEP.

K. Performance of ADB

55. ADB's performance was partially satisfactory. Poor relationships in the initial stage of the BEP contributed to its slow progress. Missions did not have adequate access to the minister of

education. The appointment of a new minister and changes in the ADB project administration team contributed to better implementation. ADB fielded a total of 156 person-days of review missions to supervise the BEP. A detailed review mission was undertaken in September 1998, which assessed BEP progress and determined ways to restart it. All missions to the RMI made it a point to briefly review the progress of the loan and assisted in resolving any pending problems. Missions toward the end of the BEP implementation period helped to ensure its completion. ADB missions provided the PIU with substantial assistance with ADB documentation, accounting, and report keeping; arranged for faster disbursements; and provided MOE with curricula vitae of consultants and other matters relating to the BEP.

III. EVALUATION OF PERFORMANCE

A. Relevance

56. Once it was determined by the Government that the basic education subsector should be accorded the highest priority, the BEP was the obvious response to accomplish improvements in this subsector. The overall design of the BEP was extensively discussed and continues to remain relevant, so that continued work is needed in the subsector and is vital for improving basic numeracy and literacy skills in the RMI. This will be the cornerstone for improving skills and employability, diversifying the economy, and eventually leading to poverty alleviation. The BEP is also highly relevant to ADB's lending sector, which has shifted toward basic education since the early 1990s. However, the inability to provide adequate funding for textbooks, at least during the initial years of the BEP, somewhat diminishes its relevance.

57. During the course of implementation and as a result of a major review in late 1997, minor changes had to be made to the design and scope of the BEP. The demonstration school and the curriculum subcomponent for practical arts and entrepreneurship were deleted. The outer-island school basic facilities were built under the supervision of a local counterpart instead having all construction performed and supervised by the community, as had been planned. Additional funding was provided for textbooks and the purchase of printing equipment capable of meeting all the printing needs of MOE. Additional changes included adjustments of consultant engagement periods in order to accomplish both the curriculum and civil works objectives.

B. Efficacy in Achievement of Purpose

58. Baseline data for education in the RMI has only recently been developed and published as the *Digest of Marshall Islands Education Data Handbook*, which includes quantitative and qualitative data. Initial results indicate increased enrollment and a better classroom environment in most public schools. However, little or no improvement has occurred in the test results. This has been of great concern to MOE, which now intends to adapt a much more vigorous program to improve basic numeracy and literacy skills. Part of this work will be augmented by ADB loan 1791-RMI(SF): Skills Development and Vocational Education.² For today's employment requirements, substantially more developed skills and a higher level of basic education are required. More detailed analysis of long-term and immediate objectives follows.

1. Long-term Development Objectives

59. The long-term objectives of the BEP were identified as (i) improved elementary academic performance in the RMI, (ii) improved teacher qualifications and teaching methods,

² Loan 1791-RMI(SF): *Skills Training and Vocational Education*, for \$6,825,000 approved on 29 November 2000.

and (iii) a healthier environment in the elementary schools. While it is premature to quantify or evaluate the long-term impact of the BEP's objectives, there have been positive signs of improvement in the quality of elementary education in the RMI.

60. Significant improvements have been made with regard to teaching methods and teacher qualification, and several schools now have adequate and safe water and toilet facilities. The ensuing years will determine how effectively the BEP has improved student performance.

2. Immediate Objectives

a. Curriculum Development

61. The BEP's immediate impact on upgrading basic education in the RMI came with the revision of the elementary education curriculum. The revised curriculum is more consistent with the needs of RMI students. Under the BEP, the introduction of an electronic format for frameworks and guidebooks is considered a significant step, as the development of an appropriate curriculum is an evolving process. With the ongoing implementation in the schools and the inclusion of the new curriculum in the CMI teacher-training program, quantitative results should be realized in the upcoming years.

b. Assessment

62. Under the BEP, national student assessment tools were expanded to include tests for grades three, six, and eight. These new assessment tools are based on the revised curriculum. While further refinements of the tests are necessary to improve consistency with curriculum and student language capability, the tests are currently being used to provide baseline data for student performance levels. Initial results will provide MOE with substantive input for planning future interventions in basic education. The results were published and provided an excellent feedback mechanism for the MOE school administration, the community, parents, and students.

