

ASIAN DEVELOPMENT BANK

RRP:LAO 31345

REPORT AND RECOMMENDATION
OF THE
PRESIDENT
TO THE
BOARD OF DIRECTORS
ON A
PROPOSED LOAN
TO THE
LAO PEOPLE'S DEMOCRATIC REPUBLIC
FOR THE
SECOND EDUCATION QUALITY IMPROVEMENT PROJECT

August 2001

CURRENCY EQUIVALENTS

(as of 15 August 2001)

Currency Unit	–	Kip (KN)
KN1.00	=	\$0.0001053
\$1.00	=	KN9,495

ABBREVIATIONS

ADB	–	Asian Development Bank
BEGP	–	Basic Education (Girls) Project
DEB	–	district education bureau
DGE	–	Department of General Education
DPC	–	Department of Planning and International Cooperation
DPIU	–	district project implementation unit
DTT	–	Department of Teacher Training
EDP	–	Education Development Project
EDP II	–	Second Education Development Program
ESDP	–	Education Sector Development Plan
EQIP	–	Education Quality Improvement Project
GDP	–	gross domestic product
GMEU	–	gender and ethnic minorities education unit
Lao PDR	–	Lao People's Democratic Republic
LWU	–	Lao Women's Union
MOE	–	Ministry of Education
NGO	–	nongovernment organization
NRIES	–	National Research Institute for Education Sciences
NTEAB	–	National Teacher Education Advisory Board
NTUC	–	network teacher upgrading center
NUOL	–	National University of Laos
PA	–	pedagogical adviser
PES	–	provincial education service
PIU	–	project implementation unit
PPIU	–	provincial project implementation unit
PUCDA	–	provincial unit for construction and development assistance
Sida	–	Swedish International Development Cooperation Agency
TA	–	technical assistance
TDC	–	teacher development center
TPWG	–	teacher policy working group
TTC	–	teacher training college
TUP	–	teacher upgrading program
UNICEF	–	United Nations Children's Fund

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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LOAN AND PROJECT SUMMARY

Borrower	The Lao People's Democratic Republic (Lao PDR)
Project Description	The Project will help enhance the quality of education by improving teacher competencies and the learning environment, and increasing access to and participation in primary education in targeted underserved areas. The Project will also help strengthen the country's capacity to manage the decentralized education system.
Classification	Poverty intervention Thematic: Human development/gender and development
Environmental Assessment	Category C. Environmental implications were reviewed, and no significant adverse environmental impacts identified.
Rationale	<p>A population educated to a basic level of literacy and numeracy is essential to promote socioeconomic progress and promote poverty reduction. Education in the Lao PDR has been improving, but still has many limitations. Much remains to be done to achieve the Government's target of universal primary education, and raise the quality of education to standards in neighboring countries. Very low public expenditure on education has been a major constraint to ensuring continued, balanced growth in the education system, which is characterized by inequitable access to quality basic education, especially primary education for the poor, girls, and ethnic minorities, and weak capacity to manage the system.</p> <p>The Government's policy priority for education is to raise the quality and enhance the relevance of both primary and secondary education and to increase participation in education, particularly of girls and ethnic minorities. Improving the quality of teaching competency and the learning environment is key to better quality education and retaining more children in schools. In particular, competent teachers should be encouraged to remain in the profession with enhanced career development prospects. About 16,300 of 27,600 primary school teachers have less than the current qualification to teach. Of these 16,300, about 6,400 teachers in primary education are unqualified and have no teacher training at all, and about 9,900 teachers are underqualified. At the lower secondary level, about 5,450 of 9,800 teachers are either unqualified or underqualified, and only about 30 percent have adequate preservice teacher training offered at eight teacher training colleges (TTCs) in the country. The Project will develop a national teacher training support system, and implement intensive teacher training programs in selected provinces and districts. The Project will contribute to increased access to primary education in selected underserved areas by encouraging participation of students and support from communities, by providing trained teachers on a sustainable basis, and hence by ensuring quality of the education provided in the schools. The Project will especially target the underserved ethnic minority areas where gender</p>

disparities in access to and retention in education are large. The Project will also support the Government's plan to decentralize education management by providing assistance to develop institutional, management, and project implementation capabilities at the central, provincial, district, and village levels.

Objectives and Scope

The long term goal of the Project is to contribute to poverty reduction in the Lao PDR by helping the Government achieve quality education for all children. In the medium term, the overall project objectives are to (i) improve the relevance, quality, and efficiency of primary and secondary education by developing a teacher training support system, developing a strategy to increase the number of female and ethnic minority teachers, enhancing the professional status and career development prospects of teachers, constructing and upgrading training facilities, and delivering intensive teacher training programs at the provincial and district levels; (ii) expand access to and improve retention in primary schools especially of girls and ethnic minority children in the poor, underserved areas of the country; and (iii) strengthen the institutional capacity of central, provincial, district, and village level administrations to plan and manage the decentralized education system and implement the Project.

The Project will develop the teacher education support system including schemes to enhance career development prospects and welfare of teachers. The Project will operate at the provincial and district levels in selected provinces and districts to deliver integrated packages of activities to improve the quality of teaching and learning, and access to and participation in education. These integrated packages include (i) in-service teacher training and upgrading of untrained teachers; (ii) school construction and rehabilitation; (iii) funds to support school operation and maintenance, finance activities to enhance learning in early grade classes and participation in education, and purchase books and learning materials.

Cost Estimates

The total cost of the Project is estimated at \$37.6 million equivalent, including taxes and duties, physical and price contingencies, and interest charge on the loan. The foreign exchange cost is estimated at \$13.2 million, or 35 percent of the total cost, and the local currency cost at \$24.4 million equivalent, or 65 percent.

Financing Plan

(\$ million)				
Source	Foreign Exchange	Local Currency	Total Cost	Percent
ADB	8.4	11.6	20.0	53
Sida	4.8	4.8	9.6	26
Government and Communities	-	8.0	8.0	21
Total	13.2	24.4	37.6	100

ADB = Asian Development Bank, Sida = Swedish International Development Cooperation Agency.

Loan Amount and Terms	The Asian Development Bank (ADB) will provide a loan of \$20 million equivalent from its Special Funds resources, with a term of 32 years, including a grace period of 8 years and an interest charge of 1.0 percent per annum during the grace period, and 1.5 percent thereafter. The Swedish International Development Cooperation Agency (Sida) is expected to provide a parallel grant of about \$9.6 million to cofinance the Project.
Period of Utilization	Until 30 June 2008
Executing Agency	Ministry of Education (MOE)
Implementation Arrangements	MOE will have overall responsibility for Project coordination and implementation. An MOE steering committee will be responsible for overseeing project implementation. A project implementation unit (PIU) will be established within MOE to implement the Project including teacher training, development programs, and other project activities. The provincial PIUs (PPIUs) and the district PIUs (DPIUs) will be set up in the provincial education services (PESs) and the district education bureaus (DEBs) to coordinate, plan, implement, monitor and supervise, and report on project activities at the these levels. The PIU will also coordinate with its provincial and district counterparts.
Procurement	All ADB-financed procurement for the Project will be in accordance with ADB's <i>Guidelines for Procurement</i> . Each contract for supply of goods, equipment, and materials estimated to cost \$500,000 or more will be awarded on the basis of international competitive bidding procedures, while contract packages of less than \$500,000 equivalent will follow international shopping procedures. Contracts less than \$100,000 may be procured on a direct purchase basis. Civil works contracts that are small and situated in remote areas are not likely to attract the interest of international contractors. Therefore, civil work contracts less than \$1.0 million will be awarded on the basis of local competitive bidding procedures acceptable to ADB. However, if any package is estimated to cost \$1.0 million or more, international competitive bidding procedures will be followed. For minor civil works to improve school buildings and facilities to be carried out by local communities costing less than \$10,000 equivalent per school, appropriate procedures satisfactory to ADB for community participation in procurement will be implemented.
Consulting Services	About 205 person-months of international consulting (47 person-months financed by ADB and 158 person-months by Sida), and 1,671 person-months of domestic consulting (1,512 person-months financed by ADB and 159 person-months by Sida) will be engaged to support capacity building at the MOE technical departments, PESs, and DEBs involved in Project activities. Local contract staff will be engaged for a total of 1,014 person-months to support project implementation (678 person-months financed by ADB and 336 person-months by Sida). All consultants and local contract staff financed under the ADB loan will be selected and engaged by the Government through a firm in accordance with ADB's <i>Guidelines on</i>

the Use of Consultants and other arrangements satisfactory to ADB on the engagement of domestic consultants. Sida-financed consultants will be engaged by Sida according to Sida procedures.

Estimated Project Completion Date

31 December 2007

Project Benefits and Beneficiaries

Many teachers will benefit from new and improved training programs. The beneficiaries will include (i) over 2,000 TTC graduates annually, who will acquire teaching skills; (ii) 2,400 unqualified teachers who will be trained and become qualified and able to teach their students better; and (iii) approximately 15,000 primary school teachers, 2,500 primary school principals, 3,000 secondary school teachers, and 500 secondary school principals who will take part in regular in-service training, which will benefit their pupils and lead to enhanced performance. This covers 55 percent of primary school teachers and 30 percent of secondary school teachers in the country. In addition, a total of 365 TTC trainers, 108 teacher-upgrading program trainers, 473 primary school pedagogical advisers, and 144 secondary school pedagogical advisers will be trained on a regular and repeated basis. This will in turn ensure the quality of the preservice, upgrading, and in-service training programs. TTC management staff will be given training and on-the-job support by consultants to enable them to manage their colleges more effectively and efficiently.

The Project will increase the opportunity for children in 41 districts in four provinces to receive a full five-year primary education by building approximately 45 classrooms in each district. The Project will also ensure that more children finish primary education of reasonable quality than now by providing teacher training programs. More than 400,000 primary students will be studying in the project-assisted schools by the end of the Project, of whom about 30,000 will be in newly constructed or newly completed primary schools. In addition, in 29 districts where teacher training alone will be implemented, another 150,000 primary and secondary students will benefit from improved education quality. Girls and ethnic minority children will especially benefit both through geographical targeting and special assistance provided by the Project. The Project will ensure that the education system becomes more responsive to local needs. Project inputs will be made to strengthen the management capacity of MOE, PESs, and DEBs. Staff of MOE, PESs, and DEBs will be given considerable training in data collection, planning, implementation, monitoring and supervising, and reporting of project activities.



I. PROPOSAL

1. I submit for your approval the following Report and Recommendation on a proposed loan to the Lao People's Democratic Republic (Lao PDR) for the Second Education Quality Improvement Project.

II. INTRODUCTION

2. The Asian Development Bank (ADB) initiated support for the education system of the Lao PDR with an education sector study in 1989.¹ Subsequently, ADB has provided three loans to the sector.² ADB continued its sector and investment planning support in 1998 by helping the Government prepare the five-year (2001-2005) Education Sector Development Plan (ESDP).³ In pursuing the recommendations of the ESDP, the Government asked ADB to provide a loan to finance the proposed Second Education Quality Improvement Project. A project preparatory technical assistance (TA) for the Project was implemented from August 2000 to February 2001.⁴ A joint fact-finding mission by ADB and the Swedish International Development Cooperation Agency (Sida) was undertaken from 26 March to 11 April 2001.⁵ An appraisal mission was fielded from 4 to 15 June 2001.⁶ This report is based on Government inputs, the ESDP, the TA report, and the agreements reached during the loan fact-finding and appraisal missions. To reach a consensus on the project design, consultations and coordination were held throughout the project processing period with Government officials in the Ministry of Education (MOE) and other relevant ministries, officials at provincial and district levels, multilateral and bilateral assistance agencies, nongovernment organizations (NGOs), such as the Lao Women's Union (LWU) and Lao Front for National Construction, and other stakeholders including community members, school principals, teachers, parents, and students. The project framework is in Appendix 1.

III. BACKGROUND

A. Sector Description

1. Socioeconomic Context and Poverty Issues

3. The total population of the Lao PDR, estimated to be 4.95 million in 1998, is growing at an annual rate of 2.8 percent. The country is truly multiethnic, with 49 ethnic groups. Geographically, the Lao PDR is a rural and often isolated society with still limited infrastructure. Only 17 percent of the population live in urban areas. Most (81 percent) rural villages are without electricity and only 9 percent have regular access to market. Forty-one percent of the villages are located more than 6 kilometers from a main road; only 44 percent can be reached

¹ TA 1130-LAO: *Education Sector Study*, for \$380,000, approved on 14 February 1989.

² Loan 1103-LAO: *Education Quality Improvement Project*, for \$13.3 million, approved on 26 September 1991 and closed in December 1998; Loan 1374-LAO: *Postsecondary Education Rationalization Project*, for \$20.0 million, approved on 19 September 1995; and Loan 1621-LAO: *Basic Education (Girls) Project*, for \$20.0 million, approved on 25 June 1998.

³ TA 3014-LAO: *Education Sector Development Plan*, for \$530,000, approved on 7 May 1998.

⁴ TA 3294-LAO: *Second Education Quality Improvement Project*, for \$600,000, approved on 10 November 1999.

⁵ The Mission comprised: Y. Hiroto, Education Specialist, Mission Leader; S. Tanaka, Social Development Specialist; M. Fujimura, Economist; N. Nishioka, Young Professional; R. Govinda, Consultant, Sida; and A. Flinck, Consultant, Sida. The Lao Resident Mission supported the Mission.

⁶ The Mission comprised: Y. Hiroto, Education Specialist, Mission Leader; M. Good, Counselor; E. Bloom, Economist, Staff Consultant; and N. Nishioka, Young Professional. G.H. Kim, Program Officer, and the Lao Resident Mission assisted the Mission. D. Vongsay, Sr. Program Officer, Sida, joined the Mission.

by truck in the rainy season compared with 75 percent in the dry season. Agriculture contributes over 50 percent of the gross domestic product (GDP) and is the occupation of a large part of the workforce.

4. In 1986, the Government began to transform the economy from a centrally planned to a market-oriented system. The adoption of the New Economic Mechanism in 1986 promoted less direct state involvement in the economy and encouraged greater reliance on market mechanisms. Structural reforms have taken place so that market forces are now at work in most segments of the economy. Initially, the economy performed quite well, with real GDP growing annually at 5 to 8 percent during 1992-1997; the service and industry sectors were the largest contributors to GDP growth. However, in 1997, economic conditions began to deteriorate, largely because of the regional economic crisis. In 1998 and well into 1999, conditions continued to deteriorate: new investments fell drastically; tax receipts, in terms of the purchasing power of the kip, declined substantially. In early 2000, the value of the kip against the dollar was only 15 percent of what it had been in 1996/97. The real economy such as agriculture was not so affected by the crisis, but growth in services and industry slowed considerably. At present, the economy seems to have stabilized and inflation has slowed to a manageable level. The economy is expected to regain previously reached rates of growth.

5. The country can be best described as a subsistence society in which members of each household usually carry out several activities to make a living. Based on data from the 1997/98 Lao expenditure and consumption survey II, a recent ADB-Lao PDR joint study estimates the average total (food and nonfood) poverty line to equal KN19,184 per person per month in 1997/98 prices.⁷ Using this poverty line, the aggregate poverty incidence is estimated at 38.6 percent (down from 45 percent in 1992/93). The highest incidence of poverty is in the Northern Region at 52.5 percent, followed by the Southern Region at 38.4 percent and Central Region at 34.9 percent. The country as a whole is poor because of its limited ability to develop its resources and low levels of labor productivity. The distribution of the low base national income is quite even by international standards. However, the degree of inequality is increasing. While strict causality analysis is difficult, inequality in basic education opportunities is contributing significantly to the growing inequality. Indeed, the country is in danger of falling into a poverty trap because of disparities in access to education and in the quality of education that is available.

6. Over 37 percent of females and 22 percent of males have no formal education. Lack of education seriously limits the advancement of women and hence inhibits family planning, child care, and basic health care in the family. The high illiteracy rate for women, estimated at 52 percent compared with 27 percent for men (for the 15 and older population), is a significant factor causing the poor social indicators, especially the high rates of maternal mortality and mortality for children under five years old. The gender gap in education is also significant among ethnic minorities, for example, among the Hmong-Yao with the female illiteracy rate at about 92 percent.⁸ The first step to address the needs of the vast majority of people for literacy and numeracy is to provide complete primary education. This is a great challenge: getting more children into primary education, helping children stay in school and successfully learn their lessons, and providing them with primary schools offering all five grades so that they can complete primary education. Meeting this challenge will require significant resources and a great deal of effort to provide enough complete schools and the appropriate teaching and school resources. Moreover, the poorer provinces lack textbooks and access to better-qualified teachers. As a result, students in these provinces have lower student performance rates, alongside higher dropout and lower enrollment rates.

⁷ Kakwani, Nanak, Bounthavy Sisouphanhthong, Phonesaly Souksavath, and Brent Dark. 2001. Poverty in Lao PDR. A paper presented at *Asia and Pacific Forum on Poverty*, Manila.

⁸ National Statistical Center. 1996. *Lao Census 1995*. Vientiane.

2. Education System, Administration, and Financing

7. The education system consists of preschool (ages of 3-5), five years of primary education, three years of lower secondary education, three years of upper secondary education, one to two years of postsecondary-nontertiary education, and three to seven years of tertiary education. Curriculum specialization starts in upper secondary where three programs are offered (general-academic, vocational, and teacher training) and increases at the tertiary level. MOE has responsibility for policy direction, coordination, and planning, as well as for quality control of formal and nonformal education. Administrative responsibility for primary education lies with the district education bureaus (DEBs), whereas responsibility for secondary education lies with the provincial education services (PESs). The country is composed of 18 provinces and equivalent,⁹ which are in turn organized into 141 districts and about 12,000 villages. An important prime ministerial decree on decentralization, issued in March 2000, applies to all the socioeconomic sectors including education, and foresees the province as a strategic unit, the district as a planning and budgeting unit, and the village as a basic implementation unit, while the role of the central Government will be to supervise and control the decentralization process. This decree has far-reaching implications for the management of education. The capacity of the PESs, DEBs, villages, and communities should be strengthened for planning, budgeting, implementing, and monitoring tasks allocated to them, while MOE's capacity to supervise and control the education system also needs to be strengthened.

8. In particular, the allocation of budget has been passed to the provinces and districts. While the ultimate budgetary control rests with the National Assembly, the provincial governments and district administrations are now assigned greater responsibility for education financing. The education budget allocation in each province depends on the province's priorities and its ability to raise additional resources for education. The provincial governor has authority for reallocating, authorizing, and revising both capital and recurrent expenditure including teachers' salaries. However, for those provinces dependent on financial transfer, the Ministry of Finance and MOE determine the overall amount to be transferred, following consultations with each province.

3. Primary Education

9. Access to primary education is not guaranteed for all children, especially for girls in ethnic minority areas; dropout and repetition rates remain high. In 1999/2000, the gross enrollment rate in primary school for the country is estimated at 109 percent (117 percent for boys and 100 percent for girls), indicating large overage enrollments and high repetition across all five grades. The net enrollment rate is estimated at around 77 percent in primary education, with large disparities between provinces, and across gender and ethnic groups, with the ratio at 35 percent in rural remote areas. In 1999/00, above 831,000 students were enrolled in about 8,160 primary schools, only 19 percent of which are in good condition, and 54 percent are incomplete, offering only the first three grades or less.

10. The primary education system is highly inefficient; only 41 percent of boys and 37 percent of girls entering primary education complete the five-year cycle; more than nine years of teaching are required to produce a graduate with five years of primary education. In 1999/2000, grade 1 had the highest dropout (16.2 percent) and repetition (33.9 percent) rates, leading to excessively large classes in the early grades. The large number of incomplete schools is an important factor, but other factors include families giving higher priority to boys' education, keeping girls at home to care for younger siblings, and keeping children at home to help with

⁹ Including Xaisomboun Special Zone and Vientiane Municipality as "provinces."

family work. In ethnic minority areas, language is another barrier to participation in education, as the majority of inhabitants do not speak the national Lao language, which is the language of instruction at school. This contributes to the high dropout and repetition rates in ethnic minority areas. Compared with boys, girls are not equally represented in their participation in primary education. Over the country as a whole, the proportion is 55:45 (boys:girls). The gender-ethnic minority disparity in participation in primary education is profound in remote areas and among ethnic minorities, with primary education boy:girl ratios of 62:38 in upland areas, and 71:29 in highland areas.

11. The poor quality of education in many schools compounds the problem. Although the system has no overall shortage of primary school teachers, with an average student-teacher ratio across the country of 30:1, rural areas lack teachers. Trained or certified teachers tend to concentrate in urban or semiurban areas. The areas with the highest percentage (up to 70 percent) of untrained or unqualified teachers are the remote, mountainous areas with high ethnic minority populations. Due to the generally low educational status of women, the supply of female teachers in primary education lags behind male teachers; far fewer female teachers are available in remote, mountainous areas. However, many teachers in incomplete schools teach more than one class through multigrade teaching. The encouragement of multigrade teaching is an important government initiative to mitigate the problem of incomplete schools.

4. Secondary Education

12. Secondary education is the fastest growing segment of the education system. From 1996/97 to 1999/2000, enrollment in primary schools increased by about 45,000 students or 1.9 percent per year, while enrollment in lower secondary education increased by about 50,000 students or 11.1 percent per year and upper secondary education by about 31,000 students or 18.6 percent per year. This rapid enrollment growth is putting pressure on classroom facilities, teacher supply, and availability of textbooks and instructional materials. Currently, approximately 70 percent of the children graduating from primary school continue on to lower secondary school. The geographic availability of secondary education is much more limited than primary education. Secondary schools are generally located in larger towns, and generally fewer schools are in rural areas.

5. Postsecondary-Nontertiary Education, and Tertiary Education

13. One to two years of postsecondary-nontertiary education are provided by 23 midlevel technical colleges, which are available to students who have completed upper secondary education. Eleven of these are under direct MOE administration; the rest are established and operated by other ministries. Three to seven years of tertiary education is offered at the National University of Laos (NUOL), which was formed in 1995 by consolidating three postsecondary institutions. By mid-1998, an additional 10 colleges were merged into NUOL. ADB assisted the process of amalgamation and consolidation of NUOL under the Postsecondary Education Rationalization Project (footnote 2). The overall number of tertiary education students is still less than 10,000. The Lao PDR has the lowest per capita enrollment in tertiary education in the region with less than 2 percent of Lao children progressing through secondary school to university.

6. Teacher Education and Training

14. The 59 small teacher training colleges and schools spread around the country and running largely without a standardized curriculum were consolidated into eight teacher training colleges (TTCs) under the ADB-funded Education Quality Improvement Project (EQIP) (footnote 2). These eight TTCs now comprise five TTCs that train teachers for both primary and lower

secondary schools, one TTC that trains both preprimary and primary school teachers, and two TTCs that train primary school teachers. The TTCs provide two training courses for primary school teachers comprising (i) a three-year training program for those who have completed eight years of schooling (8+3); and (ii) a one-year course for those who have completed 11 years of schooling (11+1).

15. About 16,300 of the 27,600 primary school teachers have less than the current qualification to teach, which is eight years of schooling (up to lower secondary) and three years preservice training (8+3) or 11 years of schooling (up to upper secondary) and one year preservice training (11+1). Of these 16,300, about 6,400 teachers in primary education are unqualified and have no teacher training at all, and about 9,900 teachers are underqualified. At the lower secondary level, about 5,450 of the 7,800 teachers are either unqualified or underqualified, and only about 30 percent of teachers have adequate preservice teacher training of 11 years of schooling and three years of preservice training (11+3). Teachers for upper secondary schools are trained at the Faculty of Education at NUOL after 11 years of primary and secondary education (11+5).

16. Three types of teacher training programs are available: preservice teacher training, teacher upgrading, and in-service teacher training. Preservice teacher training refers to teacher training at the eight TTCs for preprimary, primary, and lower secondary; and NUOL for the upper secondary level. Teacher upgrading refers to the teacher upgrading program (TUP) using the network teacher upgrading centers (NTUCs) for teachers who are already teaching but who are unqualified or have no preservice training. In-service teacher training is offered to current teachers to improve their knowledge and skills by the teacher development center (TDC), provincial pedagogical advisers (PAs) for secondary schools, and district PAs and a school cluster system for primary schools.

17. However, the delivery of preservice, upgrading, and in-service teacher training has been fragmented and disconnected. Capable, motivated, and well-trained teachers, who are essential ingredients in quality education, are in critically short supply. The shortage of qualified teachers is aggravated by the adverse employment conditions for teachers including low and irregular pay, often difficult work locations, poor career prospects, and poor training facilities. Approaches to improving teacher training include increasing the quality and relevance of preservice teacher training, expanding in-service teacher training, ensuring a sufficient supply of qualified teachers by providing adequate teacher compensation, creating professional development opportunities, upgrading teacher training institutions, and strengthening MOE's capacity to support teacher training and development systems.

6. Major Issues

18. The many educational accomplishments in the Lao PDR over the last decade include system expansion in enrollments at primary, secondary, postsecondary-nontertiary, and tertiary levels; clarification of roles, responsibilities, and internal structures of MOE, PESs, and DEBs; consolidation and rationalization of institutions of teacher and tertiary education; development of new curriculum and instructional programs for primary and lower secondary schools; production and national distribution of new textbooks, teacher guides, and learning materials; implementation of in-service teacher training programs; and appointment of PAs for primary schools in each district and for secondary schools in each province. At the community and school levels, several innovations have been encouraged; for example, school clusters are being piloted to support teacher professional development activities and the sharing of resources at the primary and secondary levels; and multigrade teaching has been introduced to respond to the demand from rural, remote, and mountainous areas.