63. This testing procedure has been institutionalized as an annual activity by the NSB, which is the MOE department responsible for testing and assessment. The NSB will continue to publish the BEP-initiated *Digest of Marshall Islands Education Data*, which analyses test results and ranks schools accordingly. This will assist MOE in early identification of problem areas.

c. Training and Certification

64. The BEP introduced a three-year teacher diploma education program at CMI, which was a significant improvement over the previous two-year program. The graduates of the three-year program are better versed in the content they teach, which should eventually benefit the delivery of education in the RMI. With the introduction of the three-year program, the teacher certification program had to be reviewed. This led to a revision of certification procedures and a renewed effort by MOE to enforce certification requirements. MOE has shown willingness to enforce teacher certification criteria, and has hired a full-time teacher training coordinator to monitor the process.

65. All in-service elementary teachers countrywide, from both private and public schools, took part in BEP-sponsored training in the new curriculum. A total of 544 teachers was trained in Majuro and Ebeye during summer breaks. Specialists and MOE administrators conducted the training to familiarize the teachers with the frameworks, introduced the teacher guides, and gave sample lessons. The BEP also funded an overseas program, and a leadership program for

elementary schoolteachers wherein 20 MOE administrators obtained their bachelors of arts degrees from a US university. All of these are expected to improve the quality of delivery of education in RMI elementary schools.

d. Institutional

66. During BEP implementation, close coordination was established between MOE and CMI, which provides tertiary education and training in the RMI. Monthly MOE-CMI coordination meetings have continued beyond the closing of the BEP and are expected to provide articulation between elementary, secondary, and tertiary education in the RMI. This ongoing relationship between MOE and CMI has also resulted in better scheduling of summer in-service training programs and CMI classes and the avoidance of previous problems with overlaps. This institutionalized relationship is expected to be pivotal in implementing the Skills Development and Vocational Education Project, which requires close interaction between MOE and CMI.

67. The introduction of benefits monitoring and evaluation systems has become an integral part of the MOE's MIS. As a result, the MIS has been enhanced and can track students and teachers and monitor MOE assets. This system is also capable of storing information related to the teacher certification process.

68. The desktop publishing capability that has been developed under the BEP is vital for MOE's continued production, modification, and publication of curriculum-related materials. Staff have been trained in desktop publishing and are quite skillful in creating new education materials.

e. Civil Works

69. Almost all civil works originally programmed under the BEP have been completed except the demonstration school. The middle school, which has reduced overcrowding in the Majuro elementary schools, is considered one of the best-outfitted schools in the RMI. It provides an example of an alternative delivery system for grades seven and eight. The success of the middle school in Majuro will allow MOE to adapt a six-two-four delivery system. The four-classroom addition at CMI has allowed the education department to expand its course offerings. The new dormitory built on the CMI campus allows outer-island Marshallese students to attend CMI at an economical cost. In addition, these dormitories are used by in-service teachers attending summer programs.

70. After corrective steps were taken, selected schools in the outer islands had their roofs fixed or replaced as part of the catchment system. Catchments were provided and several toilets were constructed. This provided safe water for the schoolchildren and the community in the immediate vicinity. Subsequently, the Government provided maintenance funds to continue the rehabilitation of outer-island schools. This program, pioneered under the BEP, is being sustained by aid agency and government funding.

C. Efficiency in Achievement of Outputs and Purpose

71. No financial or economic evaluation was carried out at appraisal, probably because the benefits were difficult to quantify. Under the circumstances, no economic or financial reevaluation was undertaken. The BEP is likely to achieve its objectives in the longer term.