19. However, several significant issues remain to be resolved for education sector development. The size and structure of the education budget are inadequate to ensure continued, balanced growth in the sector. A barrier to success for many children lies in the low quality of teacher competencies and learning environment in primary schools. Key issues are related to (i) teacher training curriculum, textbooks, and teaching materials; (ii) dropouts and repetitions at early grades; (iii) teacher qualifications and training programs; (iv) teacher incentives, including salaries, and career structures; and (v) TTC facilities. In addition, access to primary education is not guaranteed for all children, and is especially limited for girls in ethnic minority areas. The education system is also constrained by inadequate numbers of staff with management capacity to administer the system.

a. Financing

20. Prior to the 1997 economic crisis, the education budget as a portion of Government expenditure reached 15.2 percent and its share of GDP was 3.2 percent in FY1996/97, which compared reasonably well with other Asian countries at a similar level of development. However, the current size of the education budget, which fell below 8 percent of total Government expenditures and was around 1.6 percent of GDP during 1998 to 2000, is inadequate to ensure continued, balanced growth in the sector. In addition, while capital investment in the sector has been considerable over the past few years, this has not been balanced by the necessary recurrent expenditure needed to maintain and support the operation of these investments. The recurrent budget share of education expenditures in recent years was around 50 to 55 percent, much lower than the 70 percent of neighboring Asian countries. As a result, teacher wages remain low, and little or no recurrent budgets are provided to schools to support day-to-day teaching and learning activities, and everyday maintenance. To promote equitable growth of the education system with improved relevance, quality, and efficiency, recurrent expenditures on education, including teacher salaries and school maintenance, must be substantially increased. However, following the prime ministerial decree on decentralization in March 2000, the situation will be exacerbated in terms of regional disparities in the provision of education services. To mitigate the situation, the current budget transfer system in support of "deficit" provinces and districts needs to be improved to ensure equity of service provision. Schools receive assistance from local communities, and small fees and other contributions from parents. Local contributions are likely to be very important, but only to complement the Government budget. Such contributions cannot replace what should be an adequate recurrent budget from the central and provincial government authorities, particularly in remote or low income areas.

b. Teacher Training Curriculum, Textbooks, and Teaching Materials

21. A new curriculum for primary and lower secondary schools was developed in 1993 by the National Research Institute for Education Sciences (NRIES); the number of subjects to be taught was reduced from 12 to 7. However, copies of this curriculum have yet to reach most teachers in service. Even the trainers at the TTCs do not often have access to the curriculum. New textbooks and teaching materials were also produced to support the curriculum over the past few years. Although initiatives are under way to ensure that schools receive these textbooks and materials, most schools appear to be operating with few or no textbooks and other teaching materials. The upper secondary school curriculum has not yet been revised nor have new materials been developed.

22. The existing courses in the TTCs were formulated during the EQIP. However, the quality of the courses is limited by a predominance of theoretical instruction and lack of practical experience in the relevant levels of education among the college teaching staff. As a result, few students are adequately prepared for their careers. TDC carried out curriculum reform for

teacher education during the EQIP. The adequacy and suitability of this arrangement must now be examined and a stable arrangement needs to be created for continuous renewal of the teacher training curriculum and materials. This effort should be closely coordinated with school-level programs implemented by MOE's Department of General Education (DGE).

c. Dropout and Repetition of Early Grades

23. The unsatisfactory quality of basic education is resulting in high dropout and repetition rates. In 1999/2000, more than 50 percent of children repeated grades 1 and 2. This is reflected in the class size, where in many schools grades 1 and 2 are twice the size of other classes. No teacher can be expected to effectively teach such a large number of children in one class. The curriculum needs to be flexible to meet local needs. In particular, expecting the same level of literacy performance from ethnic minority children as from those with Lao as a native language is not realistic. Attempts should be made to make education in the early grades more relevant, suitable, and attainable for these children. Furthermore, as grades 1 and 2 are the basic building blocks on which the foundation of the education system are built, primary school teacher training should focus on improving teaching at early grades. Consideration should be also given to preschool education and its teacher training, especially in remote, rural areas.

d. Teacher Qualifications and Training Programs

24. The TTC system alone is unable to satisfy the country's needs for primary school teachers. To cover the shortages, schools and communities in rural areas are allowed to recruit unqualified teachers locally. Unqualified teachers are concentrated in rural, remote areas, where they often constitute more than 40 percent of the teaching force. The official figures do not include many other unqualified teachers employed as volunteers by communities. The issue of nonavailability of qualified teachers requires in-depth analysis considering the available preservice training facilities, the performance of existing TTCs, and posttraining career paths of the trainees at the TTCs. The shortage of qualified teachers must also be analyzed in a disaggregated manner to identify specific localities where only unqualified teachers are available and the linkage with the student completion rates in secondary school, which determine the availability of potential teachers for primary schools.

25. To counter the existing problem of unqualified primary teachers, MOE established the TUP using the NTUCs with support from assistance agencies, including the United Nations Children's Fund (UNICEF) and NGOs. The program, which is the responsibility of MOE's Department of Teacher Training (DTT), allows unqualified teachers to be trained during holiday periods, allowing them to carry out their usual duties during school time. At the end of the program, the participants become certified teachers. In seven years, about 4,000 primary school teachers have been upgraded through the NTUC approach, but despite this achievement, over 6,400 unqualified primary teachers still remain in the system. MOE has responded very favorably to the TUP. Assistance agencies recommend it as a model to be developed for a nationwide in-service teacher training program including further upgrading.

26. Very few opportunities are available to teachers to upgrade their knowledge and skills once they have started teaching. The provincial authorities have appointed PAs for secondary schools, and the district authorities have appointed PAs for primary schools to provide on-the-job support to teachers. However, lack of funding severely limits the amount of support they actually give. A school cluster system has been developed involving master teachers recruited from experienced teachers; this system reaches approximately 25 percent of the country's primary schools and gives access to on-the-job professional development for teachers. Many school clusters are supported by assistance agencies. The impact of the clusters on teachers, students, school facilities, and school community relations has been assessed as positive in

terms of improved student performance, increased participation and completion rates, and decreased number of dropouts. However, the distance between many schools prevents the more widespread adoption of the cluster system, unless alternative models are adopted.

e. Teacher Incentives and Career Structures

27. At present, the teaching profession is characterized by low status and salaries. Teachers everywhere have second jobs to increase their incomes, often significantly. Compared with countries in the region with a similar level of development, teachers' salaries are low with a relatively flat salary scale. Thirty years are required for a teacher to progress from the bottom of each salary grade to the top, and financial incentives to participate in teacher training are minimal. Promotions and transfers are unpredictable, and often based on judgement or criteria other than competencies. Policies are in place for incentive payments for teachers who work in remote areas, but payment of these incentives is irregular. Teachers in remote areas often depend on the community in which they work to meet their basic needs. No formal certification system is in place for preservice, upgrading, or in-service training, and therefore no mechanism to ensure consistent quality of preservice, upgrading, and in-service teacher training curricula. Completion of the TUP and preservice training at the TTCs is linked to teacher incentives including salaries, while in-service training is not.

f. Teacher Training College Facilities

28. The TTC facilities are incomplete. In some cases, the facilities were designed based on inadequate standards. This has resulted in a shortage of dormitories and teachers' residences in some TTCs, and in unsanitary conditions where water supplies do not work satisfactorily and toilet and bathrooms cannot be used. The shortage of recurrent budget from the Government compounds the problem. The classrooms and other facilities have not been maintained properly. The living conditions for teachers and students must be improved as a priority. Some of the TTCs, notably Pakse and Louang Phrabang TTCs, are at their own initiative developing courses outside the preservice training area to supplement the revenues of the colleges and staff incomes. However, most TTCs are poorly managed and the teacher training offered is less than adequate standard.

g. Access to and Participation in Primary Education

29. About 4,000 villages, which are mostly in remote and mountainous ethnic minority areas, have no primary schools. Fifty-four percent of the country's 8,150 primary schools are incomplete, with the majority offering two years of primary education or less. In some cases, the introduction of multigrade education can make education available to additional grades, and many two or three classroom multigrade schools are being constructed in rural and ethnic minority areas. Existing incomplete schools need to be improved to enable children to complete five years of primary education. Resources can be used more efficiently so that participation rates are expected to rise by 33 percent. In addition, a sense of ownership and community support for schools is increasingly viewed as important. The community is the key party in school construction and support for the continued operation and maintenance of the school given the low level of Government financial support.

30. Only a small proportion of existing primary school buildings are made from permanent building materials, with floors and walls of solid construction and normally corrugated iron roofs. Many more buildings are semipermanent, which means they have a solid framework and floors, and corrugated iron roofs; the walls are normally of wood or occasionally woven bamboo. Over half the buildings are of a temporary nature, with dirt floors, woven bamboo walls, and often

thatched roofs. The condition of the furniture and blackboards in most classrooms is very poor and in short supply.

h. Management of Education

31. Based on the Government's decree on decentralization issued in March 2000, MOE plans to decentralize the education management structure to improve efficiency of the system. This decentralization process needs to be accompanied by an appropriate legal and regulatory framework, clear delegation of responsibility, training of personnel, and availability of resources at each administrative level. At the MOE level, responsibilities are distributed in a way that leads to competing programs between technical departments. MOE has a huge workload in running several major projects with only a few adequately qualified staff. The situation is exacerbated by overcentralized management systems that lead to delays and inefficiencies in implementing activities. Future projects can only be implemented successfully if (i) sufficient competent staff and resources are available to plan and implement activities, and (ii) bureaucratic procedures are streamlined so that decision making and budgets are delegated to the level where activities are to be implemented.

32. Some functions have already been delegated to lower administrative levels. Provincial units for construction and development assistance (PUCDAs) were set up to manage the provincial construction programs. Many communities already build and support their own schools, even providing their own teachers. Districts allocate teachers to primary schools, and through the primary school PAs and school clusters, deliver in-service training programs for teachers on an ad hoc basis. However, these lower levels of administration do not have control of budgets, nor do they often have the authority and capacity to enable them to manage and develop their own programs. In particular, DEB staff generally have to work in primitive buildings with earth floors and bamboo walls with few resources to back them up. DEBs often lack capacity in data analysis as well as the quality of data to support the planning, budgeting, and implementation of programs.

33. At the school level, the small amount of resources given to schools severely limits their ability to take initiatives unless the community gives assistance. Due to low salaries, the energies of teachers and principals are often channeled into second and third jobs rather than their schools and the children they teach. Many incomplete schools do not have a school principal who can take the lead in managing the school's resources. Necessary actions include (i) increasing resource allocations to schools to enable them to improve their schools; (ii) giving management responsibility to teachers in each incomplete school; and (iii) providing training on proactive school management to school principals and teachers responsible for incomplete schools and to community representatives. This all needs to be accompanied by substantial increases in teachers' and principals' incentives, including salaries.

B. Government Policies and Plans

34. The ESDP has helped identify sectorwide priorities for policy reforms and investments.¹⁰ Drawing on the ESDP, MOE produced the education strategic vision which provides a long-term vision until 2020 and a framework for continued development of the education sector.¹¹ The education strategic vision emphasizes that the overall policy framework for the education sector has three pillars supported by a base of strengthened planning and management. These three pillars are equitable access, quality improvement, and improved relevance. The Government also aims to achieve the goal of universal primary education by 2015, by addressing critical

¹⁰ ADB. 2000. *Lao People's Democratic Republic, Education Sector Development Plan Report*. Manila.

¹¹ Ministry of Education, Lao People's Democratic Republic. 2000. *The Education Strategic Vision up to the Year 2020*. Vientiane.

issues including insufficient access to complete primary education, poor quality of education, weak planning and management capabilities, and inadequate recurrent cost financing.

35. For teacher training and development, MOE has prepared a five-year plan with four broad objectives: (i) develop and deliver systematic teacher preparation programs; (ii) develop and deliver systematic professional development programs; (iii) improve the quality of all forms of teacher training; (iv) develop the role of TTCs, TDC, and NTUCs for in-service teacher training; and (v) improve the capacity of DTT to provide policy advice, plan, administer, and evaluate all teacher training and professional development activities. In spite of considerable progress in increasing access, improving quality, enhancing relevance, and strengthening planning and management of education, a much greater commitment of the Government will be needed to achieve the goal of quality education for all children.

C. External Assistance to the Sector

36. Between 1991 and 2000, the Lao PDR received approximately \$76.0 million in external assistance to the basic education sector on a commitment basis. Of this assistance, about \$52.3 million was committed by ADB and the World Bank. ADB supported the EQIP, focusing on the development of the teacher education system for primary and lower secondary education, i.e., rationalizing preservice teacher training, upgrading physical facilities, and establishing an in-service training system and TDC. ADB is also supporting the Basic Education (Girls) Project (BEGP) (footnote 2), cofinanced by the Australian Agency for International Development, which is providing school facilities, curriculum, teacher training, and instructional materials to girls and ethnic minorities, and developing the educational management information system. The World Bank, together with Norway and Switzerland, supported the Education Development Project (EDP), which helped develop and implement new school curricula, instructional materials, and pedagogical support systems for primary and lower secondary education; constructed primary and lower secondary schools; and strengthened institutional capacities in educational administration and management. In parallel with the preparation of the proposed Project, the World Bank is preparing the Second Education Development Program (EDP II) including constructing schools, revising school curriculum and textbooks, and strengthening education management.

37. Several United Nations agencies, bilateral agencies, and NGOs have smaller but significant programs from which many positive lessons can be learned. UNICEF, Save the Children Fund-United Kingdom, Save the Children Fund-Norway, Christian Relief Service, and Church World Service are supporting the TUP that has offered teacher training to many unqualified teachers. UNICEF is also the largest supporter of school cluster networks for primary schools and is involved in community primary school construction programs. The NGOs have mainly concentrated on primary education, teacher training, and nonformal education in rural and ethnic minority areas. Sida is supporting a pilot project for TTC administrators and teachers to develop participatory action research approaches for clarifying problems and identifying solutions, and is planning national support for teacher education and development, in cooperation with ADB. Japan International Cooperation Agency supports capacity building for TTC teachers and PAs with a focus on the delivery of science and mathematics subjects, and is planning a school construction program in Vientiane Province and Vientiane Municipality. France has expressed interest in supporting education management, and school construction in Champassak. The European Union is considering providing substantial support for the primary education sector, but details are not yet known. External assistance to basic education is in Appendix 2.

38. Recently, increasing dialogue has taken place to improve aid coordination. Under the guidance of MOE, the Embassy of Sweden-Sida are supporting the process of aid coordination

in cooperation with ADB, World Bank, and other concerned assistance agencies. This has resulted in a division of responsibilities in supporting the education sector. ADB continues to take greater responsibility for developing teacher education, while the World Bank supports general education focusing on school curriculum and textbooks. However, in responding to the Government's priority to achieve universal primary education, the Donor Roundtable Meeting in May 2000 confirmed that multilateral development banks, bilateral assistance agencies, and NGOs would support primary school construction programs as a priority area for assistance. Discussions have also taken place to ensure a rational division of projects geographically to avoid overlapping of resources, especially in supporting school construction programs and education management. The geographical coverage for school construction will not overlap between the proposed Project and the BEGP. In the provinces where bilateral agencies are expected to provide school construction support (e.g., Champassak and Vientiane), the Project will focus on the provision of teacher training to ensure the complementary role in these provinces. The Government has agreed that the World Bank's EDP II will identify provinces that the proposed Project will not cover for school construction. Strengthening management capacity is another common area of concern in light of the proposed decentralization of education management. ADB's support for capacity building will focus on the provincial and district delivery of school construction and teacher training programs, while the World Bank and France will strengthen monitoring and evaluation capacity of MOE, PESs, DEBs, and school principals by upgrading and improving the education management information system. Dialogue also continues among the development partners to ensure that lessons are learned from each other's projects. In this context, the Project will build on previous assistance initiatives including the PA and school cluster systems, the TUP and NTUC systems, and community school construction initiatives.

D. Lessons Learned

39. In general, investment projects in the Lao PDR have experienced frequent implementation difficulties due to the lax management at all administrative levels. A key lesson learned from postevaluation findings is the need to establish strong management capacity as well as strong project implementation capabilities.¹² Implementation delays in several current and previous projects are also caused by (i) MOE's complex procedures, (ii) bureaucratic and overcentralized Government procedures, and (iii) inadequate staff to implement projects. Therefore, projects should not be overly ambitious and should use existing structures and procedures with which Government staff are familiar. Where additional management loads are being imposed, additional assistance should be provided.

40. ADB's EQIP aimed to support (i) reforms in teacher training through policy development by establishing the National Teacher Education Advisory Board, (ii) curriculum and training reforms by establishing TDC, (iii) upgrading of TTC facilities; (iv) in-service training for teacher trainers and educational administrators; and (v) development, production, and distribution of textbooks, instructional materials, and teachers guides for the TTCs. Overall, the EQIP was successful. The achievements include (i) the National Teacher Education Advisory Board has successfully guided the adoption of enhanced qualifications for TTC graduates and coordinated implementation of the new curriculum for teacher training; (ii) TDC has become a key institute for in-service training and research and development work related to curriculum development; (iii) facilities of 8 TTCs have been constructed or upgraded; and (iv) a total of 140 textbooks, 78 teachers guides, and 60 kinds of instructional materials were successfully produced and distributed. Some valuable lessons learned from the EQIP, which pertain specifically to teacher training, include (i) comprehensive, well-articulated policy, strategies, and mechanisms for

¹² Postevaluation Office. 1994. *Country Synthesis of Postevaluation Findings in Lao People's Democratic Republic*. ADB, Manila.

integrating teacher training and development need to be developed and consolidated; (ii) stakeholder should be involved in project design to help ensure project quality including timely site selection and more effective project supervision; (iii) capacity building at all administrative levels of project management and implementation is essential; (iv) sufficient budgetary allocations to operation and maintenance of the facilities should be assured; and (v) future ADB assistance to the sector should be based on a long-term commitment to the country's needs for continuity of support.¹³ In particular, largely due to insufficient allocation of recurrent budget for operation and maintenance of TTC facilities during the recent economic crisis in the region, learning and living conditions for teachers and students have deteriorated and urgently need to be improved.

41. Effectiveness of the ongoing teacher training programs, consisting of preservice, upgrading, and in-service, on the quality of classroom teaching-learning processes have not been comprehensively evaluated. The outcomes to be achieved in terms of changes in teaching performance at the schools must be clearly specified. Teachers should be reoriented to provide active, participatory, and enjoyable learning experiences for students in and outside the classroom. However, teacher training programs should be realistic in what can be expected; teachers often have a very low level of general schooling. This observation is confirmed by a lesson related to teacher training learned from the World Bank's EDP. In-service training programs for teachers, which are separate from an ongoing professional support program by the PA system or the school cluster system, will have short-term benefits at best.

42. Some early lessons learned from ADB's ongoing BEGP, which aims to expand access to improved education for girls in ethnic minority areas, include (i) the lengthy processing procedures for the imprest account need to be simplified so that implementation can proceed; and (ii) due to limited MOE capacity, qualified local staff have to be provided to assist MOE in implementing the Project, together with clear job descriptions for relevant MOE staff involved in project implementation.

43. In addition, experience with the World Bank's EDP, ADB's BEGP, UNICEF's programs, and NGO education projects related to civil works and community involvement shows that community contributions are best used for activities supporting construction and maintenance, e.g., building fences and providing labor for wells, involvement in planning and management, and operation and maintenance of the schools. To ensure that communities make use of the facilities and support the schools over the long term, a sense of ownership must be developed in the communities, and measures instituted to encourage parents to send their children, especially girls, to school.

E. ADB's Sector Strategy

44. ADB's sector strategy for education in the Lao PDR is a part of its overall strategy for poverty reduction, of which human development and gender and development are key components. Investments in primary and secondary education are essential to increase human capital and productivity of the poor. ADB will assist the Government in achieving the goal of quality education for all children. In particular, ADB will continue to improve coverage, quality, and relevance of basic education services by focusing on increasing primary school enrollment and retaining disadvantaged children, and improving teacher competencies and learning achievements mainly through teacher training. Strengthening management capacity of the education system with improved efficiency and sustainability of education financing are essential aspects of this strategy. As part of the policy dialogue during project processing, ADB encouraged the Government to redress existing inequalities in basic education and provide

¹³ PCR: LAO 23047: *Education Quality Improvement Project*, June 2000.

more efficient delivery of services by encouraging active community involvement in project planning and implementation. The proposed Project will support the strategy by improving the quality of teaching and learning, increasing equitable access to and participation in primary education, and strengthening the capacity of MOE, PESs, DEBs, and villages to plan and manage the decentralized education system. To strengthen institutional and human resource capacity for implementing decentralization policy, an advisory TA to strengthening decentralized education management is included in the 2002 program.

F. Policy Dialogue

45. Policy dialogue has focused on the financial sustainability of the education sector including the Project, and the Project's potential to improve the quality of teaching and learning by integrating teacher training and development systems, promoting equitable access to and increasing participation in primary education, and strengthening the institutional capacity of the Government to manage the decentralized education system with good governance. The policy framework for the Project is in Appendix 3, and a summary of policy dialogue held with the Government follows.

1. Financing Education

46. The Government recognizes that education budgets have been inadequate, and low teacher salaries severely constrain the possibility of building a competent dedicated teaching force. The need to ensure budget allocation for education from the public expenditure budget and for efficient intersectoral allocation is a key feature of the policy framework. By interacting with the Government's public expenditure review process and as a common policy agenda between ADB and the World Bank, the Government has agreed to increase the budget for education expenditure to at least 12 percent of the total budget in FY2001/02, at least 13 percent in FY2003/04, and for the medium term, up to 15 percent by FY2005/06. This level was achieved, on average, from FY1994/95 to FY1996/97, prior to the regional economic crisis. In particular, the need for sufficient budget allocation to cover recurrent costs has been emphasized, by adjusting the existing pattern of capital and recurrent expenditures. The Government needs to give increased priority to provisions for recurrent education expenditures especially for operation and maintenance of primary schools and TTCs, and salaries for existing and new teachers. In October 2000, civil servants' salaries including those of teachers were increased by up to 40 percent, although a substantial increase is needed in subsequent years to bring salaries to an acceptable level. ADB and the World Bank will jointly address the need to retain the share of education budget to primary education at 55 percent of the total education expenditure, and increase teacher salaries during project implementation. For the schools constructed or rehabilitated and TTC facilities upgraded, a demand-driven management structure will be installed in addition to increased recurrent expenditures to be allocated. For example, the Government will encourage (i) the community to contribute in-kind in building schools and to meet basic operation and maintenance requirements, and (ii) selected TTCs to engage in the revenue-generating activities to cover some operation and maintenance costs.

2. Improving the Quality of Teaching and Learning

47. One of the central thrusts of the Project is to achieve improved education quality through a better-trained and better-motivated teaching force. This can be accomplished through better integration of preservice, upgrading, and in-service teacher training programs; development of modern competencies in teaching; and improved salaries and working conditions for the teaching profession. First, MOE has agreed to develop a teacher education strategy in which the long-term measures for reforming the preservice teacher training framework will be identified to provide more in-depth teacher preparation at the TTCs, and to phase out the 8+3 and 11+1

courses to be replaced by the 11+2 and 11+3 courses. Such a reform would require a more careful analysis of the whole teacher training system both quantitatively and qualitatively, so that a time-bound program could be developed to reach the goal. Second, the Government will establish a teacher policy working group (TPWG) in MOE to reform teachers' incentive mechanisms including teachers' salaries, and improve working conditions and future career prospects of teachers. Given the varied needs of the system and the limited financial and human resources available, much of ADB's dialogue has focused on the need to set appropriate priorities. Accordingly, priority will also be given to improving the system of preservice and upgrading programs for teachers through the TTCs and TUP, and to developing the nationwide in-service training program based on the successful NTUC system and in cooperation with the TTCs and the PAs. Thus, the Government will integrate preservice, upgrading, and in-service teacher training with the necessary reforms of teacher incentives including salaries and working conditions in order to create a better motivated workforce and retain teachers in the profession.

48. In addition, dialogue with Government officials, teacher trainers, teachers, and representatives from the LWU identified a demand for local training, especially to assist women who need to qualify as teachers. The Government will continue to support increasing educational opportunities for ethnic minorities, support recruitment of qualified ethnic minority women as teachers, and ensure that they are provided appropriate training to allow them to teach in their own communities.

3. Increasing Access to and Participation in Education

49. The Government will give priority to primary education expansion in underserved and ethnic minority areas by upgrading incomplete schools to five grades and introducing multigrade teaching where appropriate; and encourage community participation for school construction, operation, and maintenance. To increase access to and participation in primary schooling, the Project will upgrade incomplete primary schools through locally supported construction; rehabilitate existing primary schools as necessary; build new complete schools in villages where currently no primary education is available; ensure that teachers are provided in the new schools; mobilize community support for planning, management, operation, and maintenance of the school; and provide school funds to support learning activities and participation in education. Dialogue with MOE, PESs, PUCDAs, and DEBs show a clear need to build flexibility into school designs, responding to community demands for expanding access to education, and increasing opportunities to complete the primary cycle. This is well reflected in recent education plans and in ongoing community support programs for schools, mainly by UNICEF and NGOs. With ADB support, the Government is introducing multigrade schools and teaching as a national strategy to improve access in remote and underserved areas, and will continue to support multigrade schools and teaching. In term of the prototype designs of schools to be constructed or rehabilitated, both ADB and the World Bank have agreed to take a "minimum common standard" approach, which means permanent school buildings will have a life span of more than 25 years or the semipermanent school building a life span of more than 25 years for the main structure. The proposed Project and the World Bank's EDP II will include a community-managed school construction or rehabilitation program.

4. Strengthening Management Capacity in Education

50. Following the prime ministerial decree on decentralization of March 2000, MOE will implement the decree in a phased manner by specifying the legal and regulatory framework, functions of the different administrative levels of the system, and task description of each function; and by allocating adequate budget and staff resources and decision-making authority to support delegated activities. However, the extent of decentralization, the specific characteristics of the emerging roles and functions at different administrative levels, and the

degree of ownership of activities allowed for the districts and villages is still to be defined. In the education sector, dialogue and debate will continue for some time at each administrative level and across administrative levels on such issues as the functions that are best performed at each level, the various kinds of training required, the necessary information system to support the change, and the fiscal implications associated with the decentralization process. Dialogue with MOE officials has produced much enthusiasm and considerable agreement about the importance of strengthening the institutional capacity of the central, provincial, district, and village level administrations to plan and manage the decentralized education system. MOE has set up a steering committee to oversee the process of decentralization and a technical committee to draw up MOE's guidelines and action plans for decentralization. MOE has agreed to organize a workshop to discuss policy and prepare MOE's guidelines and action plans for pursuing decentralized education management, including simplified procedures to ensure smooth and prompt decision making and fund flows, and the development of an accountability system at the provincial, district, and village levels.