D. Environment, Sociocultural, and Other Impacts

72. The BEP has had no negative environmental impact. In fact, the toilet and catchment improvements in outer-island schools have helped improve the immediate vicinity of BEP sites. Further, all environmental conditions were met in designing and constructing the new middle school building.

73. Curriculum and educational materials adapted to local conditions have significantly improved the learning environment in local schools. The language used in teaching and testing has been given the appropriate sociocultural tone.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

74. In general, the BEP is considered successful. Its immediate objectives were accomplished as envisaged at appraisal. The attainment of its long-term objectives cannot be assessed at this early stage. Most of the BEP's outputs are in the right direction and there are positive signs of progress in elementary education that are consistent with the new MOE education strategic plan recently approved by the Cabinet. Since the adoption of the new strategy, the Government has provided additional funding for middle school and other programs developed under the loan. Additional funding for the education sector is also anticipated at the time of the Compact of Free Association between the RMI and the US is renewed. This will ensure that some of the gains from the BEP are sustained.

75. The components of the BEP target a limited aspect of the overall education delivery system, but do not ensure and cannot guarantee dramatic overall improvements in the RMI's basic education. Several other aspects are beyond the scope of the BEP and will play a fundamental role in the actual improvement of student performance, such as student discipline, the quality and dedication of teachers, improved education administration and leadership, parental involvement, the availability of textbooks, and adequate funding of the education sector.

76. What the BEP has achieved, particularly as a result of the assessment and monitoring tools, is an awareness on the part of MOE and the community of the current status of elementary education, its delivery and performance. This is expected to reinforce the need for corrective action, community involvement, and possibly additional resources from the Government. Unless problems of elementary education are given high priority and full support, the objectives of ADB's ongoing Skills Development and Vocational Education Project are at risk.

B. Lessons Learned

77. The lessons learned from the BEP include the following:

- (i) Since the education delivery system in the RMI is based on the US model, the consultants recruited should have been conversant with the US education system and should have had experience in the Pacific.
- (ii) Sequencing and overlap of consultants' engagement could have been better planned and coordinated.

- (iii) It is important that MOE and ADB be aware of ongoing and upcoming aid agency activities in the same sector to avoid duplication of efforts. All aid agency activities in a particular sector need to be coordinated to avoid difficult projects' working at cross purposes.
- (iv) All local training, especially that involving in-service teachers, needs to be continued and funded by the Government after the conclusion of the BEP. Continued refresher courses are necessary to keep the teachers updated on the latest developments and changes in the curriculum.
- (v) Continued government funding is necessary to provide adequate textbooks and materials to support curriculum implementation. Inadequate funding and lack of support will make it difficult to achieve any BEP objectives.
- (vi) Providing curriculum development, training, and physical infrastructure can help, but are unlikely to produce significant improvements in student performance and achievement unless an appropriate overall educational environment is established.
- (vii) In the design of educational projects in the Pacific, due consideration must be given to the lack of institutional capacity, weak management, and inadequate recurrent funding. Therefore, longer implementation periods should be considered. Implementation capacity needs to be assessed during appraisal.
- (viii) In this context, ADB should monitor education projects more closely, and missions should include an education sector specialist from time to time.
- (ix) As this was the first loan to the education sector, MOE had no prior experience with ADB procedures. The inception mission should have provided sufficient time and all necessary training and familiarization to MOE and the PIU. The BEP design correctly called for the engagement of a consultant to establish the PIU, train the MOE staff in ADB procedures, and prepare the implementation plan and schedules. The nonrecruitment of the advance action consultant contributed to the difficulties and delays in implementation.
- (x) Lack of provision of a qualified project accountant as part of the counterpart staff was a major shortcoming of the BEP. Future project design should include a qualified project accountant in the PIU funded under the loan.
- (xi) The long lead times and lack of qualified local contractors in the Pacific must be considered in the design of civil works components and in the determination of implementation schedules. If local contractors and suppliers are to be used, more extensive evaluation of capability must be carried out. Bid documents have to be carefully prepared and materials specifications clearly stated to avoid complications during civil works implementation. The flexibility to conduct negotiated bids should be given.

C. Recommendations

1. General

78. ADB should ensure that future missions to the RMI periodically consult with the Borrower, to ascertain that institutional developments and capacity built under the BEP are being sustained.

2. Project-related

79. The Government should continue to maintain the database and the regular assessment and monitoring of educational performance.

80. Resource allocation to the sector will require in-depth analysis of educational needs in the context of emerging economic priorities and changing market conditions.

81. The process of curriculum development needs to be institutionalized and kept in line with the latest developments in education methodology and delivery.

82. MOE should ensure continuing articulation among elementary, secondary, tertiary, and skills education, through coordinated planning sessions between MOE, CMI, the Work Investment Board, and the National Training Council.

83. MOE should continue to follow the recommendations laid out in the strategic plan, especially those related to improving teacher quality. Strict enforcement of the revised teacher performance and certification requirements is necessary.

APPENDIXES

Number	Title	Page	Cited on (page, para.)
1	Project Implementation Schedule	19	9, 45
2	Status of Compliance with Loan Covenants	21	9, 46

PROJECT IMPLEMENTATION SCHEDULE BY COMPONENT AND ACTIVITY

Project Component	Year and Quarter of Implementation																																				
	Subcomponent		Year		1				2				3				4				5				6				7				8				
	Activity input		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3
A. Relevance and Quality																																					
1. Curriculum and Learning Materials																																					
a. Consultant Services																																					
Curriculum and Textbook Development																																					
Curriculum Materials Development																																					
Practical Arts and Entrepreneurial Development																																					
Desktop Publishing																																					
b. Curriculum Reform																																					
Review, revision																																					
Testing, evaluation																																					
Production, distribution																																					
c. Textbook and Learning Materials																																					
Revision, Development																																					
Testing, evaluation																																					
Production, distribution																																					
d. Infrastructure																																					
Supply of Equipment																																					
2. Teacher, Master Teacher Training																																					
a. Consultant Services																																					
Teacher Training																																					
b. Curriculum Development																																					
Review, Revision, Development																																					
Implementation, Evaluation																																					
c. Master Teacher Training																																					
Master's Degree Program																																					
d. Teacher Training																																					
Pre-service 3-year Program																																					
Inservice Upgrade Program																																					

STATUS OF COMPLIANCE WITH LOAN COVENANTS

Loan Agreement	Covenants	Status of Compliance
Article III Section 3.01	The Borrower will cause the proceeds of the loan to be applied to the financing of expenditures on the Basic Education Project (BEP) in accordance with the provisions of this Loan Agreement and, with respect to the College of the Marshall Islands (CMI), the Memorandum of Agreement.	Complied with.
Article III Section 3.04	The Borrower will cause all goods and services financed out of the proceeds of the loan to be used exclusively in the carrying out of the BEP.	Complied with.
Article IV Section 4.01	The Borrower will have the BEP carried out with due diligence and efficiency and in conformity with sound administrative, financial, engineering, environmental, and educational practices.	Partial compliance.
Article IV Section 4.02	The Borrower will make available to the Ministry of Education (MOE) and CMI, promptly as needed, the funds, facilities, services, land and other resources that are required, in addition to the proceeds of the loan, for the carrying out of the BEP.	Complied with.
Article IV Section 4.03 (a)	In carrying out the BEP, the Borrower will cause competent and qualified consultants and contractors, acceptable to the Borrower and the Asian Development Bank (ADB), to be employed to an extent and upon terms and conditions satisfactory to the Borrower and ADB.	Complied with.
Article IV Section 4.03(b)	The Borrower will have the BEP to be carried out in accordance with plans, design standards, specifications, work schedules, and construction methods acceptable to the Borrower and ADB. The Borrower will furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.	Complied with.
Article IV Section 4.04	The Borrower will ensure that the activities of its departments and agencies with respect to the carrying out of the BEP and operation of BEP facilities are conducted and coordinated in accordance with sound administrative policies and procedures.	Complied with.
Article IV	The Borrower will make, or cause MOE and CMI to make,	