IV. THE PROPOSED PROJECT

A. Rationale

51. The education system in the Lao PDR has improved substantially but still faces many challenges. Much remains to be done to achieve the Government's goal of universal primary education, and raise the quality of education to approach standards in neighboring countries. Very low public expenditure on education has been a major constraint to ensuring continued, balanced growth in the system, which is characterized by inequitable access to quality basic education, especially primary education for the poor, girls, and ethnic minorities, and weak capacity to manage the system. In particular, improving the quality of teaching competencies and the learning environment is key to improved quality of education, and reducing dropout and repetition. Project interventions to improve the quality of education were made under the EQIP completed in 1998 and are ongoing under the BEGP. These efforts have to be continued as the overall competencies and qualifications of teachers are still inadequate. Competent teachers should be encouraged to remain in the profession. Therefore, a national system of teacher education should be developed with enhanced career development prospects for teachers. The proposed Project will develop a national teacher training support system based on the reforms in the teacher training system initiated under the EQIP, and implement intensive and integrated teacher training programs in selected provinces and districts.

52. The Project has been formulated within ADB's overarching objective of poverty reduction and the Government's education strategic vision (footnote 11). In particular, quality basic education for every child is a right to which the Government subscribes. The Project will mainly focus on developing a teacher training support system; improving teachers' incentives including salaries, and working conditions; upgrading TTC facilities and other training facilities and equipment; and delivering pre- and in-service teacher training and teacher upgrading. The Project will contribute to increased access to primary education in selected underserved areas by encouraging participation by students and support from communities, by providing trained teachers on a sustainable basis, and hence by ensuring the quality of education provided in the schools. The Project will especially target the underserved ethnic minority areas where gender disparities in access to and retention in education are large. The Project will also support the Government's plan of decentralizing education management by providing assistance to develop institutional, management, and project implementation capabilities at the provincial, district, and village levels, since much of the management of access and quality activities will occur at the these levels.

B. Objectives and Scope

53. The long-term goal of the Project is to contribute to poverty reduction in the Lao PDR by helping the Government achieve quality education for all children. The objectives of the Project are to (i) improve the relevance, quality, and efficiency of primary and secondary education by developing the teacher training support system, developing a strategy to increase the number of female and ethnic minority teachers, enhancing teacher competencies and improving the professional status and career development prospects of teachers, constructing and upgrading training facilities, and delivering intensive teacher training programs at the provincial and district levels; (ii) expand access to and improve retention in primary schools especially of girls in poor, underserved areas of the country; and (iii) strengthen the institutional capacity of central, provincial, district, and village level administrations to plan and manage the decentralized education system and implement the Project. The Project will operate at the national level to develop the teacher training support system including schemes to enhance career development prospects and welfare of teachers. The Project will be implemented at provincial and district levels in selected provinces and districts to deliver integrated packages of activities to improve the quality of teaching and learning, and access to and participation in education. The Project will complement ongoing and planned projects including the ADB-funded BEGP, especially in expanding access to primary education, and the World Bank's EDP II focusing on general education.

54. The Project includes several integrated elements: (i) in-service teacher training and upgrading of unqualified teachers; (ii) school construction and rehabilitation; and (iii) funds to support school operation and maintenance, learning especially in the early grade classes, and participation in education; and to purchase books and learning materials. The Project will focus its integrated packages of activities in six project provinces: Bokeo, Champassak, Louang Phrabang, Savannakhet, and Sayaburi, and Vientiane. Improving the quality of teaching and learning, and strengthening management capacity components will be implemented in all six provinces (with 61 districts). However, the access component focuses on the four provinces (Bokeo, Louang Phrabang, Savannakhet, and Sayaburi) of these six provinces only (with 41 districts), all of which have significant poor, underserved, and ethnic group areas. The average provincial poverty incidence of these provinces is higher than the national poverty incidence level of 38.6 percent (footnote 7). School construction in the other two provinces, Champassak and Vientiane, is expected to be supported by other assistance agencies. A more limited quality improvement program will be supported in nine additional districts in three provinces: Louang Namtha, Saravane, and Xieng Khouang.¹⁴

55. The project provinces are strategically situated around seven of the eight TTCs, including the four largest and most influential.¹⁵ The TTCs will be given an increased role in the integrated teacher training system so that they become involved in developing, managing, and implementing upgrading and in-service training programs for teachers, in addition to their traditional role in preservice teacher training. Thus, the TTCs will work closely with the PAs and NTUC trainers in their respective provinces and districts. While the Project is envisaged to develop the national teacher training support system, the delivery of upgrading and in-service teacher training will first target selected provinces in and nearby the provinces where the TTCs are strategically located. The project activities will be implemented in four phases to enable models and management capacity to be developed. Accordingly, the proposed choices of provinces will enable integration of the project activities at provincial and district levels, which will in turn support the process of decentralization in education management for both increasing

¹⁴ These are the provinces in which three TTCs (Louang Namtha TTC, Saravane TTC, and Xieng Khouang TTC) are situated.

¹⁵ These four TTCs are: Louang Phrabang TTC in the Northern Region; Vientiane Province TTC in the Central Region; and Pakse TTC and Savannakhet TTC in the Southern Region.

access to and improving quality of education in a phased manner. The project components are briefly described in para. 56-69 and details are in Appendix 4.

1. Component 1: Improving the Quality of Teaching and Learning

56. As a priority focus of the Project, the quality of teaching and learning in schools will be improved within the integrated teacher training and development framework comprising three subcomponents: (i) building a teacher training system and teacher development capacity including teacher incentives, salaries, and working conditions; (ii) upgrading TTC and other training facilities, and equipment; and (iii) delivering integrated provincial and district teacher training programs. The provincial and district level training will be delivered in a total of 70 districts in nine provinces.

a. Building Teacher Training System and Teacher Development Capacity

57. In the long term, the task will be to design and develop an improved system of teacher training comparable with international standards and suitable to primary and secondary schools of the Lao PDR. TTC management will be improved to enable them to take a greater and more effective role in preservice and upgrading training, where demand exists, to expand their role to continuing education. The Project will support the development of teacher training system capacity as follows: MOE departments involved in teacher education, including DTT, DGE, and NRIES, will be given assistance to develop a coherent teacher education strategy that reflects the country's priorities, including the reform agenda of the preservice teacher training system, and will improve the supply and quality of teachers. DTT, in cooperation with TDC and TTCs, will develop, produce, and deliver curricula and training materials for preservice, upgrading of untrained teachers, and in-service professional training. The curricula and materials will be based on a realistic set of competencies that are focused on developing a higher quality of teaching in schools, and will address observed training needs. DTT will develop guidelines for certification of teachers taking part in preservice, upgrading programs, training of trainers, and in-service programs. A cadre of well-prepared trainers at the TTCs will be created by training TTC staff, TUP trainers, PAs, and academic teachers with adequate attention paid to ethnic diversity and gender balance. Preservice teacher education takes place through training at the TTCs. The structure of the TTC system was rationalized under the EQIP. An attempt was made to reform the teacher training curriculum through TDC. The Project will focus on further improvement by reviewing, revising, and if necessary, reforming the teacher training curriculum. This will involve training TTC personnel in delivering courses more effectively, including training TTC directors and other concerned staff on effective institutional management.

58. A TPWG will be established in MOE and staffed to ADB's satisfaction within three months of loan effectiveness. The TPWG will develop concrete proposals and an action plan for improved career, salary, and incentive systems for teachers that link experience, training, and performance. The TPWG will operate within a strict time frame and the Government will be expected to formulate and implement plans based on the group's proposals, and monitor their impact on teachers and schools. The TPWG should adequately reflect the concerns of women, ethnic minority teachers, and remote communities. Staff of the gender and ethnic minorities education unit (GEMEU) of MOE's DGE will be included in the TPWG to adequately represent the concerns of women and ethnic minorities, and the TPWG will develop affirmative actions for the promotion policy for women and ethnic minorities. The Project will assist MOE in its efforts to increase teacher salaries and incentives to an acceptable level. Completion of in-service training courses will be linked to upgrading qualifications, improved incentives including salaries, and career structures developed by the TPWG.

b. Construction and Upgrading of Training Facilities

59. TTC facilities and equipment will be upgraded to improve living conditions for teachers and students and enable the colleges to function more effectively, paying special attention to the conditions for female students. Equipment will be provided to 12 of 18 provincial secondary school PA resource centers, which do not yet have equipment, to strengthen their capacity to effectively support secondary school teachers. The Project will also provide similar equipment packages to the NTUCs in the nine project provinces in order to support the TUP. In addition, resource centers will be constructed to support clusters in project districts that currently have no center.

c. Delivering Provincial and District Teacher Training

60. The teacher training schemes will build on the successful NTUC system as the basis of a nationwide in-service teacher training network under DTT. A system of in-service training for lower and upper secondary teachers will be introduced in cooperation with the TTCs and the PA system, based initially at the provincial level, but with the option to develop models based on the NTUC network. The Project will work with other assistance agencies to support the development of the school cluster network system for primary schools where appropriate, and develop alternatives for schools and teachers that cannot be reached by that system. Finally, the Project will seek to institutionalize these schemes to better ensure their sustainability after project implementation.

61. The delivery of teacher training programs will be implemented in a phased manner in line with the development of provincial and district training and management capacity, and to learn lessons and make improvements to programs on an ongoing basis. The programs for primary school teachers will be developed in four phases: phase 1 will start in 12 districts in 6 provinces (Bokeo, Champassak, Louang Phrabang, Savannakhet, Sayaburi, and Vientiane) in year 1. Phase 2 will start in another 12 districts in the same provinces in year 2. Phase 3 will start in an additional 37 districts in the same provinces in year 3. Secondary school programs will start in year 3 in the six provinces. Phase 4 will start with limited programs that will run in a further three provinces (Louang Namtha, Saravane, and Xieng Khouang) starting in the fourth year. MOE will submit the list of project villages and schools (selected based on criteria acceptable to ADB) to ADB for review and approval on the following time schedule: (i) for villages and schools in the 12 project districts in phase 1, within six months of loan effectiveness, (ii) for villages and schools in the 12 project districts in phase 2, no later than three months after the first anniversary of loan effectiveness, (iii) for villages and schools in the 37 project districts in phase 3, no later than three months after the second anniversary of loan effectiveness, and (iv) for villages and schools in the 9 project districts in phase 4, no later than three months after the third anniversary of loan effectiveness.

62. The Project will work to raise the quality of the training provided by the TUP (para. 25) in the nine project provinces by reviewing and revising the curricula and training materials, and by training TUP staff and managers. It will support the TUP especially in rural and remote areas with many unqualified teachers, by coordinating with other assistance agencies including UNICEF to ensure nationwide coverage. It will also train unqualified teachers recruited to teach in schools and classrooms built during the course of the Project.

2. Component 2: Increasing Access to and Participation in Education

63. The Project will increase access to and participation in primary education in 41 districts in four provinces (Bokeo, Louang Phrabang, Savannakhet, and Sayaburi) in three phases: phase 1 with 8 districts, phase 2 with 8 districts, and phase 3 with 25 districts. This component

will include mapping and data collection in the first year of each phase to establish the needs and demand for school construction, and school funds in the underserved areas. Criteria has been established regarding the characteristics of such areas and how they will qualify for support. Priority will be given to (i) upgrading incomplete schools to five grades;¹⁶ and (ii) building new complete schools in the villages that have no practical access to primary education.¹⁷ The Project will also support the construction of multigrade schools of two or three classrooms.

a. Increasing Access to Primary Education

64. The Project will adopt a flexible demand-driven approach in districts that will formulate their own plans suited to their own needs. Each of the 41 project districts will be allocated with construction funds of \$150,000 on average over three years to be spent on increasing access to primary education. The budget in each project district will be determined by MOE within one year of loan effectiveness and submitted to ADB for review and approval. Districts will undertake school mapping and data collection as the basis for their planning. Standard design schools and classrooms will include two, three, and five classroom schools as needed. At least 50 percent of the funds must be spent on upgrading incomplete schools. The Project will also allocate matching funds to local communities to enable them to rehabilitate, complete or extend their schools. The component will focus on areas where local communities have demand and are committed to help construct, support, and maintain their schools. They will also be asked to find teachers from their own communities, where no other source is available. The Government will pay the salaries of these teachers, while the Project will provide training for them.

b. Encouraging Participation

65. The Project recognizes the need to strengthen the ability of schools and communities to manage their schools, and will establish the principle of a Government budget allocation to schools. To support participation and learning in primary schools in project districts, the Project will provide schools with an annual budget of about \$130 equivalent. Schools will manage this fund themselves as part of the effort to encourage school-based management of resources. The school fund will be mainly used to support operation and maintenance of schools. To make community demand a key factor in the school building program, approximately 50 percent of the funds will be used to encourage special programs devised by schools and local communities to support learning, especially in the early grade classes, and participation in education, especially among girls and ethnic minorities. The Project will finance an operational study to assess the effectiveness of special programs on reducing dropouts and repetition, and improving learning in schools. The Project will also provide a package of books and other learning materials amounting to \$125 equivalent to each school in project districts. The Project will thus provide models of what the Government itself should be doing on a routine basis. After the Project, the school fund and provision of books and learning materials will become the norm for all schools as routine education provision. Furthermore, training will be given to village heads and members of the LWU together with other village women to raise community awareness and support. Social development coordinators will work with schools and communities to support these participation programs.

¹⁶ Criteria for supporting completion of incomplete schools are (i) the school is not currently operating up to grade five; (ii) the school has viable numbers of students in its existing classes; and (iii) no practical alternative school is available for children to complete their education.

¹⁷ Criteria for supporting the building of new complete schools are (i) the village should have at least 50 children (6-10 years old) able to enter in the primary school or be situated in an area between villages with at least 100 children (6-10 years old); and (ii) the village should be a long-term settlement.

3. Component 3: Strengthening Management Capacity and Project Implementation

66. The Project will improve the ability of the different administrative units to manage the tasks allocated to PESs, DEBs, and communities/villages, while strengthening the capacity of MOE to supervise and control the decentralization process. The Project will coordinate closely with the ADB-funded BEGP, the World Bank, and other bilateral agencies involved in strengthening the management of education. The Project will build on and improve current management structures and practice rather than introduce totally new structures. This includes the management of PESs, PUCDAs, DEBs, the TUP system, and the PA and school cluster systems. The Project will support the long-term development of these management structures at each level of education administration and services in line with the decentralization process. Project activities will build up planning and management capacity at MOE to support teacher training and development, and develop capacity at the PESs, DEBs, and community/village levels to support project implementation including the planning and implementation of construction, school support, and teacher training programs. In particular, the coordination function of the PES to deliver in-service training and teacher upgrading programs through TTCs, TDC, and TUP-NTUCs will be strengthened in cooperation with the PA system and PA resource centers.

a. Strengthening Capacity of MOE

67. The Project will support the following MOE departments: (i) DTT and DGE, which will together manage the development of the teacher training system capacity and supervise the overall teacher training programs throughout the country; (ii) the Department of Planning and International Cooperation (DPC) which will coordinate project activities within MOE using a streamlined procedure, and liaise with other government and assistance agencies; (iii) the Education Construction Service within MOE's Department of Finance, which will supervise the planning and implementation of district level construction programs; and (iv) MOE's Department of Personnel, which will lead the TPWG. MOE will organize a policy workshop to discuss and prepare MOE's guidelines and action plans for pursuing decentralized education management. As most of the project activities are aimed at building up systems that will continue to operate on a routine basis after project completion, consulting services and training will be concentrated more at the start of the Project and will aim to build MOE capacity to implement the programs independently. Due to a shortage of qualified staff and a moratorium on new civil service appointments, two qualified assistants with budgeting and accounting, and reporting skills will be provided to the project implementation unit (PIU) under DTT.

b. Strengthening Capacity of the PESs and DEBs

68. The PESs and DEBs will have responsibility for planning and implementing school construction, school support, and teacher training programs, both under the Project and for the longer term under the decentralization process. The Project will help review PES and DEB organizational structures and provide training to both. The Project will in particular use the PUCDAs, which were developed under the World Bank-funded EDP, to manage and support the construction program. PES and DEB personnel are already concerned with the organization and implementation of teacher training. At the PES level, these include the TUP trainers and the secondary school PAs. At the DEB level they are the primary school PAs. Provincial PIUs (PPIUs) will be set up at PESs and district PIUs (DPIUs) at DEBs. Units will be set up at PESs and DEBs to support teacher training programs. A construction unit will be formed at the DEB level to support the district construction programs.

69. The Project will provide consulting services and training to support mapping and data collection, planning and management, budgeting and accounting (including training for accountants), implementing, monitoring and supervising, and reporting the integrated package of school construction, school support, and teacher training programs. One qualified assistant will be provided to each of six PESs that will deliver the integrated package of school construction, school support, and teacher training programs. This assistant will spend considerable time working at the DEB level assisting with local level planning, budgeting, implementing, monitoring and supervising, and reporting activities. One additional qualified assistant will be appointed to each PUCDA in four project provinces to help plan and supervise construction. A national project engineering consultant stationed at MOE will provide consulting services and training to each PUCDA in managing and monitoring the construction program. The Project will support PUCDA staff for their site visits to plan and supervise construction. Operational budgets and equipment will be provided to each PES, PUCDA, and DEB. In addition, new DEB offices will be built in up to 55 of the 61 project districts that do not currently have permanent offices. Furniture and equipment will be provided.

C. Cost Estimates

70. The total cost of the Project is estimated at \$37.6 million equivalent, of which an estimated \$13.2 million, or 35 percent, is the foreign exchange cost. The local currency cost is estimated at \$24.4 million equivalent or 65 percent of the total cost. A summary of the cost estimates is shown in Table 1, and details are given in Appendix 5.

Table 1: Cost Estimates
(\$ million)

Component	Foreign Exchange	Local Currency	Total Cost
A. Base Cost ^a			
1. Improving the Quality of Teaching and Learning	6.9	10.4	17.3
2. Increasing Access to and Participation in Education	2.2	8.0	10.2
3. Strengthening Management Capacity and Project Implementation	2.3	3.5	5.8
Subtotal (A)	11.4	21.9	33.3
B. Contingencies			
1. Physical Contingencies ^b	0.6	1.2	1.8
2. Price Contingencies ^c	0.5	1.3	1.8
Subtotal (B)	1.1	2.5	3.6
C. Interest on Loan			
Total	0.7	0.0	0.7
Percent	13.2	24.4	37.6
	35	65	100

^a Inclusive of taxes and duties that will be financed by the Government.

^b Estimated at 10 percent for civil works, equipment, furniture, vehicle and motorbike, and materials; and 5 percent for staff development/training, consulting services, studies, and operation and maintenance.

^c Estimated at an annual factor of 2.4 percent of both foreign and local project costs in dollar terms.

Source: Staff estimates.

D. Financing Plan

71. It is proposed that ADB provide a loan of \$20 million equivalent from its Special Funds resources to finance 53 percent of the total project cost. The ADB loan will be repayable over 32 years with a grace period of 8 years, and with an interest charge of 1.0 percent per annum during the grace period and 1.5 percent per annum thereafter. The borrower will be the Lao PDR. Sida is expected to provide a grant of about \$9.6 million to cofinance, on a parallel basis, a part of Component 1: Improving the Quality of Teaching and Learning (the building teacher training system and teacher development capacity subcomponent) including consulting services, equipment, staff development, materials, operation and maintenance, and costs for project reviews and supervisions. ADB and Sida together will fund 100 percent of the foreign exchange cost, totaling 35 percent of the estimated project cost, and 67 percent of the local currency cost. The Government and communities will provide the remaining \$8 million equivalent as counterpart financing. This includes financing in kind by local communities; provision of land for new schools and offices; sharing the cost of teacher upgrading and in-service training; provision of materials and labor for civil works; taxes and duties; and operation and maintenance of project facilities. Project costs that will become recurrent costs for the Government after project completion, such as teachers salaries, school funds, and in-service training costs, are included as part of the counterpart funds.

Table 2: Financing Plan
(\$ million)

Source	Foreign Exchange	Local Currency	Total Cost	Percent
ADB	8.4	11.6	20.0	53
Sida	4.8	4.8	9.6	26
Government and Community	0.0	8.0	8.0	21
Total	13.2	24.4	37.6	100

ADB = Asian Development Bank; Sida = Swedish International Development Cooperation Agency.

Source: Staff estimates.

72. Since the items to be financed under the Project, by their nature, have a large local cost component, the Project will require local cost financing from ADB for \$11.6 million, equivalent to 58.0 percent of the ADB loan. This provision of financing for local currency cost is considered justified under ADB's local currency financing policy.¹⁸ From an economic perspective, assistance is required to meet the local currency cost of development projects because a low level of per capita income constraints national savings and public finance is under pressure. The Government is taking steps to improve the rate of national savings by enhancing revenue collection, and improving the efficiency of public expenditure and incentives for private sector participation in revenue-generating public sector projects. Although these efforts are expected to increase national savings, a significant resource gap will continue for some time because of the need for large capital investments. Thus, ADB assistance for local currency expenditures related to the Project from the economic perspective is justified. From a technical perspective, the high level of financing of local currency costs is justified because (i) many small civil works are scattered over numerous rural sites, most of which will utilize locally produced materials; and (ii) the Project is funding the delivery of in-country teacher training programs, and the recruitment of domestic consultants and local contract staff.

¹⁸ R1-95: *A Review of Lending Foreign Exchange for Local Currency Expenditure on Projects*. 3 January 1995.

E. Implementation Arrangements

1. Project Management

73. MOE, the Executing Agency for the Project, will have overall responsibility for Project coordination and implementation. An MOE steering committee, chaired by the minister of education, will be responsible for overseeing project implementation and will be maintained to the satisfaction of ADB during the Project. The steering committee will include representatives of the Ministry of Finance and Committee for Planning and Cooperation. MOE's DPC will liaise with ADB and Sida during project implementation, and coordinate with the MOE steering committee. DPC will also be in charge of overall coordination, monitoring, and supervision of project activities. A PIU will be formed under DTT, which will implement the Project including teacher training and development programs, and other project activities. The PIU will comprise senior staff of DTT, other concerned MOE departments, TDC, and NRIES, specifically assigned to implement project activities at the central level. The PIU was established prior to loan negotiations and will be maintained to the satisfaction of ADB and Sida during the Project. The PIU will have overall responsibility for planning, budgeting, monitoring, and reporting, and will coordinate the work of the PPIUs and DPIUs. The PIU will also coordinate the work of consultants financed by ADB and Sida. The Project will provide two qualified assistants with budgeting and accounting, and reporting skills to the PIU to assist with project implementation. The Project will provide equipment and operating resources for the PIU.

74. Many project activities will be delegated to the TTC, PES, and DEB levels. The PPIUs will be set up in the PES to coordinate, plan, implement, monitor, and supervise, and report on project activities at the provincial level, while the DPIUs at DEBs will be responsible for implementing project activities at the district level including school data collection and funds for primary schools. The PPIUs and DPIUs will be established and staffed to the satisfaction of ADB on the following time schedule: (i) for the PPIUs in the initial six project provinces (Bokeo, Champassak, Louang Phrabang, Savannakhet, Sayaburi, and Vientiane), within three months of loan effectiveness; (ii) for the PPIUs in the final three project provinces (Louang Namtha, Saravane, and Xieng Khouang) at least three months prior to the third anniversary of loan effectiveness; and (iii) the DPIU in each of the 70 project districts, (a) for the 12 project districts in phase 1, within six months of loan effectiveness, (b) for the 12 project districts in phase 2, no later than three months after the first anniversary of loan effectiveness, (c) for the 37 project districts in phase 3, no later than three months after the second anniversary of loan effectiveness, and (d) for the 9 project districts in phase 4, no later than three months after the third anniversary of loan effectiveness.

75. Both PPIUs and DPIUs will be staffed by existing PES and DEB personnel, and thus will be mainstreamed within existing institutions. However, one additional qualified assistant will be provided to each PES of the initial six project provinces and one to each PUCDA in four project provinces where school construction activities will be undertaken under the Project. In addition, each PPIU will be responsible for coordination, monitoring, and supervision of Project activities in the districts. It will also be responsible via PUCDA for the coordination and management of construction activities. Each DPIU will be responsible for the implementation of district project activities, including school data collection, management of primary school in-service training, and management of the construction and school funds. The PPIUs and DPIUs will all have monitoring responsibilities and will be responsible for financial and technical reporting of activities in their areas. The Project will provide equipment and operating resources for the PPIUs, PUCDAs, DEBs, and DPIUs.

2. Implementation Schedule

76. The Project will be implemented over six years from January 2002 and is expected to be completed by 31 December 2007. The involvement of districts will be phased in line with the management capacity of the PESs and DEBs. The implementation schedule for the Project is in Appendix 6.

3. Procurement of Goods and Services

77. All ADB-financed procurement for the Project will be in accordance with ADB's *Guidelines for Procurement*. The PIU will be responsible for procurement under the guidance and supervision of the MOE steering committee. Procurement for the Sida-supported component (Component 1: the building teacher training system and teacher development capacity subcomponent) will be carried out by Sida in accordance with its procurement guidelines. Indicative procurement packages are in Appendix 7.

a. Equipment and Materials

78. Each contract for supply of goods, equipment, and materials estimated to cost \$500,000 or more will be awarded on the basis of international competitive bidding procedures, while contract packages of less than \$500,000 equivalent will follow international shopping procedures. Contracts less than \$100,000 may be procured on a direct purchase basis. Procurement of library books, maps, and posters will be made locally.

b. Civil Works

79. Civil work packages for TTC facilities upgrading, school buildings, and DEB offices under the Project are small and often situated in remote areas. These are unlikely to attract the interest of international contractors. Therefore, civil works contracts less than \$1.0 million will be awarded on the basis of local competitive bidding acceptable to ADB. However, if any contract is estimated to cost more than \$1.0 million, international competitive bidding procedures will be followed.