Section 4.05(a)	arrangements satisfactory to ADB for insurance of BEP facilities to such extent and against such risks and in such amounts as are consistent with sound practice.	Complied with.
Article IV Section 4.05(b)	The Borrower undertakes to insure, or cause MOE and CMI to insure, the goods to be imported for the BEP and to be financed out of the proceeds of the loan against hazards incident to the acquisition, transportation, and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such goods.	Complied with.
Article IV Section 4.06 (a)	The Borrower will maintain, or cause to be maintained, records and accounts adequate to identify the goods and services and other items of expenditure financed out of the proceeds of the loan, to disclose the use thereof in the BEP, to record the progress of the BEP (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, the operation and financial condition of MOE.	Partial compliance.
Article IV Section 4.06(b)	The Borrower will (i) cause MOE to maintain separate accounts for Parts A1, A2(a), A2(b), A3 to A5, B, and C of the BEP; (ii) have such accounts and related financial statements audited annually, in accordance with sound auditing standards, by independent auditors acceptable to ADB; (iii) furnish to ADB, as soon as available but in any event not later than six (6) months after the end of each related fiscal year, unaudited copies of such accounts and financial statements, and not later than nine (9) months after the end of each related fiscal year, certified copies of such audited accounts and financial statements and the report of the auditors relating thereto, all in the English language; and (iv) furnish to ADB such other information concerning such accounts and financial statements and the audit thereof as ADB shall from time to time reasonably request.	Partial compliance. Complied late.
Article IV Section 4.0 (c)	The Borrower will cause MOE to submit to ADB as soon as available, but in any event not later than six (6) months after the end of each related fiscal year, audited statements of expenditures on the BEP, unless the corresponding audited financial statements have been submitted to ADB during this period.	Complied with.
Article IV Section 4.06 (d)	The Borrower will enable ADB, upon ADB's request, to discuss the Borrower's financial statements for the BEP and its financial affairs related to BEP from time to time with the auditor and require any representative of such auditors to participate in any such discussions requested	Complied with.

	by ADB, provided that any such discussions are conducted only in the presence of an authorized officer of the Borrower unless the Borrower agrees otherwise.	
Article IV Section 4.07(a)	The Borrower will furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the loan, and the expenditure of the proceeds and maintenance of the service thereof; (ii) the goods and services and other items of expenditure financed out of the proceeds of the loan; (iii) the BEP; (iv) the administration, operations and financial condition of MOE and CMI and any other agencies of the Borrower responsible for the carrying out of the BEP and operation of the BEP facilities, or any part thereof; (v) financial and economic conditions in the territory of the Borrower and the international balance-of-payments position of the Borrower; and (vi) any other matters relating to the purposes of the loan.	Complied with.
Article IV Section 4.07 (b)	The Borrower will furnish to ADB, quarterly reports on the carrying out of the BEP and on the operation and management of the BEP facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB reasonably requests and shall indicate, among other things, progress made and problems encountered during the quarter under review, steps taken or proposed to be taken to remedy these problems, and the proposed program of activities and expected progress during the following quarter.	Complied with.
Article IV Section 4.07 (c)	Promptly after physical completion of the BEP, but in any event not later than three (3) months thereafter or such later date as may be agreed for this purpose between the Borrower and ADB, the Borrower will prepare and furnish to ADB, a report in such form and in such detail as ADB reasonably requests, on the execution and initial operation of the BEP, including the cost thereof, the performance by the Borrower of its obligation under the Loan Agreement and the accomplishment of the purposes of the loan.	Complied with.
Article IV Section 4.08	The Borrower will enable ADB's representatives to inspect the BEP, the goods financed out of the proceeds of the loan, and any relevant records and documents.	Complied with.
Article IV Section 4.09 (a)	The Borrower will exercise its rights under the Memorandum of Agreement in such a manner as to protect the interests of the Borrower and ADB and to accomplish the purposes of the loan.	Complied with.