80. Many of the minor civil works (estimated at less than \$10,000 per school) to rehabilitate, complete, or extend school buildings and facilities will be carried out by local communities using part of the construction funds. These civil works tend to be located in remote and rural sites with associated difficulties in material delivery, and are unlikely to attract international or domestic contractors and suppliers. Experience of ongoing minor civil works in the Lao PDR being supported by NGOs indicates that community-managed school construction ensures greater transparency, accountability, and cost effectiveness; and better ownership and maintenance by the communities. Therefore, minor civil works packages for school construction or rehabilitation may be procured locally by the beneficiary schools or communities if such packages (i) do not exceed an estimated cost of \$60,000 per package or \$10,000 per school, (ii) are not attractive to private contractors, and (iii) the capacity of the school or community has been determined to be adequate based on the following procedure for community participation in procurement. The procedure for community participation in procurement will be as follows: (i) in each project province, the PUCDA at the PES will explain the civil work packages and the community matching funds for school rehabilitation to the DEB; (ii) the DEB will explain the requirements for community participation in procurement to interested communities and will prepare a district school construction plan including the use of the community matching funds and an assessment of the capacity of each community that indicates its interest in undertaking the work; (iii) the PUCDA and the Education Construction Service at MOE will review and approve the district school construction plan; (iv) the PUCDA and DEB will enter into discussions with the local

community based on the district school construction plan; and (v) based on the review discussions and the criteria in the district school construction plan, the PES will award a contract to communities assessed to have sufficient capacity to undertake the work, subject to ADB concurrence. The civil works under the community participation will be supervised by the PUCDA and DEB in close cooperation with the district construction engineer to be recruited under the Project. Payment will be made from the project imprest account in accordance with ADB's *Loan Disbursement Handbook* dated January 2001.

4. Consulting Services, Fellowship, Training, and Studies

81. The Project will use consultants to build the capacity of MOE's technical departments, and the PESs and DEBs involved in the Project. It will also use specialists in teacher training and development to help develop and supervise teacher training programs in TDC and TTCs. Within three months of loan effectiveness, MOE will submit the evaluation criteria, shortlists, terms of reference, invitation letters, and draft contracts for recruitment of ADB-supported consultants to ADB for review and approval. Approximately, 205 person-months of international consulting will be needed (47 person-months financed by ADB and 158 person-months by Sida); 1,671 person-months of domestic consulting (1,512 person-months financed by ADB and 159 person-months by Sida). This includes district construction engineers to be engaged for a total of 984 person-months to supervise civil works activities. Local contract staff will be engaged for a total of 1,014 person-months to support the PIU at MOE, the PIUs and PUCDAs at the PES, and the DPIUs (678 person-months financed by ADB and 336 person-months financed by Sida). All international and domestic consultants, and local contract staff financed by ADB will be selected and engaged by the Government through a firm in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB concerning the engagement of domestic consultants and local contract staff. Consultants financed by Sida (Component 1: the building teacher training system and teacher development capacity subcomponent) will be selected and engaged by Sida through a firm on a tied basis and administered by Sida in accordance with Sida's guidelines. The award of all consulting contracts or specialist subcontract services for ADB-financed studies, monitoring, and evaluation, or any activity for an amount greater than the equivalent of \$10,000 will be subject to prior approval by ADB. For international training supported by Sida, the selection and award of fellowships will follow Sida guidelines. The PIU, under the guidance of the MOE steering committee and in coordination with DPC, will be responsible for coordination between ADB- and Sida-financed consultants. Consulting service requirements and outline terms of reference for consultants are in Appendix 8.

5. Disbursement Procedures

82. To expedite project implementation through the timely release of ADB's share of funds for eligible expenditures, an imprest account will be established at the Bank of Lao PDR under the authority of the Ministry of Finance within three months of loan effectiveness. The imprest account will be established, operated, and liquidated in accordance with detailed arrangements agreed upon by the Borrower and ADB and in accordance with ADB's *Loan Disbursement Handbook* dated January 2001. The imprest account will be used mainly for financing local currency expenditures, including indirect foreign exchange costs and some small expenditures in foreign currency. The initial deposit will be \$170,000, which is the amount estimated to cover anticipated expenditures to meet the financing of eligible items under the imprest account in a six-month period. Items eligible for financing through the imprest account include staff development, consultants and specialists, civil works, equipment and furniture, materials, and project implementation costs. Because project activities will take place in dispersed geographic areas where communication and transportation are difficult, simple mechanisms are required to disburse small funds quickly through decentralized decision making while maintaining

acceptable levels of financial control. Accordingly, subaccounts will be established and managed in MOE and in the PESs following the same guidelines. The initial amount in MOE will not exceed \$50,000 and in each of the six PESs will not exceed \$20,000. The Ministry of Finance has concurred with this arrangement. Statement of expenditure procedures with a ceiling of \$50,000 per payment will be permitted.

6. Accounts and Auditing

83. The Government, acting through MOE, will maintain records and accounts adequate to identify goods and services financed from the proceeds of the loan. The PESs will also maintain accounts for relevant project activities following the same standards. MOE will (i) maintain separate records and accounts for the Project; (ii) ensure that accounts and financial statements are audited in accordance with international auditing standards by auditors acceptable to ADB; and (iii) provide ADB, not later than 12 months after the close of each fiscal year, certified copies of audited accounts and financial statements and the report of the auditor on these. ADB may ask the Government to arrange for an independent audit, either local (National Audit Office) or international, to be financed from loan proceeds.

7. Reporting

84. The PIU will prepare quarterly reports on project implementation and submit them to ADB and Sida through DPC within 30 days of the end of each respective quarter. The reports will be in a format acceptable to ADB and Sida, and will indicate, among other things, (i) the progress made against established targets; (ii) problems encountered during the quarter, and steps taken and proposed to be taken to resolve the problems; (iii) compliance with loan covenants; and (iv) proposed program activities to be undertaken during the succeeding quarter. The PIU will prepare a project completion report and submit it to ADB through DPC not later than three months following physical completion of the Project. The report will include the costs and compliance with loan covenants.

8. Project Performance

a. Annual Operational Plans and Financial Reviews

85. To facilitate project implementation, four months before the start of each fiscal year, the Government will prepare an annual operational plan for the next Government fiscal year. The annual operational plan will include (i) the status of the policy framework; (ii) the proposed allocations to the education sector; (iii) financial plan for central and provincial levels for the counterpart funds and recurrent project expenditures; (iv) fully costed project activities for each subcomponent, with performance targets; and (v) details of how proposed project activities are to be integrated into the subsector's ongoing programs. This will ensure a coherent coordinated approach to the development of primary and secondary education and will help to avoid any duplication of efforts. Further, the annual operational plan will confirm that the Government has allocated adequate resources for project implementation and recurrent budget for the Project.

b. Project Monitoring and Evaluation

86. In accordance with ADB's *Handbook on Benefit Monitoring and Evaluation*, monitoring, supervision, and evaluation will be built into the project activities to ensure that both the implementation of activities and their impact are kept under constant review. Key items to be monitored are (i) the impact of training activities on the conduct of training and the impact of the training on the performance of teachers and children; (ii) the use and benefits of district construction funds to improve access to education; (iii) the distribution and use of school funds

and their impact on participation in education and children's learning; and (iv) the ability of the PIUs, especially at PES and DEB levels to manage project activities. Key personnel will be identified to conduct this monitoring and evaluation. All technical departments at the MOE, PES, and DEB levels, and consultants and specialists assisting those departments will be charged with designing monitoring activities and expanding the existing indicators. A particular focus of monitoring will be on school improvement. Communities, schools (especially school principals), and PAs will be trained to monitor the implementation of project activities in their areas and their impact on schools and their children. Project resources have been allocated to support monitoring visits and workshops to report on and discuss the results of monitoring and plan follow-up activities based on the results of the monitoring. Civil works activities will be intensively supervised and monitored. Construction engineers will be stationed in each district and a project engineer in each province. They will closely monitor and supervise the preparation and implementation of construction activities in their areas. They will be coordinated by a national project engineer to review the progress.

87. The impact indicators will be kept to a minimum and focus on the prime objectives of the Project: (i) increasing the supply and quality of teachers—the indicators will measure changes in the supply and qualifications of teachers; and the impact of project activities on teacher training and on teaching and learning in project classrooms, and changes in working conditions, career structures, and accreditation procedures for teachers; (ii) increasing equitable access and participation in primary education in the project areas—the indicators will measure changes in enrollment, dropouts, and repetition, focusing especially on the proportion of children entering grade 5, particularly with reference to ethnic minorities and girls; and (iii) improving education management—the focus will be on the timeliness and efficiency of the planning, implementation, and monitoring of project inputs. To monitor the performance of TTCs, TDC will develop monitoring indicators for TTCs and teaching improvements. The impact on student performance will be measured by a special study to be undertaken in three stages at the beginning, middle, and end of the Project to measure changes in student performance in basic literacy and numeracy.

9. Midterm Review

88. In addition to regular review, the Government, Sida, and ADB will jointly conduct a midterm review after the third year of project implementation. The review will be assisted by international and domestic consultants including a midterm review specialist. All aspects of the Project will be reviewed including the project scope, design and implementation arrangements, and compliance with loan conditions and covenants. The review will focus in particular on a number of activities that were carried out to determine how these should be continued or changed during the subsequent phases. The review will recommend areas for changes in project design or implementation, if any.

89. More specifically, the midterm review will focus on implementation of the access and participation component, in particular to assess the degree of decentralization of the planning and implementation of activities to provinces and districts, and the implementation of construction in the districts and of the matching grant programs for local communities. It will review the funds to schools to encourage learning and participation to determine if these funds should be continued and possibly expanded to more schools. Specific attention will be given to targets to increase the number of children entering grade 5. In the quality component, the implementation of in-service training programs will be reviewed to assess which models are proving most successful and whether they can be extended to new areas. Progress in improving the quality of the TTCs will also be reviewed. The review will examine the progress of the TPWG and the extent to which the Government progressed toward adopting and implementing its proposals to reform teacher incentives including salaries and working conditions, and

similarly examine progress of certification of preservice, upgrading, and in-service training. The midterm review will assess the results of the studies that have taken place and the extent to which the lessons learned have been implemented.

F. The Executing Agency

90. MOE will be the Executing Agency for the Project and will have overall responsibility for coordinating and implementing project activities. MOE implemented the ADB-funded EQIP and the World Bank-financed EDP, and is currently implementing two ADB-funded education projects, the BEGP and the Postsecondary Education Rationalization Project (footnote 2). The implementation of these projects is generally successful; although start-up of the projects and civil work programs have experienced some delay. Although MOE's performance is considered adequate for project implementation, long-term assistance with project implementation through an international consultant and local qualified assistants is required. In addition, many activities will be delegated to the PES and DEB levels as part of the decentralization of education management. The Project will provide project implementation support at these administrative levels.

G. Environmental and Social Measures

1. Environment

91. Environmental impacts of the Project were reviewed and no significant adverse impacts were identified. However, any environmental consideration will be incorporated into all project-funded school construction during implementation. The designs of the new schools will promote the use of local materials and require minimum maintenance. The buildings will be designed based on climate and community requirements. Rehabilitated buildings and extensions of old buildings will be of minimum standard and will not negatively impact the environment. Emphasis will also be strongly placed on water supply (for drinking and toilets) to promote good health and environmental sanitation for students and teachers in any new construction. Where new land is required, the following steps will be followed. First, available public land will be identified with the assistance of the village chief. If it is not available or unsuitable, private land without structures and not being used for agricultural or other productive purposes will be identified and purchased through market transactions. The community may contribute land if the PUCDA and DEB staff, together with the village chief, confirm that (i) the land has no encroachers, squatters, or other encumbrances; (ii) the contribution of land area is not more than 5 percent of the contributor's total landholding; (iii) the contributors are not poor; (iv) if any loss of production or physical displacement is envisaged, which should not be significant, community-based mitigation measures are proposed to the affected people before they make the decision; and (v) verbal or written agreement by all the contributors and affected people is obtained. If all these conditions cannot be met, which is unlikely, a short resettlement plan will be prepared by the PIU in accordance with ADB's policy on involuntary resettlement¹⁹ and will be submitted to ADB for approval. The DEBs will monitor that community matching grants and school funds are not directly spent for land acquisition. The PUCDA staff will be required to have experience in environmental and resource management. MOE staff will receive hands-on training in environmental promotion. Before any new construction, the site will be reviewed by the PUCDA staff and project engineers as to its suitability.

¹⁹ ADB. 1998. The Bank's Policy on Involuntary Resettlement. In *Handbook on Resettlement*. Appendix 1. Manila.

2. Social Analysis

a. Gender and Ethnic Minorities

92. A social analysis was undertaken in six provinces that examined attitudes to education for girls and the situation for ethnic minorities. Focus group discussions held with women's groups, community leaders, teachers, and students were used to complement the findings of a large-scale survey covering 79 villages in 27 districts of 12 provinces carried out for the BEGP. The findings pointed out that the dropout rate among girls is still very high and that girls attend all levels of education at lower rates than boys. Many girls especially repeat primary school grade 1, and also dropout during the transition from the nearby incomplete school to a distant complete school. The social analysis indicates the following major constraints and obstacles to girls' education: poverty, double responsibilities of girls within the family, distances to school, lack of perceived returns in educating girls, cultural beliefs, and early marriages among ethnic minorities. The Project's primary school construction program will shorten the distance to school. Based on community demands, the Project will also provide funds to construct day-care centers and recruit female community assistants to these centers, so that girls do not have to miss school to take care of their younger siblings.

93. As a direct consequence of the low number of female graduates, the number of female teachers is fewer than male teachers. Among the ethnic minority communities, the gender gap for teachers is much larger. Female teachers face special constraints. For example, many female teachers at the primary grade 1 level have class sizes of 110 and above. School funds provided by the Project may be used to recruit community teaching assistants (mostly female) to assist such teachers in the overcrowded classrooms and to alleviate their burden and improve teaching quality for both boys and girls. Where teacher training facilities are constructed or upgraded, day-care centers will be encouraged to be built to address the needs of female staff and teachers. Upgrading of incomplete schools to complete schools will also help reduce the isolation of teachers in incomplete schools who are mainly female. Targeted training including a preparatory course is included to upgrade the qualifications of unqualified teachers, especially female teachers. Further, the Project will hire about 1,200 new locally recruited teachers, of which at least 50 percent will be female.

94. The educational status is much lower among the non-Lao ethnic minority groups. While the focus group discussions indicate an overwhelming interest in education opportunities for sons and daughters where schools already exist, this may not be the case where schools currently do not exist. In fact, besides access problems, low educational status of parents and lack of parents' understanding of the value of education especially for girls appear to be among the major constraints to ethnic minority education. Under the Project, specific measures have been carefully considered to promote recruitment of ethnic minority teachers who teach in the same villages. In many cases, ethnic minority students travel long distances to attend schools. The Project's access component will begin to address this problem and open up access for students who have not had opportunities in the past. Ethnic minority students need to have relevant curriculum; this is being considered at the early grades to reduce dropouts. A gender and ethnic minority strategy has been developed for the Project, and is summarized in Appendix 9.

b. Community Participation

95. The focus group discussions identified that in most places, communities are playing major roles in primary education, including (i) advocating enrollment and education benefits, especially for girls; (ii) boosting morale of school staff; (iii) raising money, local materials, and contributing labor for school construction and rehabilitation; (iv) providing vendor services for lunch; (v) identifying suitable land for school construction (a role usually played by the village

chief); (vi) monitoring students' school attendance; (vii) monitoring teachers' attendance and performance; (viii) asking the DEB to recruit teachers; (ix) providing local cultural information to teachers coming from outside; (x) providing security for teachers by preparing adequate housing for them; and (xi) ensuring school schedules meet local realities. Where complete primary schools already exist, a formal or informal school committee often meets monthly, comprising school principals, teachers, village chief, and community representatives. The LWU can also play a major role in raising the awareness of the community and school staff of the importance of girls' education, education that meets ethnic minority needs, and school nutrition programs. The Project will strengthen partnerships between the community and schools through training, school management planning, and provision of community and school funds. Participatory monitoring by the communities of the use of funds will be also carried out to ensure the accountability and sustainability of community-based school management, which will improve the quality of primary education.

V. PROJECT JUSTIFICATION

A. Socioeconomic Analysis

1. Direct Beneficiaries

96. Many teachers will benefit from new and improved training programs. These programs will include over 2,000 graduates annually from the TTCs who will emerge better fitted for teaching; 2,400 unqualified teachers who will be trained and become qualified and able to teach their students better; and approximately 15,000 primary school teachers, 2,500 primary school principals, 3,000 secondary school teachers, and 500 secondary school principals who will take part in regular and repeated in-service training that will benefit their pupils and lead to enhanced performance. This covers 55 percent of primary school teachers and 30 percent of secondary school teachers in the country. In addition, 365 TTC trainers, 108 TUP trainers, 473 primary school PAs, and 144 secondary school PAs will be trained on a regular and repeated basis. This will in turn ensure the quality of the preservice, upgrading, and in-service training programs.

97. The Project's access component will operate in poor, underserved areas in the selected 41 districts. The Project will greatly increase the opportunity for children in these districts to receive a full five-year primary education by building approximately 45 classrooms in each district. The emphasis will be on upgrading the incomplete schools to complete schools, as dropout is high for the early grades. The Project will also ensure that children obtain a better quality primary education by assigning new teachers who will be trained through the Project. For primary education, more than 400,000 students will be studying in the project-assisted schools by the end of the Project; about 30,000 in newly constructed or newly completed primary schools. Through in-service teacher training and upgrading of unqualified teachers in an additional 29 selected districts where teacher training alone will be implemented, another 150,000 primary and secondary students will benefit from improved education quality. Furthermore, the improvements to preservice training through the TTCs will benefit students nationwide. Girls and ethnic minority children will especially benefit both through geographical targeting and special assistance provided by the Project.

2. Efficiency Benefits

98. The Project will ensure that the education system is more responsive to local needs. It will, for example, ensure that schools are built of an appropriate minimum size in locations where they are needed, and that communities are able to maintain and support these schools.

The Project will also ensure that teachers, learning materials, and operation and maintenance support are available in these schools. It will train new and existing teachers in more practical and relevant teaching methods, and primary schools will focus on basic literacy, numeracy, and multi-grade teaching. This will ensure that teachers in the future will be more able to address the basic needs of students, which will reduce dropouts and repetition and increase the number of school graduates, while simultaneously decreasing the number of person-years needed to produce each graduate. Economic analysis, including the assessment of cost-effectiveness and internal efficiency gains, is in Appendix 10.

3. Institutional Strengthening

99. Considerable inputs will be made to upgrade institutional capacity at the MOE, PES, and DEB levels. Concerned staff of MOE, PESs, and DEBs will be given considerable training in data collection, planning, implementation, monitoring and evaluation, and reporting of project activities. MOE, NRIES, NUOL, TTC, and TDC staff will take part in graduate degree training. TTC management staff will be given training and on-the-job support by consultants to enable them to manage their colleges more effectively and efficiently. Teachers, principals, trainers, and senior staff at MOE, PESs, and DEBs will enhance their understanding of good practices learned from study tours to neighboring countries. Awareness raising on gender and ethnic minority issues in education management and delivery will be provided to relevant target groups by the MOE's GEMEU.

100. The Project will also assist the Government in strengthening the management of education, in particular in developing appropriate management structures and capabilities at province, district, and village levels, thereby supporting the Government's decentralization initiatives. It will introduce construction funds to enable districts to plan, manage, and implement their own construction programs, and will support the devolution of the implementation of training activities to provinces and districts. It will strengthen the capacity of the TTCs to manage and deliver pre- and in-service teacher training, and will help them expand their role to continuing education for the community, based on local demand. The Project will strengthen the planning capacity of MOE departments involved in teacher training and development, and help them with strategic planning for prioritizing expenditures through a variety of operational studies, and monitoring and evaluation activities. It will also assist MOE with its efforts to institute improved salaries and working conditions for teachers. It will work with other assistance agencies, especially the World Bank, to establish better data collection systems and to train concerned staff in planning and budgeting. Although most project activities will be delivered through existing delivery systems, the Project will strengthen these systems and the capability of their staff to plan, manage, monitor and evaluate, and report their activities.

4. Sustainability

101. Adequate measures have been incorporated into the Project to ensure its sustainability after implementation. As a prerequisite to project participation, communities must be willing to support schools constructed in their areas including assisting with construction, operation, and maintenance, and mobilizing their students. Recognizing that communities, especially those in poorer areas cannot be expected to cover the full cost of their children's education, the Project will provide school funds to support local management of resources. This model is expected to be taken over by the Government and to become the norm for all schools in the country. The Project will develop training capacity at TTCs that will become the source of the future generations of teachers. The Project will also take advantage of low-cost models of in-service teacher training, in particular using primary school clusters and the NTUCs. Government counterpart funding is being mainly allocated to: the funding of new teachers for schools built by the Project, school funds, upgrading of unqualified teachers, and in-service teacher training. As

a percentage of total education spending, this accounts for about 2.6 percent of projected recurrent expenditure for basic education spending and is sustainable after the end of the Project, even under conditions of modest GDP and education budget growth. The Government will provide counterpart funding for civil works. This financial contribution will equal an estimated 8 percent of total domestic investment in the education sector during project implementation.

102. The success and sustainability of the Project depends on ongoing reforms of the Government's education finance policy. Central to this is a commitment to increase recurrent spending to levels that are more in line with regional standards. This is necessary to ensure that (i) higher salaries are paid to teachers to encourage teachers to remain in their jobs, (ii) new teachers are hired to meet growing enrollment, and (iii) investments made by the Project in new and rehabilitated infrastructure will be properly maintained. ADB engaged in long-term dialogue with Government and assistance agencies during project preparation concerning the need to increase recurrent spending on education to regional norms. Based on reasonable assumptions (including a 5.5 percent real GDP growth per annum and a gradual increase in the Government's education budget share up to 15 percent of total expenditure), the Government will be able to meet these challenges to the education sector. These assumptions are conservative, given the Lao PDR's recent economic performance and the assumptions included in the Government report presented at the seventh Roundtable Meeting, November 2000. The Government has given further assurances that the social sectors, including education, will be given increasing priority. One sign of this commitment has been a recent substantial increase in teachers' salaries, which is expected to be followed-up by an additional increase in the next two to three years.

B. Impact on Poverty and Gender

103. The Project is classified as poverty intervention. The Project will promote significant intergenerational improvements raising income and reducing poverty among families in the target districts. With the component packaging under the Project, the proportion of poor beneficiaries of the Project will be higher than the national poverty incidence level. This estimate is based on certain assumptions on prioritized outreach of teacher training and school completions associated with the project design and focus that lead to the Project having a higher poverty impact (on a headcount basis) than the national poverty incidence level of 38.6 percent (footnote 7). While the whole country can be considered poor, the Project is envisaged to disproportionately benefit those living below the poverty line. Children who graduate from primary education are likely to be more productive than their parents. Educated farmers are better equipped to adopt new practices that will raise crop yields; they are more likely to improve their animal husbandry practices and adopt more modern methods of sustainable agriculture and forest management. In addition, reasonable levels of literacy and numeracy are immediate benefits to those in trade and cash generating activities. Once educated, their career aspirations may improve, and the receptiveness to new ideas, information, and technology will increase. Economic analysis including poverty impact of the Project is in Appendix 10.

104. Further the improvements to preservice teacher training through the TTCs will benefit students nationwide. The focus of the training for primary teachers is to improve (i) basic literacy and numeracy, especially in the early grades, and (ii) implementation of multigrade teaching, where appropriate. In these areas, failure in the early grades is one of major issues of the system, which leads to huge numbers of children repeating classes and dropping out of school. Project activities are expected to have a significant impact on reducing dropouts and repetitions, and increasing student performance in basic literacy and numeracy, especially in those poor, remote areas where these problems are at their greatest.

105. The Project's thematic classification is gender and development. Nearly 50 percent of students who will be studying in the project-assisted primary schools will be girls. Women will constitute at least 50 percent of newly recruited or appointed teachers, new PAs, and trainees for teacher training programs. Furthermore, better educational results, particularly for women, and more so for ethnic minority women, are expected to have significant social consequences, namely improved maternal mortality rates; more widespread adoption of preventive, primary health care measures; and more acceptance of family planning methods. Through the improved educational results for girls, women, and ethnic minorities, as well as the emergence of more role models of educated girls, the cultural barriers to girls' education including the perceived low return and cultural traditions such as early marriage are expected to change in the long term. The specific measures to address gender issues have been included in the gender and ethnic minority strategy, which is in Appendix 9.

C. Risks

106. The Project covers a wide range of teacher training, construction, and management activities at various administrative levels. Previous projects have faced delays because of the establishment of new systems and procedures. This Project has tried as far as possible to build on and collaborate with existing systems, for example, the PA system, school clusters, and the TUP-NTUC system for teacher training, and using PUCDAs to plan and supervise construction. However, it places a heavy responsibility on the PIU under DTT to effectively implement the Project by coordinating with other departments of MOE and concerned agencies, and PPIUs and DPIUs; and on DPC to provide overall project coordination including liaison with ADB, Sida, and other development partners. These responsibilities will challenge the capacity of these MOE departments. To address this concern, the Project will focus, during the first year of each of four phases, on working in a limited number of districts to develop the core project management and implementation capacity by providing extra staff, facilities, logistic support, and training. A second risk is increased recurrent costs, resulting mainly from operating and maintaining new or rehabilitated complete primary schools, upgraded TTCs, and the large-scale training program covering primary and secondary teachers nationwide on a continuous basis. Based on likely financing scenarios during and beyond the project period, this risk is likely to be manageable.

107. The major development will be in the extent of the decentralization of planning and implementing construction activities, and the fund channeling mechanisms needed to support this. The project activities will be carefully phased with only eight districts taking part in the first stage of the construction activities. The first year activities consist mainly of planning and preparation. These districts and the PESs will be given substantial and concentrated consulting services and training, particularly during the first two years of the Project, when all involved will be at a learning stage. The DEBs will be provided with district construction engineers to supervise the civil works, and budgets to support day-to-day operations, undertake fieldwork, and hold meetings.

108. Previous projects have reported long delays in the approval of activities, as plans have had to be referred to much higher levels, often to the minister of education. Delays have also occurred as funding mechanisms have not been in place to allow the flow of funds to the appropriate levels in the system in time. Procedures must be streamlined so that activities can be implemented without long delays while waiting for approval, and that efficient mechanisms exist to channel sufficient funds to provinces, districts, clusters, and schools. This should be a priority of the Government during the pre-project implementation period.

109. The involvement of communities in school construction and improvement has clearly been shown to be the most effective way of improving access to and participation in education,

and has a significant role in raising quality. To match the investment to the varying needs of local communities, several different initiatives are proposed, including funds to local communities and schools. These have proved effective when given by other assistance agencies such as UNICEF and some NGOs, where close supervision has been exercised to ensure that the use of the funds is well planned and executed. By the use of district construction engineers and project engineers, consulting services provided to MOE, PESs, and DEBs, and the openness of the local community to monitor use of funds, the proposed schemes can be similarly effective under this Project.