Article IV Section 4.09 (b)	No rights or obligations under the Memorandum of Agreement shall be assigned, amended, abrogated or waived without the prior concurrence of ADB.	Complied with.
Article IV Section 4.10(a)	It is the mutual intention of the Borrower and ADB that no other external debt owned a creditor other than ADB will have any priority over the Loan by way of lien on the assets of the Borrower. To that end, the Borrower undertakes (i) that, except as ADB may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt, such lien will ipso facto equally and ratably secure the payment of the principal of and service charge and any other charge on the loan; and (ii) that the Borrower in creating or permitting the creation of any such lien, will make express provision to that effect.	Complied with.
Article VI Section 6.01(a)	A Project Implementation Unit (PIU) will have been established pursuant to the provisions of paragraph 3 of Schedule 6 to this Loan Agreement.	Complied with.
Article VI Section 6.01(b)	The Memorandum of Agreement, in form and substance satisfactory to ADB, will have been duly executed and delivered on behalf of MOE and CMI and will have become fully effective and binding upon the parties thereto in accordance with its terms, subject to the effectiveness of this Loan Agreement.	Complied with.
Article VI Section 6.02	The following is specified as an additional matter, for the purposes of Section 9.02(d) of the Loan Regulations, to be included in the opinion or opinions to be furnished to ADB; that the Memorandum of Agreement has been duly authorized by or ratified by, and executed and delivered on behalf of MOE and CMI, and is legally binding upon MOE and CMI in accordance with its terms, subject only to the effectiveness of this Loan Agreement.	Complied with.
Schedule 3 Para. 7(a)	To expedite implementation of the BEP through timely releases of funds, the Borrower shall make available to MOE portions of the proceeds of the Loan through an imprest account to be established by MOE on the effective date.	Complied with.
Schedule 3 Para. 7(b)	MOE will operate and liquidate the imprest accounts in accordance with ADB's " <i>Guidelines on Imprest Fund and Statement of Expenditures Procedures</i> " dated November 1986, and such other procedures as are acceptable to ADB, including, among other things, the following: (i) the imprest accounts will at all times be under	Complied with.

	<p>the control and supervision of MOE in a commercial bank satisfactory to ADB and within the territory of the Borrower.</p> <p>(ii) the proceeds of the loan shall be disbursed by MOE from the imprest account only for ADB's share of expenditures for the BEP.</p> <p>(iii) the initial amount to be withdrawn from the loan account and deposited into the imprest account will not exceed the amount equivalent to \$300,000. Except as ADB otherwise requires, ADB's statement of expenditures procedures may be used for the liquidation of advances for payments from the imprest account not exceeding the equivalent of US\$50,000.</p>	
Schedule 3 Para.7(c)	The Borrower will cause auditors acceptable to ADB, to periodically audit the accounts and records relating to the imprest account and statements of expenditures and furnish the audit reports thereon to ADB as specified, not later than nine (9) months after the end of each related fiscal year.	Complied with.
Schedule 6 Para. A	Within one month from the effective date, a BEP Steering Committee will be established to provide high-level policy guidance for the BEP in close coordination with the National Board of Education. The committee will meet at least quarterly and shall be chaired by the Minister of Education. The members shall include senior-level representatives of MOE, CMI, the Ministry of Internal Affairs, the Ministry of Finance, and the Office of the Planning and Statistics.	Partial Compliance.
Schedule 6 Para. 2	MOE will implement Parts A1, A2(a), A3 to A5, B and C of the BEP in its own behalf and will implement Part A2(b) of the BEP on behalf of CMI.	Complied with.
Schedule 6 Para. 3	Prior to the effective date, MOE will establish a project implementation unit (PIU), which will be headed by a full-time project manager. The project manager will be appointed in consultation with ADB. CMI will appoint a full-time representative to the PIU to coordinate with the Project Manager regarding matters related to improvements at CMI. The PIU will be staffed by among others, a finance officer, an education officer, a procurement officer, and a secretariat. The PIU will be responsible for the day-to-day implementation of the Project.	Complied with.
Schedule 6	Prior to the effective date, MOE and CMI will enter into a	