VI. ASSURANCES

A. Specific Assurances

110. The Government has given the following assurances, in addition to the standard assurances, which will be incorporated in the legal documents:

- (i) The Government will make available an annual budget for education of at least 12 percent of total Government expenditure in FY2001/02, at least 13 percent in FY2003/04, and for the medium term, up to a minimum of 15 percent by FY2005/06.
- (ii) The PPIU in each of six provinces (Bokeo, Champassak, Louang Phrabang, Savannakhet, Sayaburi, and Vientiane) will be established and staffed to the satisfaction to ADB within three months of loan effectiveness.
- (iii) The PPIU in each of three provinces (Louang Namtha, Saravan, and Xieng Khouang) will be established and staffed to the satisfaction of ADB at least three months prior to the third anniversary of loan effectiveness;
- (iv) The DPIU in each project district will be established and staffed to the satisfaction of ADB on the following schedule: (a) for the 12 project districts in phase 1, within six months of loan effectiveness; (b) for the 12 project districts in phase 2, no later than three months after the first anniversary of loan effectiveness; (c) for the 37 project districts in phase 3, no later than three months after the second anniversary of loan effectiveness; and (d) for the 9 project districts in phase 4, no later than three months after the third anniversary of loan effectiveness.
- (v) MOE will prepare and submit to ADB an annual operational plan, including a proposed financial plan for the central and provincial counterpart funds and recurrent expenditures of the Project, four months before the start of each fiscal year of the Government during the Project.
- (vi) Within three months of loan effectiveness, MOE will appoint all members of the TPWG including staff of the GEMEUS satisfactory to ADB.
- (vii) Within three months of loan effectiveness, MOE will appoint all members of the curriculum and material development team satisfactory to ADB.
- (viii) Each of the MOE steering committee, PIU at DTT, PPIUs, DPIUs, and TPWG, after it is established in accordance with the terms of this report, will be maintained during the Project.

- (ix) MOE will submit the list of project villages and schools (selected based on criteria acceptable to ADB) to ADB for review and approval on the following time schedule: (a) for villages and schools in the 12 project districts in phase 1, within six months of loan effectiveness; (b) for the villages and schools in the twelve project districts in phase 2, no later than three months after the first anniversary of loan effectiveness; (c) for the villages and schools in the 37 project districts in phase 3, no later than three months after the second anniversary of loan effectiveness; and (d) for the villages and schools in the 9 project districts in phase 4, no later than three months after the third anniversary of loan effectiveness;
- (x) Within two years of loan effectiveness, MOE will develop guidelines satisfactory to ADB for certification of teachers and the National Teacher Education Advisory Board will formally approve the guidelines; and
- (xi) The Government will ensure that environmental and social considerations, including the existing laws and regulations of the Lao PDR; ADB's environmental guidelines and policies on involuntary resettlement, indigenous peoples, and gender and development; and the Project's gender and ethnic minority strategy are implemented for all project activities.

B. Condition for Loan Effectiveness

111. The Government and the Government of Sweden will have entered into an agreement relating to the Sida grant, and all conditions precedent to the effectiveness of the Sida grant (other than a condition requiring the effectiveness of the ADB loan) will have been fulfilled or arrangements satisfactory to ADB will have been made for the fulfillment of those conditions within a period of time satisfactory to ADB.

VII. RECOMMENDATION

112. I am satisfied that the proposed loan would comply with the Articles of Agreement of ADB and recommend that the Board approve the loan in various currencies equivalent to Special Drawing Rights 15,756,000 to the Lao People's Democratic Republic for the Second Education Quality Improvement Project, with a term of 32 years, including a grace period of 8 years, and with an interest charge at the rate of 1 percent per annum during the grace period and 1.5 percent per annum thereafter, and such other terms and conditions as are substantially in accordance with those set forth in the draft Loan Agreement presented to the Board.

TADAO CHINO
President

31 August 2001

APPENDIXES

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SUPPLEMENTARY APPENDIXES

(available on request)

A	Key Features of ADB and the World Bank Funded Projects
B	Lessons Learned
C	Criteria for Village Selection and Proposed Models for School Construction and Rehabilitation
D	Project Management and Implementation Chart
E	Fund Flow Chart
F	Project Performance and Monitoring Indicators
G	Project Ethnic Minority Strategy
H	Details of Economic Analysis
I	Financial Sustainability Analysis

PROJECT FRAMEWORK

Design Summary	Performance Indicators/ Targets	Monitoring Mechanisms	Assumptions and Risks
<p>1. Sector/Area Goal</p> <p>Achieve universal participation in all geographical areas, among all ethnic groups and both genders in a good quality education, especially in primary education.</p>	<ol style="list-style-type: none"> 1. 85 percent of children enter primary school by 2005, and reduction of the repetition rate by 2 percent per annum and of the dropout rate by 3 percent per annum 2. Increasing numbers of students remaining in school to grade 5 in project districts 3. Closing of the gender and ethnicity gaps in primary school enrolment, attendance and completion 4. Increasing number of students reaching at least grade 3 literacy and numeracy, which will contribute to increasing the country's literacy rate to 85 percent by 2005 	<ul style="list-style-type: none"> • Ministry of Education (MOE) statistics • District education bureau (DEB) statistics • Student performance tests • Midterm review • Project completion report 	<ul style="list-style-type: none"> • Civil works take place as planned • Teaching and learning is focused on improving basic literacy and numeracy
<p>2. Objective/Purpose</p> <p>Improve the relevance, quality, and efficiency of education by integrating the supply of good quality teachers nationwide with increased access to and participation in primary education under the decentralized education management.</p>	<p>Quality</p> <ol style="list-style-type: none"> 1. Training in 70 project districts is more available to teachers, is better conducted, and more relevant to their needs. 2. Teachers demonstrate improved understanding of the material they teach and use more varied and appropriate teaching methodologies. 3. Teacher satisfaction, motivation, competencies, and retention improve. 4. Student performance in basic literacy and numeracy improves. <p>Access and Participation</p> <ol style="list-style-type: none"> 1. Over 1,000 classrooms built in order to complete incomplete schools, extend overcrowded schools and construct new schools in 41 project districts (estimated 320 newly completed schools, 120 new mainly multigrade schools, 1,400 classrooms rehabilitated) 2. Teachers available on time in new schools and classrooms 	<ul style="list-style-type: none"> • Project quarterly progress reports • Project quarterly progress reports • Consultant reports • Onsite surveys • MOE statistics • Student performance tests • MOE and DEB statistics • Project quarterly progress reports 	<ul style="list-style-type: none"> • MOE, provincial education service (PES), DEB, and teacher training college (TTC) implementation capacity in teacher training programs is sufficient. • Timely and sufficient technical assistance is provided. • PES and DEB management capacity sufficiently strong to implement the school construction programs

Design Summary	Performance Indicators/ Targets	Monitoring Mechanisms	Assumptions and Risks
	<p>3. Enrollment in grade 5 increases by an average of 3 percent per year in project districts.</p> <p>4. Class repetition in grade 1 decreases by 10 percent over the life of the Project in project districts.</p> <p>Management</p> <p>1. MOE's guidelines and action plans for decentralizing education management are prepared and issued.</p>		<ul style="list-style-type: none"> • PES and DEB management capacity sufficiently strong to implement the delegated functions
<p>Project Components/Outputs</p> <p>A. Improved Relevance, Quality, and Efficiency</p> <p>1. Teacher training capacity developed and teacher salaries, incentives, and working conditions improved.</p>	<ul style="list-style-type: none"> • Teacher education strategy paper prepared • List of teacher competencies prepared • Training curricula, TTC textbooks, teacher upgrading program (TUP) and pedagogical adviser (PA) materials prepared and published • Teacher training courses certified • 60 persons receive master level training, and 10 persons receive doctoral degree training • 365 TTC staff trained • Over 80 MOE PA master trainers trained • 60 TTC, 108 TUP trainers, and 473 primary and 144 secondary PAs, and approximately 700 academic teachers trained as trainers • 32 TTC directors and senior staff trained in management • TTCs increasingly managed to make more efficient use of resources including in-service and continuing education training 	<ul style="list-style-type: none"> • Teacher education strategy paper available • Project quarterly progress reports • Curricula and materials available 	<ul style="list-style-type: none"> • Sufficient, timely, and appropriate consulting services available • MOE departments cooperate fully with each other in implementation

Design Summary	Performance Indicators/ Targets	Monitoring Mechanisms	Assumptions and Risks
<p>2. Training facilities constructed and upgraded</p> <p>3. Provincial and district training delivered</p>	<ul style="list-style-type: none"> • Policy recommendations agreed and implemented on the recruitment and deployment of teachers, and linking salaries, benefits, and career paths to training, qualifications, experience, and performance • TTCs facilities and equipment upgraded • Equipment received by 12 secondary PA and 9 network teacher upgrading centers (NTUC) • 115 school cluster resource centers built • Over 2,400 unqualified primary school trained through the TUP • Over 240 primary teachers (mainly underqualified female teachers) are given additional bridging course to prepare them for upgrading. • Over 15,000 primary school teachers receive regular in-service training. • Over 3,000 secondary school teachers receive regular in-service training. • Over 500 secondary school principals receive regular in-service training. • Approximately 2,500 primary principals in project districts receive regular in-service training. 	<ul style="list-style-type: none"> • Reports and recommendations available on time • Midterm review • Project quarterly progress reports • Supervision reports • Project quarterly progress reports 	<ul style="list-style-type: none"> • Government supports initiative to reform teacher policy and provides regulatory and financial support accordingly • Curricula, materials, and trainers prepared in time • Management capacity developed
<p>B. Expanded Access and Encouraged Participation</p> <p>1. Provision of educational facilities</p>	<ul style="list-style-type: none"> • An additional 1,000 new classrooms to be built as part of completion of 320 incomplete schools; and construction of 120 mainly multigrade schools in villages without schools • Estimated 1,400 classrooms rehabilitated • Sufficient teachers recruited from communities or through PES to staff new schools and classrooms and trained under TUP programs 	<ul style="list-style-type: none"> • DEB reports and statistics (from mapping) • Project quarterly progress reports • Supervision reports 	<ul style="list-style-type: none"> • PES and DEB management capacity strengthened and technical assistance provided • Funding mechanisms in place and functioning • TUP programs are organized to coincide with the appointment of these teachers

Project Activities	Inputs	Monitoring Mechanisms	Critical Assumptions
<p>A. Improve Relevance, Quality, and Efficiency</p> <p>1. Development of training capacity and improvement of teachers salaries and working conditions</p> <p>2. Construction and upgrading of training facilities</p> <p>3. Delivery of provincial and district level training</p>	<ul style="list-style-type: none"> • Training needs assessment • Support to the teacher development center and stakeholders for preparing list of competencies, curricula, and materials for preservice and in-service training and the certification system • Masters, doctoral, and professional training for TTC staff • Training of TTC and TUP staff, and PAs and academic teachers as upgrading and/or in-service trainers • Management training for TTC directors and senior staff, including piloting of continuing education models at selected TTCs • Study visits between provinces and to neighboring countries • Consulting services for teacher training program • Operational and staff support for the teacher development center • Replacement of motor cycles provided for PAs and TUP trainers • Operational support and consulting services for the teacher policy working group • Upgrading TTC facilities and equipment • Providing equipment for secondary PA resource centers and NTUC centers • Building school cluster resource centers • In-service training for lower and upper secondary school teachers • In-service training for lower and upper secondary school principals • Teacher upgrading for untrained primary school teachers • Preparation courses to help untrained teachers to prepare for upgrading 	<ul style="list-style-type: none"> • Needs assessment report available • Competencies, curricula, and materials, project quarterly progress reports available • Government's implementation plan available • Midterm review • Project quarterly progress reports • Supervision reports • Project quarterly progress reports • DEB reports 	<ul style="list-style-type: none"> • Consulting services provided in sufficient time • All stakeholders, including schools and teachers involved • Curricula and materials prepared • Government is committed to support the teacher policy working group's work and implement its recommendations. • Curricula and materials prepared, trainers trained • Curricula and materials prepared, trainers trained • Trainers trained in time

Project Activities	Inputs	Monitoring Mechanisms	Critical Assumptions
	<ul style="list-style-type: none"> • In-service training for all primary school teachers, principals, and community members at cluster and district levels • Support for clusters, including training academic teachers and supporting cluster activities. 		
<p>B. Expand Access and Encourage Participation</p> <p>1. Expanding access</p> <p>2. Encouraging participation in education</p>	<ul style="list-style-type: none"> • School construction: completion of incomplete primary schools, building new schools, additional classrooms, and rehabilitation • Matching funds to communities to finance some of the construction activities • Teaching staff for new schools and classrooms placed and trained • Consulting services for school mapping data collection, and preparation of construction plans • School funds supplied to all primary schools in project districts • Packages of library books, maps, and posters supplied to primary schools in project districts • Special programs to encourage learning and participation in education • Training of primary teachers, principals, and community members 	<ul style="list-style-type: none"> • Project quarterly progress reports • DEB reports • Project quarterly progress reports • DEB reports • Project quarterly progress reports • DEB reports 	<ul style="list-style-type: none"> • The PESs and DEBs are able to prepare construction plans. • Smooth funding flows • The Government pays the salaries of the teachers and absorbs them in the civil service after training. • Funding mechanisms arranged • Packages agreed and distributed to districts • Review mechanism of proposals in place • Funding mechanisms arranged
<p>C. Strengthen Management Capacity at MOE, PES and DEB</p>	<ul style="list-style-type: none"> • Provision of staff and operational support for Department of Planning and International Cooperation and project implementation units at MOE, PESs, and DEBs • Monitoring and evaluation training for staff of MOE departments • Project management and finance training for MOE staff • Support for planning, budgeting, monitoring and supervising, and reporting activities • Provide qualified assistants for PUCDAs 	<ul style="list-style-type: none"> • Project quarterly progress reports 	<ul style="list-style-type: none"> • Suitable MOE, PES, and DEB staff available for training

EXTERNAL ASSISTANCE TO BASIC EDUCATION

A. Recent and Ongoing Support to the Basic Education Sector (1990 – Present)

Project	Coverage	Funding Agency	Duration	Amount (\$ million)	Loan/Grant
Education Quality Improvement Project (EQIP): Development of teacher education system for primary and lower secondary teachers	National	ADB Norway	1992 -98	\$13.3 \$2.0	Loan Grant
Education Development Project (EDP I): Curriculum development, instructional materials provision, teacher training, primary and secondary school construction, improved planning, monitoring, and evaluation	National, construction in 7 provinces	IDA Switzerland Norway	1993 - 2000	\$19.0 \$9.8 \$3.0	Loan Grant Grant
Basic Education (Girls) Project (BEGP): School construction and community mobilization in underserved ethnic minority areas, curriculum and materials and multi-grade teaching, teacher training, strengthening management	50 districts in 11 provinces	ADB AusAID	2000 - 2005	\$20.0 \$4.0	Loan Grant
Basic Primary Education Support: Upgrading of untrained primary school teachers, curriculum and materials development; provision of materials to schools to aid construction and rehabilitation and support learning; support for school clusters including resource center construction, multi-grade teaching support	National	UNICEF CWS CRS SCF/UK SCF/Norway UNESCO (clusters)	1998 - 2002	\$5.2 — \$0.6 — — —	Grant Grant Grant Grant Grant
Ethnic Minorities Boarding Schools (Upper Primary/ Lower Secondary): Construction of three schools and teacher training	Three provinces	Viet Nam	1995 - 98	\$1.0 (to be confirmed)	Grant
Teacher Education Project: Assistance to science and mathematics teacher education	To be determined	JICA	1998 - 2000	—	Grant

B. Proposed Assistance to the Basic Education Sector

Project	Coverage	Funding Agency	Duration	Amount (\$ million)	Loan/Grant
Second Education Development Program (EDP II): School construction, improving the quality and sustainability of learning materials development including textbooks, improving the management of education	To be determined	IDA France Norway	2002 (10 year APL)	\$14.4 (Phase 1) — —	Loan Grant Grant
Primary School Construction: Up to 700 schools	Vientiane province (Phase 1)	JICA	2002 -	—	Grant
Support to Basic Education: School construction, education, management support	National, Champassak (construction, management)	France/AFD	2005 -	4.7	Grant
Second Education Quality Improvement Project (EQIP II): Development of teacher training system capacity, improving teacher salaries and working condition, support for TTCs and TUP-NTUCs, support for school clusters and PAs, in-service training for primary and secondary teachers, school construction, management capacity building	National (training of trainers) 4 provinces (construction) 9 provinces (teacher training)	ADB Sida	2002 - 2007	\$20.0 \$9.6	Loan Grant

— = not available; ADB = Asian Development Bank, AFD = Agence Française de Développement, APL = adaptable program lending, AusAID = Australian Agency for International Development, CRS = Christian Relief Service, CWS = Church World Service, JICA = Japan International Cooperation Agency, IDA = International Development Association, PA = pedagogical adviser, NTUC = network teacher upgrade center, SCF = Save the Children Fund, Sida = Swedish International Development Cooperation Agency, TTC = teacher training college, TUP = teacher upgrading program, UK = United Kingdom, UNESCO = United Nations Educational, Scientific and Cultural Organization, UNICEF = United Nations Children's Fund.

POLICY FRAMEWORK

Policies	Strategic Interventions	Outcome Indicators
Component 1: Improving the Quality of Teaching and Learning Objective: To improve the relevance, quality, and efficiency of primary and secondary education, mainly by enhancing teacher competencies and improving the professional status and career development prospects of teachers		
<p>1. The Government will develop a coherent teacher education strategy that reflects the country's priorities including the reform agenda for the preservice teacher training system to improve the supply and quality of teachers.</p>	<p>(i) The Department of Teacher Training (DTT) will prepare a teacher education strategy paper within 18 months of the loan effectiveness.</p>	<p>(i) The preservice, upgrading, in-service teacher training system more integrated and rationalized to improve the supply and quality of teachers</p>
<p>2. The Government will commit itself to the reform of teacher incentives, salaries, and working conditions to create a better-motivated workforce and retain teachers in the profession.</p>	<p>(i) A teacher policy working group (TPWG) will be established and will propose policy changes within 18 months of loan effectiveness. The TPWG will be based on diverse membership including females and ethnic minorities. The Government will produce plans based on these recommendations within a further six months.</p> <p>(ii) Consulting services will be given to the TPWG and the Department of Finance to support this work.</p>	<p>(ii) An adequately paid, educated, managed, and motivated teaching force</p> <p>(iii) Better retention of teachers in the workforce.</p> <p>(iv) A more appropriately structured teaching force in schools</p>
<p>3. The Government will strengthen the institutional mechanism for development of training curriculum and materials.</p>	<p>(i) DTT will coordinate curriculum and materials development for teacher training and will train trainers in cooperation with teacher training colleges (TTCs) and the teacher development center.</p>	<p>(i) Curricula and materials developed and used as the basis of preservice, upgrading, and in-service teacher training courses</p>
<p>4. The Government will introduce appropriate decrees, regulations, and guidelines to support the decentralization of the management of in-service teacher training to the TTCs, provinces, and districts.</p>	<p>(i) In-service teacher training will be provided at provincial and district level and will be managed by TTCs provincial education services (PESs) and district education bureaus (DEBs).</p> <p>(ii) Learning materials and school funds will be provided to primary schools through DEBs.</p>	<p>(i) 41 additional primary pedagogical advisers recruited for target districts (see Component 2)</p> <p>(ii) TTC and network teacher upgrading center staff and PAs in target districts and provinces trained as trainers</p> <p>(iii) 2,400 primary school teachers upgraded</p> <p>(iv) Over 15,000 primary school and over 3,000 secondary school teacher receive in-service training</p>
<p>5. The Government will ensure that structures and procedures are in place so that responsibility for curriculum development and training programs is coordinated between departments of the Ministry of Education (MOE), especially DTT, Department of General Education, and National Research Institute for Education Sciences.</p>	<p>(i) A project implementation unit is to be established in DTT to manage and implement the Project, including the project activities that are currently the responsibility of other technical departments.</p>	<p>(i) Programs are carried out in a coordinated manner at central, provincial, and district levels without duplication and redundancy.</p>

Policies	Strategic Interventions	Outcome Indicators
6. Flexibility will be given in school schedules to allow upgrading to take place.	(i) Teacher upgrading for untrained and undertrained primary and lower secondary teachers.	(i) Eligible teachers take part in upgrading programs that are carried out at times that enable teachers to obtain the most benefit from the programs, but without excessive disruption to schools.
7. The Government will support flexibility in the implementation of the teacher training curriculum so that it may be matched more closely to local, especially ethnic minority, needs.	(i) Multigrade teaching and innovative approaches to teaching will be promoted to raise the performance of children in the early grades in rural and ethnic minority areas and reduce repetition and dropouts.	(i) More effective multigrade and early grade teaching (ii) Decrease in repetition by 10 percent over the project period and dropouts by an average 3 percent per year in project areas
8. The Government will give priority to women in the appointment of PAs and training opportunities.	(i) At least 50 percent of new PAs to be women, and at least 50 percent of trainees to be women	(i) Planned number of women appointed and trained
<p>Component 2: Increasing Access to and Participation in Education Objective: To expand access to and improve retention in primary schools in the poor, underserved areas of the county.</p>		
<p>1. Governments at all levels will give priority to primary education expansion in underserved and ethnic minority areas.</p> <p>2. The Government will ensure that mechanisms are in place to enable the Project to support community construction and rehabilitation of schools.</p> <p>3. The Government will encourage community support for school management, construction, and operation and maintenance.</p> <p>4. The Government will support the priority given to the completion of incomplete schools in the school construction program.</p> <p>5. The Government will support the principle that the size of school should be based on the number of students, and that for the smaller number of students, appropriately sized multigrade schools will be built.</p> <p>6. The Government will allow the recruitment of unqualified teachers, in some exceptional cases, from villages where schools are built and will pay the salaries of qualified and unqualified teachers appointed to newly built and completed schools and classrooms. It will also support the priority of appointing female teachers.</p>	<p>(i) Completion of incomplete schools, construction of additional classrooms in overcrowded schools, construction of new schools and school rehabilitation</p> <p>(ii) Communities involved in school management, construction, operation, and maintenance activities, in cooperation with PESs and DEBs</p> <p>(iii) Multigrade schools to be constructed in appropriate places, depending on the number of students and student demand</p> <p>(i) Provision of teachers for newly completed and constructed schools/classrooms</p>	<p>(i) Continued expansion of provision of primary education in underserved and ethnic minority areas in project districts, especially the completion of incomplete schools</p> <p>(ii) Construction work taking place with a high degree of community involvement</p> <p>(iii) Communities involved in school management, and operations and maintenance including student and teacher welfare</p> <p>(iv) Multigrade schools are constructed where appropriate.</p> <p>(i) Newly constructed schools and classrooms to be staffed by unqualified teachers appointed from local communities where no qualified teachers are available. At least 50 percent of teachers to be appointed will be female.</p> <p>(ii) Villages are encouraged to nominate qualified ethnic minority teachers for new teaching positions.</p>

Policies	Strategic Interventions	Outcome Indicators
<p>Component 3: Strengthening Management Capacity Objective: To strengthen the institutional capacity of the Government at the central, provincial, district, and village levels to manage the decentralized education system and implement the Project.</p>		
<p>1. The Government will make available an annual budget for education of at least 12 percent of total Government expenditure in FY2001/02, at least 13 percent of total Government expenditure in FY2003/04, and for the medium term, up to 15 percent by FY2005/06. This should include a commitment to increasing recurrent expenditures by retaining the share of primary education budget at 55 percent of the total education expenditure and by raising teachers' salaries closer to the regional average based on a more appropriate incentive system.</p> <p>2. The Government will continue to recognize the leadership role of the technical departments of MOE.</p> <p>3. The Government will support the decentralization of responsibilities for planning, budgeting, and implementation to the provincial and district levels and the allocation of budgets to support activities at these levels.</p> <p>4. The Government will introduce simplified procedures to ensure smooth and prompt implementation of project activities.</p> <p>5. The Government will facilitate information exchange across provinces and districts related to project progress, and encourages the development of a community level accountability system.</p>	<p>(i) Consulting services will be given to the MOE's Department of Finance and Department of Planning and International Cooperation to formulate education budgets and proposals, and to promote these within the Government. The TPWG will propose a way to improve teacher incentives including salaries and career structures. The Project will assist the TPWG in obtaining acceptance by the Government and incorporating its recommendations into Government plans.</p> <p>(i) Planning and management training to be offered to MOE personnel involved in the project activities.</p> <p>(i) Planning, budgeting, and implementation of teacher training and school construction programs will be delegated to the provincial and district levels. Technical and logistical support and capacity building training will be given to facilitate the transitional phase.</p> <p>(i) Subaccounts will be established and managed in MOE and PESs respectively. (ii) Implementation of Project activities is delegated to various agencies and levels including the teacher development center, TTC, PESs, DEBs, school clusters, and villages.</p> <p>(i) MOE will build a stronger network of education planners and managers. (ii) Communities will be involved in such groups as school management committees, parents groups, and other citizens groups in the design and management of school plans.</p>	<p>(i) Recurrent expenditures are increased, which provide for an adequately sized and remunerated teaching force, adequate operation and maintenance of schools, and sustainable teacher training programs.</p> <p>(i) Government plans are more useful for management purposes. Plans are linked with education budgets.</p> <p>(i) Provinces and districts are increasingly engaged in strategic and action planning that are matched to their own needs and demands.</p> <p>(i) Project activities are carried out efficiently and without procedural delays caused by waiting for planning or budget approval or waiting for budgets to be transferred.</p> <p>(i) Information and insights from target provinces and districts become part of decision making at the MOE level. (ii) Community decision making becomes more transparent and provides open access to available information.</p>

DESCRIPTION OF PROJECT COMPONENTS

A. Component 1: Improving the Quality of Teaching and Learning

1. Building Teacher Training System and Teacher Development Capacity¹

a. Teacher Education Strategy Development

1. The Department of Teacher Training (DTT) of the Ministry of Education (MOE) will produce a teacher education strategy paper within 18 months of loan effectiveness to the satisfaction to the Swedish International Development Cooperation Agency (Sida) and Asian Development Bank (ADB). The paper, among others, will address the need to reform the existing preservice teacher training framework, based on a long-term teachers' supply and demand analysis, and in light of the increasing role of teacher training colleges (TTCs) in in-service teacher training programs. In addition, consulting services will be provided to support DTT, Department of General Education (DGE), National Research Institute for Education Sciences (NRIES), teacher development center (TDC), Faculty of Education of the National University of Laos (NUOL), and other MOE departments involved in teacher training to help them review the priorities and develop more detailed and operational plans to achieve these priorities.

b. Course Development

2. **A Coordinated Approach to Teacher Training.** DTT will direct and coordinate the development of all teacher training programs. This will include ensuring that programs follow a set of objectives agreed by all the various stakeholders, and that training and curriculum materials are shared across programs. Staff of DTT, DGE, TDC, NRIES, NUOL, TTCs, pedagogical adviser (PA) master trainers, teacher upgrading program (TUP) trainers and PAs will form a curriculum and materials development team and collaborate with TDC to develop the various curricula, guidelines, and supporting materials.

3. **Training Needs Assessment.** DTT, working with the curriculum and materials development team to be established within three months of loan effectiveness, will undertake a training needs assessment survey. This will include: visits to TTCs to review the effectiveness of the implementation of the preservice teacher training curriculum developed under the Education Quality Improvement Project (EQIP)²; discussions with staff and students of TTCs; visits to the TUP and network teacher upgrading centers (NTUCs), school clusters, and schools to consult with principals and teachers; and classrooms observations and discussions with PAs.

4. **Developing National Teacher Competencies.** To monitor various training activities, clear outcomes of training must be defined, based on models of effective teaching as well as real conditions prevailing in schools across the country. Such outcomes will be laid out in a list of national teacher competencies with core competencies required for teachers. Development of the national teacher competencies will be the responsibility of TDC and the curriculum and materials development team. The competencies will be reviewed, discussed and refined during the training of trainers and provincial and district training. They will be modified at annual workshops. Monitoring and evaluation activities based on the national teacher competencies will be designed during TTC staff, PA, academic teacher, and school principal training.

¹ Subject to minor adjustments according to the project agreement between the Government and the Swedish International Development Cooperation Agency, which will be finalised to the satisfaction of the Asian Development Bank (ADB) prior to the effectiveness of ADB loan.

² Loan 1103-LAO: *Education Quality Improvement Project*, for \$13.3 million, approved on 26 September 1991.

5. **Curriculum and Materials Development for All Training Courses.** The curriculum and materials development team will develop training curricula and materials, using the national teacher competencies as their guide and according to certification guidelines as appropriate, for (i) preservice training at the TTCs, (ii) the TUP, (iii) PAs and academic teachers, (iv) school clusters, (v) secondary school principals, and (vi) TTC management staff. Training materials, including curriculum handbooks, TTC textbooks, TUP, and PA training materials, will be developed, produced, and delivered in sufficient quantities to support the implementation of each curriculum. The curricula and materials developed will need to be flexible enough to take into account the diversity of needs and situations in the educational context of the country.

6. **Establishing Guidelines for Certification of Teachers.** DTT, working with DGE, Department of Personnel, TDC and TTCs, will develop guidelines for certification of teachers taking part in preservice, upgrading programs, training of trainers, and in-service programs. These guidelines will include consideration of the learning outcomes, course content, assessment strategies, and the national teacher competencies. The guidelines will be flexible in order to cater to the diversity of needs and situations in the country's educational context. Within two years of loan effectiveness, MOE will develop guidelines satisfactory to ADB for certification of teachers, and the National Teacher Education Advisory Board will formally approve the guidelines, for certification. New training courses will be developed according to the guidelines, and the existing training courses will be reviewed according to the guidelines. A database of course implementation and teacher participation in teacher training courses will be created at the provincial education service (PESS).

c. Training of Trainers

7. The Project will as far as possible use and improve existing training structures with which the education management authorities are already familiar, rather than setting up totally new structures. It will strengthen the system capacity to provide coherent teacher training programs using the existing trainers. These include TTC staff, TUP trainers, secondary school PAs based in each province, primary school PAs based in each district, and academic teachers based at the school cluster level. Training for PAs and academic teachers should focus on improving the performance of schools and will reflect local priorities. The training will encourage participatory training, practical activities, and interactive methodology. The focus of the training for primary schools will include multigrade teaching,³ where appropriate, and a school and community-based approach to problem solving in schools related to pupil retention, large classes, and raising literacy and numeracy attainment.

8. **Master and Doctoral Courses for TTC and Other Staff.** A cadre of well trained professionals in the country is needed to introduce and develop new approaches to education and training on a self-sustaining basis. Sixty persons will participate in specially designed master level programs, including five months on-campus training outside the country during holiday periods over two years and field activities carried out in-country during term time. Forty participants will be from the 8 TTCs (an average of 5 per TTC), 5 from TDC, 5 from DTT, 5 from DGE, and 5 from other Government agencies, including NRIES and NUOL. At least 30 percent of the trainees will be women and 35 percent of the trainees will represent ethnic minorities. Content will include an action research focus and will be linked to actual work carried out in TTCs and classroom practice in schools. Consulting services will be provided to develop the course jointly with NUOL, TDC staff, and TTC representatives. A total of 10 persons will be nominated from MOE and TTCs to take a doctoral course outside the country.

9. **Professional Development for TTC Staff.** Professional training will be given to all staff of the eight TTCs. A group of six staff from each TTC will be selected for training as trainers and

³ The training in multigrade and Lao language will make use of materials and approaches developed under Loan 1621-LAO: *Basic Education (Girls) Project (BEGP)*, for \$20 million, approved on 25 June 1998.

will receive 56 days training by consultants at the central level to prepare them to deliver training in their TTCs. One of the six from each TTC will be nominated as a counterpart for the consultant and act as a leader of the group in each TTC. The trainers at each TTC working with the consultants will organize training for 60 days during the second and the third years of the Project. This will include approximately 30 days training in the TTC and 30 days practical work mainly in the schools. The training will focus on developing more practical training approaches linked to the new preservice and upgrading curriculum, which the staff of the TTC will be charged with delivering. All the TTC staff (currently 365 persons) will take part in these activities. Teacher training consultants will be stationed for the second and the third years of the Project in two strategically situated TTCs: Louang Phrabang, and Pakse to assist with the training in the TTCs located in the north (Louang Namtha, Louang Phrabang, and Xieng Khouang) and south (Pakse, Saravane, and Savannakhet) of the country respectively, while the consultant stationed at MOE will assist the TTCs situated in Vientiane Province and Vientiane Municipality.

10. **Support for PAs.** Secondary and primary school PAs are key persons to support and supervise teachers at provincial and district levels in delivering classroom teaching and learning activities. Duty statements laying out their role will be developed together with the PAs (during training), and discussions will take place with the Government to ensure the status of the PAs is institutionalized. Funding will be included in the Project for them to make regular school visits for on-the-job training and monitoring. Motorcycles will be replaced where necessary, and operation and maintenance costs will be provided by the Government.

11. **Workshops for Master Trainers.** Two teams of PA master trainers exist, whose duty it is to train primary and secondary school PAs. They include staff from DGE, TTCs, TUP, and PESs. There are 47 primary school master trainers (including 7 from DGE) and 42 secondary school master trainers, including 6 from DGE). The Project will support seven-day annual workshops at the national level for these master trainers to prepare for the PA training.

12. **Training of PAs to Support the Primary School District Level Programs.** Although the in-service training and upgrading activities to be developed under the Project will not be fully implemented in all districts in the country within the project period, it is proposed to sustain and develop the existing PA training capacity in all districts. All 473 primary PAs, including those newly appointed under the Basic Education (Girls) Project (footnote 2) (BEGP) will be trained annually for 12 days by the primary PA master trainers for the duration of the Project.

13. **Training of Lower Secondary In-Service Trainers (PAs and TTC staff).** The PA training for secondary schools will also cover all provinces, although the delivery of training programs supported by the Project will cover only 9 provinces. One hundred and forty-four secondary PAs covering all 18 provinces will be trained as trainers for secondary teacher in-service courses. They will be supplemented by 60 TTC staff (an average of 10 from each of the 5 TTCs that have a secondary school program), as the number of secondary PAs will be insufficient to carry out the in-service training program. Training of PAs and TTC trainers will be 12 days each year.

14. **Training of Replacement PAs.** Provision will be made for initial training of new and replacement PAs. Four hundred and twenty new primary and 216 new secondary PAs will be trained over six years, representing a replacement rate of approximately 15 percent and 25 percent. The training costs have been high in the past, over \$1,000 per person for primary PAs and over \$1,300 for secondary PAs. A new curriculum will be developed, which considers the quality and cost-efficiency of PA training. Over 350 primary and 200 secondary replacement PAs are expected to be trained over the project period.

15. **Training of TUP Trainers.** Provision has been made for the annual training of TUP trainers to prepare them for upgrading unqualified primary school teachers; 108 trainers (6 from

each of the 18 provinces) will be trained annually for 28 days by the national trainers provided by DTT. These trainers will support the whole TUP, which will be funded partly by this Project and partly by United Nations Children's Fund (UNICEF), and be managed by a DTT unit. Motorcycles will be replaced where necessary, and operation and maintenance costs will be provided by the Government.

16. **Training of Academic Teachers.** Each primary school cluster is supported by a group of academic teachers. These are teachers of above average performance who are trained to lead activities for other teachers in the cluster. Approximately 700 academic teachers will be trained as facilitators for primary in-service training conducted at the cluster level. The academic teachers will be trained for 10 days annually by primary PA master trainers.

d. TTC Management

17. **Management Training for TTC Directors and Senior Staff.** TTC management must be strengthened to improve existing programs and to enable the introduction of new programs. Management training of 24 days over two years will be provided at TDC for 32 senior TTC staff, with follow-up on-the-job support at the TTCs from the consultants. This will focus on improving the management (including resource mobilization for operation and maintenance) of teacher training facilities, equipment, and activities.

18. **Developing Continuing Education Models at the TTCs.** A number of TTCs, notably those in Louang Phrabang and Pakse, have started to diversify their activities by offering courses for the community based on local demand. In the long term, the Government plan to develop certain TTCs into regional colleges. A study will be conducted during the first year of the Project to review current continuing education models and their potential for expansion (para. 21). The Project will support the TTCs in developing pilot models of continuing education where there is demand.

19. **Pilot Project on Use of Distance Learning Strategies.** Many new teachers who are not fully qualified will likely be recruited to meet the needs of the expanding primary education system. A pilot project will be launched to reach out to the newly recruited teachers through distance learning in a selected province with the TTC as the main coordinating institution. The existing materials will be used with appropriate modification for this purpose.

e. Study Visits to Neighboring Countries

20. The Project will support study visits mainly for teachers, principals, and trainers (75 percent of participants; of which at least 40 percent will be women) so that they can make comparisons and learn lessons from other countries, and upgrading and training.

f. Operational Studies

21. A number of studies will take place to support the planning and implementation of the quality improvement program, including studies on (i) the performance of teachers with different training backgrounds (5+3, 8+3 etc.) as part of an assessment of their training needs; (ii) the effectiveness of existing school clusters, their patterns of activities and their potential for expansion; (iii) TTC students to discover how many do not enter teaching and reasons for this; (iv) existing continuing education activities at the TTCs and the potential for expansion; and (v) student performance in language and mathematics to assess the impact of teacher training programs, subject to agreement between Sida and MOE.

g. Improving Teacher Incentives (Including Salaries) and Working Conditions

22. **Teacher Policy Working Group.** A teacher policy working group (TPWG), consisting of appropriate MOE personnel including staff of the Gender and Ethnic Minorities Education Unit and to be led by the Department of Personnel, will be established and staffed to the satisfaction of ADB within three months of loan effectiveness. The TPWG will make policy recommendations for teacher incentives including salaries, teacher career development, duty statements, and recommendations to improve the supply of teachers. The work of the group will include (i) recommendations for revisions to salary scales to link them more realistically and systematically to years of experience, completion of training, and promotional opportunities; (ii) the development of duty statements for school principals, cluster heads, teacher trainers, academic teachers, supervisors, resource center managers, and teachers, and for various positions within the TTCs; (iii) seeking agreement for revised transfer and promotion policies; (iv) seeking agreement for creating an equitable system of teacher deployment; and (v) conducting studies to make policy recommendations on future teacher supply and demand taking into account retirements, attrition rates, areas of high demand for teachers, population data, and the current TTC quota system. The Government has agreed that an initial report and recommendations will be produced within one year of the start of the Project. This will be discussed with all the concerned stakeholders including Sida and ADB, and a final report produced within 18 months after the project start. The Government will then produce an action plan showing how it will implement the recommendations within two years after the start of the Project.

2. Construction and Upgrading of Training Facilities

23. **TTC Facilities Upgrading.** The TTC facilities remain incomplete or have serious defects, which affects their usability. A survey report of the TTCs was undertaken under the project preparatory technical assistance.⁴ Funding will be provided to upgrade TTC facilities and equipment in line with the recommendations of the report. This includes ensuring adequate water supplies and sanitary arrangements, power supplies, rehabilitation of buildings in poor condition, and some construction of additional dormitories and staff housing. It also includes funds for instructional materials and books to stock the libraries.

24. **Secondary School PA Resource Centers and Network Teacher Upgrading Centers.** Eighteen PA resource centers have been built around the country to serve as a base for the provincial secondary school PAs. The Project will provide packages of materials and equipment to 12 secondary school PA resource centers that have not yet received such packages and will support the use of the centers in the nine project provinces to strengthen their capacity to effectively support lower and upper secondary school teacher and principals. NTUCs also exist in each of 18 provinces. The Project will provide similar packages to the NTUCs in the nine project provinces to support the TUP program.

25. **Resource Centers for School Clusters.** Depending on the result of an operational study on the effectiveness of school clusters and the potential for expanding the number of clusters in the country, the Project will support the construction of up to 115 resource centers for school clusters. It will train academic teachers in each cluster to support the activities taking place in the resource centers.

⁴ Manodham, Himmakone. 2001. *Teacher Training Colleges and Teacher Training Schools, Site Survey Report*. Vientiane (prepared under TA 3294-LAO: *Second Education Quality Improvement Project*, for \$600,000, approved on 10 November 1999).

3. Delivery Provincial and District Teacher Training

a. Province Level Training

26. **Teacher Upgrading Programs for Unqualified Primary School Teachers.** The Project will support the training of over 2,400 teachers under the TUP for unqualified primary school teachers. The expanded programs should focus on districts where schools or classrooms are being built under the Project to ensure that the unqualified teachers appointed to these newly constructed schools and classrooms receive upgrading training as soon as possible. In the longer term, the TUP should also enable more coverage of remote and rural areas in other provinces. To increase the coverage in the future, the modules of the TUP will be elaborated and designed in a self-learning way to fit into a distance learning mode allowing the teachers to study on their own. The Project will support preparatory courses for underqualified upgrading trainees, which will be made available to a maximum of 240 (mainly underqualified female teachers) of the 1,200 teachers to be newly recruited under the Project. It will focus on subjects that teachers need most help, such as mathematics and Lao language.

27. **Lower Secondary and Upper Secondary In-Service Training Programs.** No system such as the primary school cluster system yet exists at the secondary education level. The Project will support the development of in-service activities for lower and upper secondary schools in cooperation with TTCs and the PA system, based initially at the provincial level, but with the option to develop models based on the NTUC network. The Project will support in-service training of 12 days per year during holiday time for teachers of core subjects at the provincial level, starting from the third year of the Project. Patterns will be developed in each province in response to local circumstances. Training content will focus on specific subjects, and practical teaching approaches and materials. Initially, secondary PAs supplemented by TTC staff will conduct training. Over 3,000 secondary school teachers from project provinces will participate in annual in-service training over four years.

28. **Secondary School Principal Training.** Principals of approximately 500 lower and upper secondary schools in project provinces will participate in 12 days of training annually. The focus of training will be on school development and quality improvement including support for teacher training. Training will take place at the PESs or TTCs. Training will be conducted by a team comprising MOE, the Faculty of Education of NUOL, and TTCs as appropriate.

b. District Level Training

29. **School and Community Training at Cluster and District Levels.** The Project will support the training of over 15,000 primary school teachers, and appropriate numbers of primary school principals (approximately 2,500) and community members (approximately 7,500) in 70 districts at either district or cluster level. The training will take place annually and consist of two parts.

30. **Training for Developing School and Community Plans.** School principals, teachers, and community members⁵ from all schools in the project districts will take part in three days annual training to develop school and community plans to increase the quality of teaching and learning and increase participation in education in their schools, especially among girls and ethnic minorities. This will include making plans for the use of school funds allocated to schools under the Project to support school operation and maintenance, and promote learning and participation. It will also include planning for the use of matching grants allocated to schools by districts to carry out new school construction and rehabilitation.

⁵ Three community members will attend the training: the village head or representative, a woman's representative who may be from the Lao Women's Union, and a parent selected by the community.

31. **Training for Improving the Quality of Teaching and Learning.** All teachers and school principals in project districts will take part in 12 days annual in-service training (including the three days community training [para. 30]) focused on improving the quality of teaching and learning in their schools. The teachers and principals will share practical ways of teaching and learning, interactive methodologies, multigrade teaching, and basic literacy. Action or participatory research on solving problems in schools will be adopted to address problems relating to pupil retention, large classes, low literacy, and numeracy attainment. The training will support the development of school libraries, using the packages of books delivered by the Project. Where school clusters exist or can be developed, this training should take place using the existing cluster patterns of activities. Where cluster activities cannot practically be implemented alternative arrangements for the training should be made. These arrangements should be locally appropriate and may include training at the district level to take place during school holidays. The training will be given by PAs and academic teachers, and in the future, a nationwide in-service teacher training network to be based on the NTUC system will be introduced in cooperation with TTCs, the PA system, and school clusters.

B. Component 2: Increasing Access to and Participation in Education

1. Expanding Access

32. **Models for School Construction.** The review of many models of primary school buildings in the country showed that the availability of local materials and labor, contributions from the communities, and the accessibility to the road determine the model of school buildings. Based on the review, the Project proposes two options of flexible models for school construction and rehabilitatization: (i) the medium standard of permanent building with a life span of more than 25 years in the villages having an access road; and (ii) semipermanent building with three different standards but having a life span of more than 25 years for the main structure. These two options are expected to be adapted by the Government, which will apply to this Project and the World Bank's Second Education Development Program under preparation as a "minimum common standard" approach in the school construction program. Within six months of loan effectiveness, MOE will submit the prototype designs of project schools to ADB for review and approval, in line with the proposed "minimum common standard" approach.

33. **School Mapping and Data Collection.** The project activities will be based on bottom-up planning and a demand-driven approach. Districts involved in the Project will be required to undertake school mapping and data collection in the first year of each project phase, prior to any school construction and teacher training taking place. The mapping and data collection will provide accurate data on school buildings, teachers, students, village populations, and the nature of community support to assess demand for education. The data will form the basis of planning for school construction and quality improvement activities.⁶

34. **District Construction Plans.** Districts will be allocated a budget to carry out a school construction program. This construction fund will initially be set at an average of \$150,000 per district to support the program expected to last up to three years. The size of the fund will not be uniform for each district, but will be weighted according to the following factors: (i) the total school age population, (ii) the net enrollment rate in primary education, (iii) the number of incomplete schools, and (iv) the number of villages without primary schools. This will automatically ensure the weighting of funding to the poor and ethnic minorities. The size of the fund for each district will be determined by MOE with assistance from the consultants and in cooperation with the PESs during the first year of project implementation, and submitted to ADB for review and approval.

⁶ The data to be collected and its format will be coordinated with data collection developed by other projects including the ADB-funded BEGP, and the World Bank's Second Education Development Program under preparation.

35. Based on the data collected by the DEB, assisted by the provincial unit for construction and development assistance (PUCDA) and advisory support provided by the Education Construction Service at MOE, the DEB will draw up a list of prioritized construction needs, and costed programs for primary school construction in the district within the budget allocated. Accordingly, the district construction plans include the following activities (i) completing incomplete primary schools (At least 50 percent of the construction funds should be allocated to completing schools);⁷ (ii) building new primary schools; (iii) building additional classrooms for existing complete primary schools; and (iv) rehabilitating schools.

36. Over 1,000 new classrooms are expected to be built in the 41 project districts during the project period. This will result in approximately 320 newly completed schools and 120 new mainly multigrade schools. In addition, approximately 1,400 classrooms will be rehabilitated with the help of the construction funds, mainly by local communities.

37. Construction activities will be carried out either by contractors or by local communities as follows (All construction activities will include the provision of furniture, water supply, and toilets):

- (i) **Building Permanent and Semipermanent Structures using Contractors.** At least 60 percent of the construction funds (whether for rehabilitation, or construction of new schools or classrooms) will be allocated to building permanent or semipermanent structures to the minimum common standard, which includes concrete floors, concrete or hardwood columns, plastered brick or wooden walls, and fiber cement or galvanized iron sheets. The buildings, if properly maintained, should have a life span of more than 25 years.
- (ii) **Matching Funds to Communities.** The Project will encourage the use of at least 20 percent and not more than 40 percent of the construction funds being allocated as matching funds to local communities, that wish to rehabilitate, complete, or extend their schools. The funds may also be used to construct simple daycare facilities to shelter younger siblings to enable girls to attend school. As a general rule, materials such as roofing sheets and wood will be given to local communities to support their building activities. Funds can also be spent in poor villages to pay for labor costs or provide food for laborers.

38. **Quality Assurance.** A qualified construction engineer will be appointed to each district to supervise all aspects of construction, assist the village with management of the construction process, and report regularly to the DEB and PUCDA on progress and any problems encountered. Provincial project engineers will be posted in each of the four project provinces where school construction is to take place. They will be attached to the PUCDAs, and will coordinate and supervise the work of the district construction engineers. MOE will ensure that environmental considerations, including ADB's environmental guidelines, are followed for all project school construction and rehabilitation.

39. **Teachers for New Schools and Classrooms.** Where possible the PES will provide teachers for additional schools and classrooms built under the Project from the resources available. However, in many of the remote areas in which the Project will be operating, villages will need to recruit unqualified school graduates as teachers. The Government has guaranteed to pay the salaries of these teachers, and they will be offered training under the TUP program. After completing the training, the teachers will become permanent Government teachers. Teachers recruited should be of the highest level of education available in the village.

⁷ A complete school is one that caters for all primary school grades (1-5). Where there are small numbers of children two- or three-classroom multigrade schools will be constructed.

Accordingly, the Government will ensure that at least one trained teacher, or in some exceptional cases, untrained teacher, is appointed to each classroom to be constructed under the Project at least three months prior to the physical completion of each school/classroom, and will submit the name and qualification of each appointed to teacher to ADB within one month of appointment for ADB's review.

2. Encouraging Participation in Education

40. **Provision of School Funds.** The Project will establish the principle of Government provision of school funds to encourage school-based management of resources. After the Project, such funds will become the norm for all schools. The school funds will supplement, and not replace, the community funding already provided in schools. The Project will provide an annual budget averaging approximately KN1,040,000 (currently \$130) to schools in districts taking part in the Project as the Government counterpart fund. The actual amount for each school will be determined by existing Government regulations that allocate school budgets according to the size of schools. The school funds, which must not be used to supplement teachers' pay, will be used for (i) support for school operation and maintenance including purchase of books, teaching materials, and equipment, and minor maintenance of school buildings, furniture, equipment, and blackboards; and (ii) special programs to encourage learning and participation in education (focusing on small-scale programs by schools and local communities to increase enrollment and improve student performance. Approximately 50 percent of the school funds will be used for programs that include such activities as organizing extra classes to support basic literacy, running classes for parents and the community, employing community assistants to support teachers. Proposals for such programs must indicate measurable improvements in learning, repetition rates or school attendance, by which the success of the initiative can be monitored. The Project will support an operational study on the effectiveness of special school and community level programs in reducing dropout and repetition, and improving learning in schools.

41. Release of the school funds to schools will be dependent on schools making a school plan that will show how the funds will be used. The school plan will be drawn up as part of the annual school and community training, and will have to be approved by the DEB. The training will enable communities to monitor the use of these funds. Schools will have to report on the use of the previous year's funds before the release of the next year's funds is approved. This funding scheme will be reviewed in the midterm review and the number of funds may be increased if the scheme is judged successful.

42. **Provision of a Package of Library Books, Maps, and Posters to Schools.** A small collection of library books and a collection of instructional posters on Lao language for primary schools have been produced by NRIES with assistance from UNICEF. A small selection of other books for primary schools is also available from other funding sources. The Project will provide each school in the project districts with a package of books, maps, and posters worth KN1,000,000 (currently \$125) to enable them to start a small library. Training in the management and use of these resources will be included in teacher training programs.

43. **Lao Women's Union Training of Trainers.** The Project will support and strengthen the district and village level of Lao Women's Union (LWU) and education initiatives. The social development specialist and social development coordinators will work with LWU at national and provincial level to develop a program to support education initiatives in the project districts. An orientation program will be provided for provincial LWU staff in the north and south. The social coordinators will work with LWU national trainers to train LWU district coordinators as trainers at the village level. The district LWU trainers will receive a four-day training program consisting of two sessions of two days at an interval of 18 months. Topics to be covered include encouraging

girls to stay in school, supporting mothers in learning about the value of education, and promoting nutrition for school children.

C. Component 3: Strengthening Management Capacity and Project Implementation

44. The Project will support the long-term capacity building of management structures at each level of the education services under the decentralized education system. The Project will build up planning and management capacity at MOE to support the teacher training system and teacher development, and develop management capacity at PES, DEB, and village levels to support planning and implementation of school construction, school support and teacher training programs.

1. Strengthening Capacity of MOE

45. Consultants will provide technical assistance in planning and policy development to DTT, DGE, other MOE departments, and NRIES staff engaged in teacher training to develop strategic plans. Support will also be provided to the TPWG led by the Department of Personnel. Consulting services will be provided to DTT and DGE, Department of Planning and International Cooperation and Department of Finance in managing the teacher training and development, construction, and other project programs. The consultants will provide advice and training in technical matters related to the Project and will provide assistance and training in planning, budgeting and accounting, implementation, monitoring and supervising, and reporting. Two qualified project assistants will be provided to strengthen the project implementation unit in project planning, budgeting and accounting, monitoring and supervising, and reporting. Workshops to support project management and implementation will be supported by the Project. Operational budgets and equipment will be provided to support their daily tasks, and to monitor and supervise activities in the field.