Para. 4	Memorandum of Agreement which will determine in detail the policy coordinating and working relationships between MOE and CMI in respect of management and operations of the BEP in general, as well as the activities relating to teachers and the demonstration elementary school.	Complied with.
Schedule 6 Para. 5	Within one month from the effective date, MOE will submit to ADB for concurrence MOE's proposed systems and procedures for the implementation of the staff development program, including, among others, criteria for the selection of trainees, bonding arrangements for trainees, procedures to be followed for ADB approval of the training programs, training venues, and trainees, and guidelines on measures to be adopted to evaluate the success of training programs.	Partial compliance.
Schedule 6 Para. 6	MOE will introduce the three-level structure of education in school year 1995/1996 on a trial basis with the establishing of the Majuro Middle School. MOE will advise ADB about the further development of middle schools in areas of high population density and on selected atolls.	Complied with.
Schedule 7 Para. 7	MOE will commence implementation of the program for the consolidation and rationalization of schools in school year 1993/1994 in accordance with Cabinet-approved criteria. MOE will advise ADB about implementation problems and issues and plans for further rationalization.	Partial compliance
Schedule 6 Para. 8	<p>MOE will proceed with the review and revision of the curriculum with the objective of making it more relevant to Marshallese society and the development of self-reliance and entrepreneurial skills in students.</p> <p>Curriculum guidelines and teachers' handbooks for all subjects will be completed by December 1995.</p> <p>Development of textbooks and student workbooks and on a trial basis material for distance learning will proceed in conjunction with curriculum development.</p> <p>Textbook and workbook development for all subjects will be completed by December 1996.</p>	Complied with.
Schedule 6 Para. 9	Within one month from the effective date, the Borrower will proceed with introduction of the Education Personnel Management System (EPMS), including the substitute teacher program.	Partial compliance.
Schedule 6	With the assistance of a consultant, MOE will establish a	

Para. 10	benefit monitoring and evaluation (BME) system which will establish baseline data against which the BEP can be evaluated in terms of benefits achieved and beneficiaries affected. The BME system will gather and monitor data on measurable indicators to assess achievements made in the three areas of relevance and quality, capacity rationalization, and sustainability. The BME system will be integrated into MOE's existing management information system (which will also be improved and expanded through the BEP) to enable MOE to monitor and improve educational efficiency on a continuing basis.	Partial compliance.
Schedule 6 Para. 11	A mid-term review of all aspects of the BEP will be carried out jointly by the Borrower and ADB at or about the end of the second year of implementation of the BEP. The review will include an evaluation of the progress made in relation to the targets set and the results of the review shall be discussed between the Borrower and ADB with the aim of identifying implementation problems and recommending appropriate solutions. The findings shall be discussed at a mid-term review workshop to be attended by representatives of concerned agencies, including ADB. The discussions and recommendations of the workshop will form the basis for required action to ensure that the objectives of the BEP will continue to be met.	Complied with.
Schedule 6 Para. 12	Without limiting the generality of the provisions of Section 4.02 of this Loan Agreement, the Borrower will provide funds in a timely manner to meet its commitment of counterpart funding for the BEP. Specifically, the Borrower will provide additional recurrent funding of \$850,000 for education in FY 1993/1994, to meet the Borrower's share of BEP costs and anticipated increases in salaries and benefits for teachers, consequent to introduction of the EPMS. The Borrower will maintain the (equivalent) increased level of funding for subsequent years of BEP implementation, and thereafter at a level required to support increased recurrent expenditures generated by the BEP.	Complied with.
Schedule 6 Para. 13	The Borrower will introduce further measures to increase recovery of costs of educational services. Measures will include but not be limited to more widespread application of and increases in student fees, application of charges for supply of materials, hire of textbooks, etc., and introduction of specific taxes (with proceeds directed to education funding). The Borrower will advise ADB about on measures adopted.	Partial compliance.