2. Strengthening Capacity of the PES and DEB

46. The Project will provide consulting services to review the structure of the PES and make recommendations for changes in structure to support its expanded role under the Project, which will in turn prepare it for decentralization. Institutional development and management consultants and MOE staff will provide training in school mapping and data collection for school construction, and planning, budgeting and accounting, implementing, monitoring and supervising, and reporting teacher training programs. One qualified assistant will be provided to each of six PESs. One additional qualified assistant will be appointed to each of four PUCDAs in project provinces to help plan and supervise construction. A national project engineer stationed at MOE will give advice and training to each PUCDA in managing and monitoring the construction program. The Project will support PUCDA staff for their site visits to plan and supervise construction. Operational budgets and equipment will be provided to each PES and PUCDA. This will include computers and printers for PES and PUCDA.

47. New DEB offices will be built in up to 55 out of the 61 project districts that do not currently have permanent offices. These will be permanent structures (medium standard) with the life span of more than 25 years and a floor area of approximately 220 square meters, similar to the design used in the ADB-funded BEGP. Furniture and equipment will be provided. The DEB staff will be given intensive training in school mapping and data collection, planning and budgeting teacher training programs and school funds, and substantial assistance in implementing these activities. The qualified assistants assigned to PESs will spend a considerable part of their time working at the DEB level to assist with these activities. Computers and printers will be provided on an experimental basis to DEBs that have a power supply. The ability of the DEBs to make use of these computers will be reviewed periodically.

PROJECT COST ESTIMATES AND FINANCING PLAN
Table A5.1: Financing Plan with Percentage Breakdown
(\$'000)

Activity	Total Cost			ADB Financed			Sida Financed			Government Financed		
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost
A. Base Cost^a												
1. Civil Works	3,882	5,293	9,175	3,882	2,540	6,423	-	-	-	-	2,753	2,753
2. Land Acquisition	-	493	493	-	-	-	-	-	-	-	493	493
3. School Fund	-	1,147	1,147	-	-	-	-	-	-	-	1,147	1,147
4. Equipment, Furniture, Vehicles, and Motorcycles	1,622	436	2,058	1,508	204	1,712	114	6	119	-	226	226
5. Staff Development and Training	964	7,611	8,575	-	3,874	3,874	964	2,768	3,732	-	968	968
6. Materials	177	708	885	177	308	485	-	400	400	-	-	-
7. Consulting Services	4,301	3,349	7,650	945	2,423	3,368	3,356	926	4,282	-	-	-
8. Studies, Monitoring, and Evaluation	336	618	954	42	315	357	294	303	597	-	-	-
9. Salaries	-	354	354	-	-	-	-	-	-	-	354	354
10. Operation and Maintenance	-	1,990	1,990	-	530	530	-	477	477	-	983	983
Subtotal (A)	11,281	21,998	33,279	6,554	10,193	16,747	4,727	4,880	9,608	-	6,924	6,924
B. Contingencies												
Physical Contingencies ^b	606	1,239	1,845	606	662	1,268	-	-	-	-	577	577
Price Contingencies ^c	490	1,293	1,783	490	794	1,284	-	-	-	-	499	499
Subtotal (B)	1,096	2,532	3,629	1,096	1,456	2,553	-	-	-	-	1,076	1,076
C. Interest on Loan	700	-	700	700	-	700	-	-	-	-	-	-
Total	13,078	24,530	37,608	8,351	11,649	20,000	4,727	4,880	9,608	-	8,000	8,000
Percent	34.8%	65.2%	100.0%	22.2%	31.0%	53.2%	12.6%	13.0%	25.5%	0.0%	21.3%	21.3%

ADB = Asian Development Bank, Sida = Swedish International Development Cooperation Agency.

^a Inclusive of taxes and duties.

^b Estimated at 10 percent for civil works, equipment, furniture, vehicles, and motorcycles, and materials; and 5 percent for staff development & training, consulting services, studies, monitoring and evaluation, salaries, and operation and maintenance.

^c Estimated at an annual factor of 2.4 percent of the foreign and local project costs in dollar terms.

Source: staff estimates.

Table A5.2: Cost Estimates and Financing Plan
(\$'000)

Components	Total Cost		ADB Financed		Sida Financed		Government Financed		Total Cost
	Local Currency	Total Cost	Foreign Exchange	Local Currency	Foreign Exchange	Local Currency	Foreign Exchange	Total Cost	
A. Improving the Quality of Teaching and Learning ^a									
1. Civil Works	879	1,925	1,046	302	-	-	-	-	1,348
2. Equipment, Furniture, Vehicles, and Motorcycles	308	1,453	1,031	148	114	6	-	-	1,179
3. Staff Development and Training	7,112	8,076	-	3,475	964	2,768	-	-	3,732
4. Materials	400	577	177	-	-	400	-	-	400
5. Consulting Services	974	4,330	-	48	3,356	926	-	-	4,282
6. Studies, Monitoring, and Evaluation	303	597	-	-	294	303	-	-	597
7. Operation and Maintenance	629	629	-	-	-	477	-	-	477
Subtotal	10,606	17,587	2,254	3,973	4,727	4,880	-	-	6,227
B. Increasing Access to and Participation in Learning ^a									
1. Civil Works	4,084	6,150	2,066	2,239	-	-	-	-	4,305
2. Land Acquisition (for Schools)	410	410	-	-	-	-	-	-	-
3. School Fund	1,147	1,147	-	-	-	-	-	-	-
4. Equipment, Furniture, Vehicles, and Motorcycles	6	49	43	-	-	-	-	-	43
5. Staff Development and Training	32	32	-	26	-	-	-	-	26
6. Materials	308	308	-	308	-	-	-	-	308
7. Consulting Services	1,649	1,649	-	1,649	-	-	-	-	1,649
8. Studies, Monitoring, and Evaluation	31	73	42	31	-	-	-	-	73
9. Salaries (for Teachers)	354	354	-	-	-	-	-	-	-
10. Operation and Maintenance	12	12	-	-	-	-	-	-	-
Subtotal	8,032	10,183	2,151	4,252	-	-	-	-	6,403
C. Strengthening Management Capacity ^a									
1. Civil Works	330	1,100	770	-	-	-	-	-	770
2. Land Acquisition (for district education bureaus)	83	83	-	-	-	-	-	-	-
3. Equipment, Furniture, Vehicles and Motorcycles	62	173	110	46	-	-	-	-	156
4. Staff Development and Training	466	466	-	373	-	-	-	-	373
5. Consulting Services	24	87	63	24	-	-	-	-	87
6. Studies, Monitoring and Evaluation	284	284	-	284	-	-	-	-	284
Subtotal	1,249	2,192	943	727	-	-	-	-	1,670
D. Project Implementation ^a									
1. Equipment, Furniture, Vehicles and Motorcycles	59	383	324	10	-	-	-	-	334
2. Consulting Services	702	1,584	882	702	-	-	-	-	1,584
3. Operation and Maintenance	1,349	1,349	-	530	-	-	-	-	530
Subtotal	2,111	3,317	1,206	1,241	-	-	-	-	2,447
E. Contingencies									
Physical Contingencies ^b	1,239	1,845	606	662	-	-	-	-	1,268
Price Contingencies ^c	1,293	1,783	490	794	-	-	-	-	1,284
Subtotal	2,532	3,629	1,096	1,456	-	-	-	-	2,553
Interest on Loan	-	700	700	-	-	-	-	-	700
Total	24,530	37,608	8,351	11,649	4,727	4,880	-	-	20,000
									9,608

ADB = Asian Development Bank, Sida = Swedish International Development Cooperation Agency.

^a Inclusive of taxes and duties.

^b Estimated at 10 percent for civil works, equipment, furniture, vehicles and motorcycles, and materials, and 5 percent for staff development and training, consulting services, studies, monitoring and evaluation, salaries, operation and maintenance.

^c Estimated at an annual factor of 2.4 percent of the foreign and local project costs in dollar terms.

* Subject to minor adjustments upon Sida's project appraisal.

Source: Staff estimates.

IMPLEMENTATION SCHEDULE

Activity/Tasks	Pre-Project				Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
	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
National Level																												
1. Preparation																												
1. Setting Up Project Implementation Unit																												
2. Initial Project Staff Training																												
3. First Annual Plan																												
4. Preparing Project Financing Mechanisms																												
5. Recruitment of Consultants																												
6. Preparing Implementation Guidelines																												
2. Component 1: Improving the Quality of Teaching and Learning																												
A. Building Teacher Training System and Teacher Development Capacity																												
1. Teacher Education Strategy Development																												
2. Course Development																												
Training needs survey by teacher development center																												
Developing national teacher competencies																												
Curriculum and materials development for pre- and in-service training																												
Review of curriculum and materials																												
National guidelines for certification of training courses																												
Handbook and textbook publication																												
3. Training of Trainers																												
Professional training for teacher training college (TTC) staff																												
Masters and doctoral training for TTC staff																												
Pedagogical adviser (PA) master trainers																												
Primary and secondary PAs and TTC trainers																												
Teacher upgrading program (TUP) trainers																												
Academic teachers from clusters																												
4. TTC Management																												
Management training for TTC directors and senior staff,																												
Piloting continuing education models at selected TTCs																												
5. Study Visits to Neighbouring Countries																												
6. Operational Studies:																												
The performance of teachers with different training backgrounds																												
School clusters																												
Study of TTC students who enter teaching																												
Promoting continuing education at the TTCs																												
Student performance in language and mathematics																												
7. Improving Teacher Salaries and Working Conditions																												
Teacher policy working group																												
B. Construction and Upgrading of Training Facilities																												
1. Upgrading of TTC facilities and equipment																												
2. Equipment for Secondary PA Resource Centers and Network Teacher Upgrading Centers																												
3. Building Primary School Cluster Resource Centers																												

Activity/Tasks	Pre-Project				Year 1				Year 2				Year 3				Year 4				Year 5				Year 6			
	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
National Level																												
3. Component 2: Increasing Access to and Participation in Education																												
A. Expanding Access																												
1. Training and Making District Plans																												
2. Monitoring and Supervision of Construction																												
B. Encouraging Participation in Education																												
1. Lao Women's Union training of trainers																												
2. Effectiveness of Programs to reduce Repetition and Increase Participation																												
4. Component 3: Strengthening Management Capacity																												
1. Technical Assistance in Teacher Education Strategy Development (See Component 1)																												
2. Teacher Policy Working Group Support (See Component 1)																												
3. Annual Planning																												
4. Staff Training																												
Province Level																												
All 9 Provinces																												
1. TUP training																												
2. Preparatory Course for TUP Training.																												
Phases 1 - 3: 6 Provinces (Bokeo, Champassak, Louang Phrabang, Vientiane, Savannakhet, and Sayaburi)																												
1. Preparation																												
1. Setting Up Provincial Project Implementation Units																												
2. Initial Project Staff Training																												
3. First Annual Plan																												
2. Component 1: Improving the Quality of Teaching and Learning																												
1. In-Service Training for Lower and Upper Secondary School Teachers																												
2. In-Service Training for Lower and Upper Secondary School Principals																												
3. Study Visits Between Provinces																												
3. Component 2: Increasing Access to and Participation in Education																												
1. Training and Making District Plans																												
2. Monitoring and Supervision of Construction																												
4. Component 3: Strengthening Management Capacity																												
1. Annual Planning																												
2. Staff Training																												
Phase 4: 3 Provinces (Louang Namtha, Saravane, Xieng Khouang)																												
1. Preparation																												
1. Setting Up Provincial Project Implementation Units																												
2. Initial Project Staff Training																												
3. First Annual Plan																												
2. Component 1: Improving the Quality of Teaching and Learning																												
1. In-Service Training for Lower and Upper Secondary School Teachers																												
2. In-Service Training for Lower and Upper Secondary School Principals																												
3. Study Visits Between Provinces																												

Activity/Tasks	Pre-Project				Year 1				Year 2				Year 3				Year 4				Year 5				Year 6						
	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
District Level																															
Phase 1: 12 Districts																															
1. Preparation																															
1. Setting Up District Project Implementation Units																															
2. Initial Project Staff Training																															
3. First Annual Plan																															
2. Improving the Quality of Teaching and Learning (12 Districts)																															
1. Primary School and Community Training																															
3. Increasing Access to and Participation in Education (8 Districts)																															
A. Expanding Access																															
1. District Data Collection																															
2. Making District Construction Plans																															
3. School Construction/Rehabilitation, inc. Matching Grants																															
4. Recruitment of Teacher for New Schools/Classrooms																															
B. Encouraging Participation in Education																															
1. School Budgets for Primary Schools																															
2. Special Programs to Encourage Learning (See above - School Budgets)																															
3. Packages of Library Books, Maps and Posters for Primary Schools																															
4. Strengthening Management Capacity																															
1. Building New District Education Bureau Offices																															
2. Annual Planning																															
3. Staff Training																															
Phase 2: 12 Districts																															
1. Preparation																															
2. Improving the Quality of Teaching and Learning																															
1. Primary School and Community Training																															
3. Increasing Access to and Participation in Education (8 Districts)																															
1. Data Collection and Planning																															
2. Implementation																															
4. Strengthening Management Capacity																															
1. Planning																															
2. Implementation																															
Phase 3: 37 Districts																															
1. Preparation																															
2. Improving the Quality of Teaching and Learning																															
1. Primary School and Community Training																															
3. Increasing Access to and Participation in Education (25 Districts)																															
1. Data Collection and Planning																															
2. Implementation																															
4. Strengthening Management Capacity																															
1. Planning																															
2. Implementation																															
Phase 4: 9 Districts (Louang Namtha, Saravane, and Xieng Khouang)																															
1. Preparation																															
2. Improving the Quality of Teaching and Learning																															
1. Primary School and Community Training																															
3. Strengthening Management Capacity																															
1. Planning																															
2. Implementation																															

INDICATIVE PROCUREMENT PACKAGES

Item	Total Cost (Estimated)	No. of Package (Estimated)	Amount of per Package	Procurement Method	Responsibility for Procurement
ADB Procurement Packages					
A. Civil Works					
1. New construction - classrooms	3,690,000	18	205,000	LCB	PUCDA, PPIU, DPIU
2. Community construction - schools	2,460,000	41	60,000 ^a	CPP	PUCDA, PPIU, DPIU
3. New construction - DEB offices	1,100,000	10	110,000	LCB	PUCDA, PPIU, DPIU
4. Resource center construction	431,250	10	43,125	LCB	PIU, PUCDA, PPIU
5. TTC facilities upgrading	1,542,067	8	192,758	LCB	PIU, PUCDA, PPIU
B. Vehicles					
1. Pickup trucks (8 units) and minibuses (24 seats-5 units/12 seats-3 units) for TTCs	376,000	1	376,000	IS	PIU, PPIU
2. Project vehicles for MOE and PESs (8 units)	280,000	1	280,000	IS	PIU, PPIU
3. Motorcycles (270 units)	378,000	2	189,000	IS	PIU, PPIU, DPIU
C. Equipment					
1. Computers, printers, and photocopiers	513,600	2	256,800	IS	PIU, PPIU
2. Slide and overhead projectors, and typewriters	43,650	1	43,650	DP	PIU, PPIU
3. TV, video, fax machine, and telephone equipment	51,500	1	51,500	DP	PIU, PPIU
4. Electric water filter machine, generator (45 KVA and 25 KVA), motor pumps, and electric pump	78,635	1	78,635	DP	PIU, PPIU
D. Books					
1. Textbook and materials publication	400,000	8	50,000	DP	PIU, PPIU
2. TTC library books	160,000	1	160,000	IS	PIU, PPIU
3. Materials package for TTCs	17,000	1	17,000	DP	PIU, PPIU
E. Furniture					
1. Furniture for TTCs	95,700	4	23,925	DP	PIU, PPIU
2. Furniture for PA resource centers and NTUCs	42,000	1	42,000	DP	PIU, PPIU
3. Furniture for PESs, PUCDAs, and DEBs	57,000	1	57,000	DP	PIU, PPIU, DPIU
Sida Procurement Packages^b					
A. Civil Works					
1. TDC building maintenance	3,000	1	3,000		PIU
B. Vehicles					
1. Project vehicles	70,000	1	70,000		PIU
C. Equipment					
1. Office Equipment and Repairs of Equipment for TDC	32,000	1	32,000		PIU
2. Computers, printers and photocopier for PIU	4,800	1	4,800		PIU
D. Furniture					
1. Furniture for PIU	2,500	1	2,500		PIU

ADB = Asian Development Bank, CPP = community participation in procurement, DEB = district education bureau, DP = direct purchase, DPIU = district project implementation unit, IS = international shopping, LCB = local competitive bidding, MOE = Ministry of Education, NTUC = network teacher upgrading center, PA = pedagogical adviser, PES = provincial education service, PIU = project implementation unit, PUCDA = provincial unit for construction and development assistance, Sida = Swedish International Development Cooperation Agency, TDC = teacher development center, TTC = teacher training college.

^a The amount per school will not exceed an estimated cost of \$10,000.

^b Sida's procurement using their own procedures.

**CONSULTANT SERVICES REQUIREMENTS AND OUTLINE
TERMS OF REFERENCE FOR CONSULTANTS**

Specialist	Total person-months
A. International Consultants	
1. All Components (ADB-funded)	
Institutional Development and Management Adviser (ADB Team Leader)	42
Midterm Review Specialist	3
2. Component 1: Quality of Teaching and Learning (Sida-funded)	
Teacher Training and Development Adviser (Sida Team Leader)	48
Policy and Development Adviser	6
Curriculum and Teacher Training Specialists (2 persons)	48
Institutional Management Specialist for TTCs	12
Continuing Education Adviser	6
Short-Term Subject Specialists (various duration)	18
Project Review Specialist	6
Operational Studies (5 persons)	14
3. Component 2: Access and Participation (ADB-funded)	
Operational Study (1 person)	2
Subtotal A	205
B. Domestic Consultants	
4. All Components (ADB-funded)	
Institutional Development and Management Specialist	66
Midterm Review Specialist	6
Benefit Monitoring and Evaluation Specialist	24
5. Component 1: Improving the Quality of Teaching and Learning (Sida-funded)	
Teacher Training and Development Specialist	72
Curriculum and Teacher Training Specialists (2 persons) (Sida-funded)	48
Policy and Development Specialist (Sida-funded)	6
Institutional Management Specialist for TTCs (Sida-funded)	12
Operational Studies (5 persons) (Sida-funded)	21
Project Architect-Engineer for Facilities Upgrading (ADB-funded)	12
6. Component 2: Access and Participation (ADB-funded)	
National Project Engineer	60
Provincial Project Engineers (4 persons)	216
District Construction Engineers (41 persons)	984
Social Development Specialist	39
Social Development Coordinators (2 persons)	102
Operational Study (1 person)	3
Subtotal B	1,671
C. Domestic Contract Staff	
7. All Components	
Local Qualified Assistants for PIU (2 persons) (Sida-funded)	144
Local Qualified Assistants for PESs (6 persons) (ADB-funded)	396
8. Component 1: Improving the Quality of Teaching and Learning (Sida-funded)	
TTC Counterpart Experts for Teacher Training (8 persons)	192
9. Component 2: Access and Participation (ADB-funded)	
Local Qualified Assistants for PUCDAs (4 persons)	216
Local Qualified Assistant for GEMEU	66
Subtotal C	1,014

ADB = Asian Development Bank, GEMEU = gender and ethnic minorities education unit, PES = provincial education service, PIU = project implementation unit, PUCDA = provincial unit for construction and development assistance, Sida = Swedish International Development Cooperation Agency, TTC= teacher training college

A. International Consultants (205 person-months)

1. Institutional Development and Management Adviser/Asian Development Bank (ADB) Team Leader (42 person-months)

1. The specialist will (i) assist the project implementation unit (PIU) under the Department of Teacher Training (DTT) with project implementation with regard to planning, budgeting and accounting, procurement, and reporting; (ii) help set up the provincial project implementation units (PPIUs) and district project implementation units (DPIUs); (iii) train project staff in project and financial management, procurement, and reporting; (iv) help the PIU monitor the work of the PPIUs and DPIUs; (v) conduct a training needs assessment for the project staff involved in implementing project activities; (vi) coordinate with the curriculum and teacher training specialists, provincial education services (PESs), and district education bureaus (DEBs) to plan, manage, and monitor and supervise the delivery of teacher training programs; (vii) make recommendations for any development needs for the Ministry of Education (MOE), PESs, and DEBs; (viii) work with the benefit monitoring and evaluation specialist to ensure that the project staff for each component prepare appropriate monitoring indicators and collect data accordingly; and (ix) assist the PIU in preparing quarterly progress reports on project implementation and development impact, and submitting these reports to the MOE steering committee and ADB.

2. Midterm Review Specialist (3 person-months)

2. The specialist will assist the Government, ADB, and the Swedish International Development Cooperation Agency (Sida) in undertaking a midterm review (MTR) of project progress up to the end of the third year, and make recommendations based on the MTR. Detailed terms of reference will be provided before the MTR.

3. Teacher Training and Development Adviser/Sida Team Leader (48 person-months)

3. The specialist will (i) assist relevant MOE departments with the planning and implementation of project activities; (ii) ensure an integrated approach to curriculum and materials development and teacher training; (iii) coordinate the work of all the consultants engaged in the building teacher training system and teacher development capacity subcomponent of the Component 1, and ensure that implementation and impact of activities is monitored and reported; (iv) develop, in collaboration with the policy and development adviser, a teacher education strategy and coordinate activities of the teacher policy working group (TPWG); (v) assist the curriculum and materials development team based at the teacher development center (TDC) in reviewing and developing training curricula and course materials for teacher training programs; (vi) during the second and the third years of the Project, support the counterpart experts of Ban Keun teacher training college (TTC) in Vientiane Province and Dongkham Xang TTC in Vientiane Municipality by developing training programs based on participatory and action research approaches; (vii) support TTC management, and the training of trainers comprising pedagogical adviser (PAs), teacher upgrading program (TUP) trainers, TTC trainers, and academic teachers; (viii) help the PIU develop postgraduate level courses for TTC and other staff in cooperation with the National University of Laos, TDC, and TTCs; and (ix) monitor and evaluate teacher training activities at the TTC and PES levels.

4. Policy and Development Adviser (6 person-months)

4. The specialist will (i) analyze the current plans of MOE departments involved in teacher training; (ii) help the PIU implement decentralization guidelines and action plans relevant to project activities; (iii) help MOE develop a new teacher education strategy that incorporates the priorities of MOE departments, and cost the implementation of the strategy over the short, medium, and longterm; (iv) analyze the working conditions of teachers and other educational

personnel, and prepare issue papers for policy recommendations; (v) assist the TPWG in developing recommendations for policy change in the areas of teachers incentives including salaries, career development, teacher supply and deployment, and support the Department of Personnel in managing the activities of the TPWG; and (vi) assist the Department of Personnel, PESs, and DEBs to develop a duty statement.

5. Curriculum and Teacher Training Specialists (48 person-months)

5. The specialists will (i) assist the curriculum and materials development team based at TDC in reviewing and developing training curricula and course materials for teacher training programs; (ii) help MOE and TDC develop national teacher competencies and a certification scheme to link various types of training; (iii) be based at Louang Phrabang TTC (specialist I) and Pakse (specialist II) during the final 12 to 18 months of the assignment, support the counterpart experts at Louang Namtha, Louang Phrabang, and Xieng Khouang TTCs (specialist I) and Pakse, Saravane, and Savannakhet TTCs (specialist II) by developing teacher training programs including participatory and action research approaches; (iv) support the training of trainers comprising PAs, TUP trainers, TTC trainers, and academic teachers, in the northern provinces (specialist I) and in the southern provinces (specialist II); and (v) report on a quarterly basis to the Sida team leader and PIU on the implementation of the training programs.

6. Institutional Management Specialist for TTCs (12 person-months)

6. The specialist will (i) review management practices in the TTCs and consider how they can be managed more efficiently and effectively; (ii) assist DTT and TDC in developing management training curriculum for TTC senior staff; (iii) provide on-the-job training to TTC management staff; and (iv) monitor outcomes of TTC management training and report them to the Sida team leader and DTT.

7. Continuing Education Adviser (6 person-months)

7. The specialist will (i) review income generating activities in TTCs, paying particular attention to the study of continuing education models that will take place in the first year of the Project; (ii) conduct participatory training for TTC senior staff and provide continuing education with income generating activities in appropriate TTCs on a demand driven basis; (iii) develop a handbook for basic financial planning of continuing education activities for use by TTC managers; and (iv) report to the Sida team leader and DTT on the results of continuing education activities, and make recommendations for any regulatory improvements.

8. Short-Term Subject Specialists (18 person-months)

8. The specialists (with duration of each specialist to be determined as appropriate) will (i) assist the curriculum and materials development team at TDC in (a) revising curriculum and materials for identified subject areas in primary and lower secondary preservice training at TTCs; (b) developing course materials for identified subject areas for primary, lower, and upper secondary in-service training; and (c) developing modules, based on primary teacher upgrading programs, which will be used for primary and secondary in-service teacher training; and (ii) assist the curriculum and teacher training specialists in training PAs, TUP trainers, and TTC trainers in identified subject areas for upgrading and in-service programs.

9. Project Review Specialist (6 person-months)

9. The specialist will (i) assist the Government and Sida in conducting the MTR of project progress up to the end of the third year, and make recommendations based on the MTR; and (ii) assist Sida in reviewing the building teacher training system and teacher development capacity subcomponent of the Component 1 prior to the physical completion of the Project.

10. Operational Studies (16 persons-months)

10. The specialists will undertake studies on (i) the performance of primary school teachers with different training backgrounds (5+3, 8+3, etc); (ii) the effectiveness of school clusters and their potential for expansion; (iii) the number of graduates from TTCs who enter teaching; (iv) continuing education at TTCs; (v) student performance in language and mathematics; and (vi) the effectiveness of special school-level programs.

B. Domestic Consultants (1,671 person-months)

1. Institutional Development and Management Specialist (66 person-months)

11. The specialist will work with the institutional development and management specialist (ADB team leader) and the PIU to ensure the timely and efficient implementation of project activities, and assist the ADB team leader in (i) training the project staff in project and financial management, procurement, and reporting; (ii) monitoring the work of the PPIUs and DPIUs; and (iii) conducting the training needs assessment for the project staff involved in implementation of project activities.

2. Midterm Review Specialist (6 person-months)

12. The specialist will assist the midterm review specialist (international) in undertaking the MTR of project progress up to the end of the third year, and make recommendations based on the MTR. Detailed terms of reference will be provided before the MTR.

3. Benefit Monitoring and Evaluation Specialist (24 person-months)

13. The specialist will (i) ensure that the project staff for each component prepare monitoring indicators and collect data accordingly; (ii) train relevant MOE, PES and DEB staff in data collection; and (iii) help the PIU prepare quarterly progress reports on project implementation and development impact, and submit the reports to the MOE steering committee and ADB.

4. Teacher Training and Development Specialist (72 person-months)

14. The specialist will work closely the teacher training and development specialist (Sida team leader) and PIU to ensure the timely and efficient implementation of project activities, and assist the Sida team leader in (i) reviewing and developing training curricula and course materials for teacher training programs; and (ii) supporting the training of trainers.

5. Curriculum and Teacher Training Specialists (48 person-months)

15. The specialists will assist the curriculum and teacher training specialists (international) in (i) developing training curricula and course materials for teacher training programs; (ii) developing national teacher competencies and the certification scheme to link various types of training; (iii) implementing and monitoring the teacher training programs being based at Luang Prabang TTC (specialist I) and Pakse (specialist II) during the final 12 to 18 months of the assignment; (iv) supporting the training of trainers in the northern provinces (specialist I) and in the southern provinces (specialist II); and (v) report on a quarterly basis to the Sida team leader and PIU on the implementation of the training programs.

6. Policy and Development Adviser (6 person-months)

16. The specialist will assist the policy and development adviser (international) in (i) analyzing the current plans of MOE departments involved in teacher training; (ii) help the PIU implement decentralization guidelines and action plans relevant to project activities;

(iii) analyzing the working conditions of teachers and other educational personnel, and preparing issue papers for policy recommendations; and (iv) developing the teacher education strategy and costing the implementation of the strategy.

7. Institutional Management Specialist for TTCs (12 person-months)

17. The specialist will assist the institutional management specialist (international) in (i) reviewing management practices in the TTCs and consider how they can be managed more efficiently and effectively; (ii) developing management training curriculum for TTC senior staff; (iii) providing on-the-job training to the TTC management staff; and (iv) monitoring outcomes of TTC management training and reporting them to the Sida team leader and DTT.

8. Operational Studies (24 persons-months)

18. The specialists will assist the international consultants in undertaking studies on (i) the performance of primary school teachers with different training backgrounds; (ii) the effectiveness of school clusters and their potential for expansion; (iii) the number of graduates from TTCs who enter teaching; (iv) continuing education at the TTCs; (v) student performance in language and mathematics; and (vi) the effectiveness of special school-level programs.

9. Project Architect-Engineer for Facilities Upgrading (12 person-months)

19. The specialist will (i) review the survey report of TTC facilities upgrading and assess the construction need of resource centers for school clusters; (ii) prepare detailed cost estimates and procurement packages; and (iii) assist the PIU and TTCs in the bidding process; and (iv) monitor and supervise the construction work.

10. National Project Engineer (60 person-months)

20. The specialist will (i) assist the provincial units for construction and development assistance (PUCDAs) in reviewing and evaluating district construction plans; (ii) review the proposed building design, cost estimates, and implementation arrangements; (iii) visit on a quarterly basis to sites of buildings; (iv) analyze the monthly report of provincial project engineers (PPEs) and district construction engineers (DCEs), and make recommendations to resolve the deficiencies or the delays of work; (v) organize the seminars for PUCDA staff, PPEs, DCEs, DEB staff to improve the quality of school construction and rehabilitation at the village level; (vi) conduct final inspections and evaluations after the completion of construction amounting to more than \$30,000; and (vii) submit the report to the PIU on a quarterly basis concerning all building construction under the Project.

11. Provincial Project Engineer (216 person-months)

21. The specialists will (i) assist in designing data collection at the district level, and preparing district construction plans; (ii) assist PUCDA in reviewing and evaluating district construction plans; (iii) survey the construction sites and prepare for construction including (a) evaluating village's eligibility to receive assistance, and (b) determining the construction models to be used; (iv) prepare the specifications, cost estimates, and phasing of activities; (v) assess the nature and quantity of contributions from the local communities; (vi) determine appropriate design of DEB offices with cost estimates and help DEBs prepare the contract agreement with contractors to the satisfaction of ADB; (vii) visit construction sites and report the findings to the national project engineer regarding the volume and quality of work completed for contractor payment; (viii) supervise contractors to provide good quality of work and follow the time schedule and specifications; (ix) visit sites where communities are undertaking construction; (x) conduct final inspections and evaluations of construction amounting to more

than \$10,000; and (xi) submit the report to the PPIUs and PUCDAs on a quarterly basis concerning all building construction under the Project.

12. District Construction Engineers (984 person-months)

22. The specialists will (i) supervise the sites for new construction; (ii) control the quality and quantity of construction materials: cement, sand, gravel, brick, tile, wood, iron, fiber cement, and corrugated iron sheet to match technical specifications; (iii) check the dimension of classrooms, offices, teachers rooms, poles, crossbars, walls, windows, doors, ceilings, and roof framework to match the proposed design; (iv) inspect the implementation of construction; (v) cooperate with the community and school representatives to make day-to-day supervision and inspection of the construction; (vi) instruct DEB staff, and community and school representatives on the monitoring technique; (vii) inspect the volume and quality of work before the handover to the schools or DEBs; and (viii) submit a monthly report to PUCDAs and PPEs on the progress of the work attaching a time sheet paper signed by community and school representatives.

13. Social Development Specialist (39 person-months)

23. The specialist, in coordination with the gender and ethnic minorities education unit (GEMEUE), will (i) organize the training of trainers course for Lao Women's Union (LWU) district staff and coordinate LWU activities; (ii) ensure that the newly recruited teachers include female and ethnic minority teachers; (iii) on a quarterly basis review through field trips the progress of newly recruited female and ethnic minority teachers; (iv) supervise the work programs of the social development coordinators; and (v) develop long term social mobilization strategies.

14. Social Development Coordinators (102 person-months)

24. The specialists, in coordination with GEMEUE, will (i) formulate grassroots strategies and training activities with LWU village committees on girls' and ethnic minority education for villages that will be selected for school construction and rehabilitation; (ii) design a leadership training course for village chiefs on girls' education, and deliver the course with LWU representatives; (iii) support social mobilization activities with community teaching assistants and learning programs for mothers; (iv) encourage parental involvement in education for boys and girls by conducting household visits; and (v) submit field reports to the social development specialist.

C. Domestic Contract Staff (1,014 person-months)

25. The local qualified assistants for the PIU (144 person-months) will (i) work with the PIU in all matters concerning project management including budgeting and accounting, and reporting; (ii) make coordination visits to PPIUs and DPIUs; and (iii) assist the PIU in preparing project reports for MOE and ADB. The local qualified assistants for PES (396 person-months) will (i) work with the PPIUs in all matters concerning project management including budgeting and accounting, and reporting; (ii) make coordination visits to DPIUs; and (iii) assist the PPIUs in preparing project reports for PIU, MOE, and ADB. The TTC counterpart experts for teacher training (192 person-months) will (i) work as a counterpart to the international and domestic teacher training consultants who will be based at their TTCs; (ii) act as leader of a team of six trainers chosen from the TTC staff and receive training as a trainer; and (iii) assist the teacher training consultants in implementing professional development training programs at their TTCs. The local qualified assistants for PUCDAs (216 person-months) will (i) work with PUCDAs in all matters concerning project management including budgeting and accounting, and reporting; (ii) make coordination visits to DEBs; and (iii) assist PUCDAs in preparing project reports to PPIUs for submission to the PIU, MOE, and ADB. The local qualified assistant for GEMEUE (66 person-months) will (i) work with the GEMEUE and PIU to plan and monitor the implementation of the gender and ethnic minority strategy developed for the Project; and (ii) assist the GEMEUE in preparing project reports to the PIU for submission to MOE and ADB.

SUMMARY GENDER AND ETHNIC MINORITY STRATEGY

A. Introduction

1. Quality and quantity of education in the Lao People's Democratic Republic vary significantly. The education status of lowland ethnic groups has been higher than that of other ethnic groups, and boys have received significantly more education than girls. The problems of equal access to the education system by girls and ethnic minorities are closely related; among ethnic minorities, the gender gap is significantly greater than for the lowland Lao-speaking population. Any strategy seeking to address the low enrollment of girls will also have to focus on ethnic minority issues and any strategy focusing on the low enrollment of ethnic minority children will also have to focus on gender concerns. The Project is committed to support an increase in access to education for both of these groups. The Project's Gender and Ethnic Minority Strategy (GEMS) has been prepared in consultation with the gender and ethnic minorities education unit (GEMEUE) in the Department of General Education (DGE), the Lao Front for National Construction, and the Lao Women's Union (LWU).

B. Project Gender and Ethnic Minority Strategy

2. Building upon the ongoing initiatives carried out in the Asian Development Bank-funded Basic Education (Girls) Project (BGEP),¹ the Project's GEMS has the following basic principles: (i) where possible, prioritize resource allocation to geographically targeted remote ethnic minority areas where gender disparities tend to be larger; (ii) promote participation of ethnic minorities and women in project activities throughout the project cycle; (iii) promote gender-sensitive and ethnic minority curriculum, materials, and policy and strategy development; (iv) address special needs and constraints of ethnic minorities and female students, teachers, government officials, and project staff; and (v) strengthen capacity of relevant institutions that address ethnic and gender concerns and equality.

3. Specific activities and approaches for each project components are explained in Table A9:

Table A9: Components and Targets for the Gender and Ethnic Minority Strategy

Component/Activity	Approach and Target
Component 1 (Quality)	
Teacher education strategy development	Technical assistance provided by the Project will ensure that the priorities and operational plans address gender and ethnic equity and special needs, such as quota for female teacher training.
Training materials and curricula development	Adequate representation and participation of women and ethnic minorities will be ensured in the curriculum and materials development team formed under the Project, and as respondents and discussants of teacher training needs. In reviewing and revising various current curricula, assessment and recommendations will be made to address the needs of female and ethnic minority teachers (including future teachers). Gender and ethnicity-sensitive teacher training curriculum and materials will be developed.

¹ Loan 1621-LAO: *Basic Education (Girls) Project*, for \$20.0 million, approved on 25 June 1998.

Component/Activity	Approach and Target
Training of trainers	<p>Curriculum development for distance education for in-service training will especially benefit teachers in remote ethnic minority areas and female teachers whose mobility is limited.</p> <p>Where additional pedagogical advisers are required (initially as replacements for existing pedagogical adviser), female and ethnic minority candidates will be given priority.</p>
Improvement of teacher salaries, incentives, and working conditions	<p>Separate focus group discussions by gender and ethnic groups will be held so that their special concerns and constraints will be addressed, such as women's need for child care facilities and difficulty of ethnic minority teachers in being assigned away from home.</p> <p>Efforts will be made to increase awareness of female teachers' rights, and benefits issues will be raised, including maternity leave benefits.</p> <p>Affirmative actions in the promotion policy for women and ethnic minorities will be considered by the teacher policy working group, which will review the current conditions and policies.</p>
Construction and upgrading of teacher training facilities	<p>Construction will be done in consultation with potential users of facilities to ensure that concerns are taken into account. Separate toilet facilities for female teachers will be included and other concerns can be taken into account (provision for day care, location of facilities, etc.).</p>
Delivery of in-service teacher training at a local level	<p>In-service training will be made available to teachers in the 70 districts in nine provinces, most with a large ethnic minority population. Training of unqualified teachers locally will especially benefit ethnic minority and female teachers, as many are unqualified and they have mobility constraints.</p>
Component 2 (Access and Participation)	
Construction of primary schools, rehabilitation, and completion of incomplete schools	<p>The component will cover four provinces, three of which have large ethnic minority populations and large gender disparities in primary enrolment.</p> <p>To accommodate the needs of shifting communities while achieving overall sustainability of building, the percentage of permanent versus semipermanent buildings in each district will be decided according to the local situation.</p> <p>Within a province, the Project's budget allocation among districts will be based upon the selection criteria prioritizing underserved districts, which will benefit remote ethnic minority areas with lowest female attendance. Within a district, budget allocation will also be based on district mapping, which will target the underserved areas in a district.</p> <p>Upgrading of incomplete schools to complete schools with additional teachers will also solve the isolation problems typically felt by female teachers at incomplete schools.</p>
Recruitment of new school teachers for the new classrooms	<p>About 1,200 new teachers will be recruited locally, of which at least 50 percent will be women. Local recruitment will make the life of female and ethnic minority teachers easier, as they will not have to relocate.</p>

Component/Activity	Approach and Target
Provision of community matching grants	Local communities will be provided with grants matched by community contribution in kind and/or labor. Based on the demand, the community may rehabilitate, complete, or extend their schools. The funds may also be used to construct simple day-care facilities attached to primary schools to encourage ethnic minority girls to attend school.
Provision of funds to schools	The funds may be used for purchasing books, teaching materials, and blackboards, and supporting special programs. Such programs may include extra reading classes for children and illiterate adults (especially women); recruitment of pre-school assistants (most likely women) who will take care of preschool children at day-care centers ; recruitment of paid community teaching assistants (most likely women) who will assist especially grade 1 teachers who have to take care of overcrowded classrooms. Many of these will specifically benefit women and girls, especially those of ethnic minority groups, and allow them to concentrate better on education.
Community and school staff training for annual planning and monitoring of the use of grants	A committee for community education development (CCED) or equivalent, comprising the school principal, teacher representatives, village head and representatives, LWU or women representatives, and parents will be trained annually to prepare a school plan that will determine how school funds will be used. LWU and women representatives will be trained by district LWU staff to ensure that school funds will prioritize activities specifically benefiting women and girls. CCED will also be trained on participatory monitoring of the use of funds. This approach will better ensure that local specific gender needs are addressed and that differences among ethnic minorities are taken into account in education activities.
Training of trainers for the district LWU staff who will train communities	Awareness raising on the importance of girls education and school nutrition will be carried out in the community. This will especially benefit ethnic minority girls. District LWU trainers will carry out training to CCEDs.
Component 3 (Management Capacity Building)	
Strengthen the capacity of all implementing agencies involved (central, provincial, district, and village levels) and strengthen the coordination with GEMEUE at the Ministry of Education (MOE) headquarters	GEMEUE will provide technical advice to implement the Project's GEMS. They will be also allocated with a small budget to carry out necessary studies and awareness raising for relevant MOE and other staff, and monitoring the implementation of the GEMS. The Project's social development specialist and social development coordinators will also assist provincial and district staff in implementing the GEMS. The Project will provide funding for one incremental staff to work with GEMEUE.
Monitoring and evaluation	All the performance and impact monitoring indicators will be disaggregated by gender and ethnicity wherever possible. The Project's capacity building assistance will make sure that appropriate indicators will be developed and followed through.

C. Implementation Strategy

4. **Organization.** GEMEUE at MOE's DGE will have overall responsibility for monitoring and supervising the implementation of the project GEMS and provide technical advice. GEMEUE will

be a member of the MOE steering Committee. The Lao Front for National Construction and the Ethnic Minority Education Division in DGE will also be consulted as necessary. Specific implementation responsibilities will lie with the project implementation unit (PIU) at the central level, provincial PIUs (PPIUs), and district PIUs (DPIUs). LWU will be also consulted and will participate as a local facilitating group. Nongovernment organizations will be consulted for developing more innovative approaches to reach ethnic minority students in remote areas during the implementation.

5. **Institutional Capacity.** In MOE, only DGE and Department of Nonformal Education have significant, direct experience in dealing with ethnic minority education. GEMEU in DGE gained significant experience through the ongoing BEGP. Therefore, GEMEU will provide awareness raising on both gender and ethnic minority issues to the central PIU, curriculum and materials development team, teacher policy working group, and other relevant project staff at the central level. Provinces and districts also have experience in promoting ethnic and gender equity and addressing special needs and aspirations of female and ethnic minority students and teachers. The social development specialist and social development coordinators will build upon ongoing training and awareness raising for provinces and districts carried out under the BEGP, assisted by GEMEU. One or more staff members from GEMEU will be invited to participate in the long-term capacity building proposed in this Project, including postgraduate training.

6. **Budget and Financing Plan.** The GEMS does not require a separate budget because it is fully integrated into the overall project budget. The benefits of component 1 will spread nationwide at different levels; estimating how much will accrue to ethnic minorities is difficult. Approximately 60 percent of the component 2 civil works in the four provinces (approximately \$3.7 million) will directly result in increasing access in remote and ethnic minority areas. The Project will also have various specialist assistance through component 3; among others, institutional development and management adviser and team leader (42 person-months, international), curriculum and teacher training consultants (24 person-months each for two persons, international), social development specialist (39 person-months, domestic), and social development coordinators (51 person-months each for two persons, domestic) will especially be involved to help the implement the GEMS. GEMEU will be provided with incremental budget and one incremental staff under component 3.

7. **Implementation Schedule.** The schedule of GEMS implementation will be in line with overall project implementation. A four-phased approach will be taken for the delivery of the teacher training subcomponent in component 1 and a three-phased approach for component 2. Each phase will last for three years.

8. **Monitoring and Evaluation.** GEMEU will be responsible for overall monitoring and evaluation of GEMS implementation, combined by participatory benefit monitoring and evaluation by ethnic minority beneficiaries themselves in the communities. For the building teacher training system and teacher development capacity subcomponent under component 1, the PIU will be responsible for monitoring the implementation of GEMS in such areas as teacher education strategy development, curriculum and materials development, and teacher incentives improvement. The PIU will be also responsible for monitoring provincial implementation of the GEMS, while PPIUs will be responsible for monitoring district level implementation. DPIUs will monitor community and school-based implementation of GEMS. A GEMEU staff will participate in the midterm review.

ECONOMIC ANALYSIS

A. Economic Rationale

1. At the moment, only 40 percent of Lao citizens who are entering the workforce for the first time have completed primary education: one third of those have never entered school and the others dropped out before successful completion. In these circumstances, efficient programs that significantly increase the number of children who enter and successfully complete primary school are one of the most cost-effective investments for socioeconomic development. The Project has been formulated within the overall objective to provide universal quality primary education. It also proposes limited interventions to improve the quality of secondary education, which should feed back into improvements in primary education by providing better recruits for teaching. The Project will also serve an equity objective by contributing to the extension of access to primary education in selected underserved areas, in line with the overarching goal of the Asian Development Bank (ADB) to reducing poverty.

B. Labor Market and Social Needs

2. Assuming that government employment follows population growth (at 2.4 percent per annum), an additional 2,600 government jobs will be created each year. For nongovernment jobs, if economic growth follows the precrisis trend (e.g., 5.2 percent per annum for industrial sector growth and 12.2 percent per annum for service sector growth), as many as 7,000 new jobs would be created each year in the private sector or state enterprise firms. Those who do not find work in the formal sector will be absorbed into the family subsistence economy: some combination of agriculture, household businesses, and the informal sector. The size of these labor market entrants will be at least 110,400.¹ Women are underrepresented in the formal sector and overrepresented in the informal sector. This labor pattern continues to have an impact on girls who drop out at higher rates to support family farming and household activities. Current student flows out of the education system do not meet the needs of the nongovernment labor market and those who work there. A particular problem is that most of those who will be absorbed into the family subsistence economy—about 70,000 persons each year—will not have completed primary education. They will be largely illiterate and with little or no numeracy, greatly limiting their opportunities to make a decent living. These individuals will not fully share in or contribute to the development that is going to occur.

3. A lack of education also seriously limits the advancement of women and seriously limits family planning, child care, and basic health care in the family. High illiteracy rates among women are a significant influence on the country's poor record in social indicators, especially the high rates of maternal mortality for children under five. The first steps to meet the needs for this vast majority of people is literacy and numeracy—that is, completing primary education.

C. Beneficiaries

4. Activities under component 2 will operate in remote and poor areas in the selected 41 districts. The emphasis will be on upgrading the incomplete schools to complete schools with all primary school grades (1-5), as a high dropout occurs in early grades. The Project will greatly increase the opportunity for children in these districts to receive a full five-year primary education by building approximately 45 classrooms in each district and by completing incomplete schools. This will amount to a new supply of about 1,000 classrooms in total. Using the average primary level pupil-teacher ratio of 30:1, this means that about 30,000 students per

¹ ADB. 2000. *Lao People's Democratic Republic, Education Sector Development Plan Report*. Manila.

year are expected to complete primary education in the project-assisted newly constructed or newly completed primary schools. The Project will also ensure that more of them finish reasonable quality primary education than now by assigning new teachers who will be also trained through the Project. Based on the total number of primary school students in the provinces that will receive either full access and quality programs (Bokeo, Louang Namtha, Savanakhet, and Sayaburi) or full quality program (Champassak and Vientiane) under the Project, more than 400,000 primary level students are expected benefit from the higher quality of instructions by the end of the Project.

5. Under component 1, many teachers will benefit from new and improved training programs. This will include over 2,000 graduates annually from the teacher training colleges (TTCs); 2,400 unqualified teachers who will be trained and better qualified; and approximately 15,000 primary school teachers, 2,500 primary school principals, 3,000 secondary school teachers, and 500 secondary school principals who will have taken part in regular and repeated in-service training. This amounts to 55 percent of primary school teachers and 30 percent of secondary school teachers in the country. To provide intensive training inputs, 365 TTC trainers, 108 teacher upgrading program (TUP) trainers, 473 primary school pedagogical advisers (PAs) and 144 secondary school PAs will be trained on a regular and repeated basis.

D. Cost-Effectiveness and Internal Efficiency

6. A key element for cost-effectiveness of education spending is per student cost. Table A10 shows the annual recurrent cost per student by education level and expenditure category. From this table, two facts are obvious. First, primary education is by far the least expensive spending per student. Second, the share of teacher salaries makes up the largest share at primary education level. This indicates that improvement in teacher quality at primary level would be the single most important and most cost-effective educational spending, which will better prepare students for higher level education. Therefore, it makes good economic sense that various activities planned under the Project aim to improve quality and access mainly of primary education.

**Table A10: Unit Recurrent Cost by Expenditure Type and By Schooling Level (1996-97)
(KN per student per year)**

Expenditure Type	Pre-School	Primary	Lower Secondary	Upper Secondary	Technical/Vocational	Teacher Training	Higher Education
General Administration	4,295	1,351	4,424	5,298	8,127	7,651	5,928
% share in total exp	9.0	5.7	9.6	9.6	3.2	3.2	3.3
Operation and Maintenance	2,785	1,532	2,883	3,455	35,398	30,273	23,042
% share in total exp	5.8	6.5	6.2	6.2	14.0	12.8	12.6
Scholarships					81,542	62,541	41,994
% share in total exp					32.3	26.4	23.0
Nonteaching Staff	7,967	916	1,196	1,801	33,818	38,922	40,908
% share in total exp	16.7	3.9	2.6	3.3	13.4	16.4	22.4
Student/Nonteacher Ratio	83	262	90	104	13	12	17
Teachers	32,752	19,725	37,627	44,728	93,552	97,804	70,379
% share in total exp	68.5	83.9	81.6	80.9	37.1	41.2	38.6
Student/Teacher Ratio	18	30	15	16	7	6	6
Average Class Size	28	28	35	40	22		
Total	47,799	23,524	46,130	55,282	252,437	237,191	182,251

Source: Bouapao, L., O. Sengchandavong, and S. Sihavong. 2000. *Educational Financing and Budgeting in Lao PDR*, International Institute for Educational Planning: Paris. pp. 133-34, tables F and G.

7. A rough estimate of annualized capital (building and facilities with assumed 30-year life) cost per student in primary education was about \$20 in 1996/97. This is about KN20,000 at (KN1,000 per dollar in that year). This is about equal or slightly less than the recurrent cost per student in primary education. In comparable countries, the ratio of capital to recurrent cost is 25-30:70-75 percent (footnote 1, 186). This means that the relative cost of using these schools is about four times larger than what is observed in comparable countries. While the country's unfavorable topography partly explains this comparison, the message is that building new primary schools will not be cost-effective as a reasonable level of recurrent spending cannot be matched against them. This fact has led to the Project's priority of teacher quality improvement (Component 1) and completing schools with less than five grades (component 2), while component 3 is aimed at strengthening institutional capacity to improve efficiency of education system under the country's new decentralization mandate.

E. External Efficiency

8. Some of the primary school graduates in project districts will go on to higher levels of education but most will leave school after completing primary school and eventually be absorbed into the family subsistence economy. The record in other countries shows that compared with those who have little or no education, farmers with a primary education are more productive. Once educated, their career aspirations may improve, and the receptiveness to new ideas, information, and technology will increase. Completion of basic education will not only mean that such individuals will share in the country's economic growth, but also contribute to that growth through rising productivity in the long run. In addition, basic education is a necessary input to various government goals; e.g., for rural populations to change practices such as slash-and-burn and consuming a dwindling supply of wildlife, and to promote successful health programs. Basic education is critical if people are to adopt preventive, primary health care measures. Without basic education, people may not appreciate the potential net benefits of immunization or mosquito control. However, as in other basic education projects, no attempt has been made to quantify these external efficiency effects attributable to the Project.

F. Poverty Impact

9. As of this writing, the Government of the Lao PDR has not yet decided on an official poverty line. Two alternative lines developed by the World Bank and the Swedish Statistics Office give conflicting information poverty incidence. The latest ADB study attempted a calculation of a poverty line that is consistent between the 1992/93 Lao Expenditure and Consumption Survey and the 1997/98 update, based on which the average total poverty line for the Lao PDR is estimated to be KN19,184 per person per month in 1997/98 prices.² The following analysis is based on this poverty line.

10. As the Project will serve currently underserved areas, it is expected to make a significant contribution to intergenerational income improvements and poverty reduction among families in the target districts. This estimate is based on certain assumptions on prioritized outreach of teacher training and school completions associated with the project design and focus that lead to the Project having a higher poverty impact (on a head-count basis) than the national poverty incidence level of 38.6 percent (footnote 2). While the whole country can be considered poor, the Project is envisaged to disproportionately benefit those living below the poverty line.

² Kakwani, Nanak, Bounthavy Siouphanhthong, Phonesaly Souksavath and Brent Dark. 2001. Poverty in Lao PDR. A paper presented at *Asia and Pacific Forum on Poverty*, Manila.