

ASIAN DEVELOPMENT BANK

TAR: LAO 32312

TECHNICAL ASSISTANCE
(Financed by the Japan Special Fund)

TO THE

LAO PEOPLE'S DEMOCRATIC REPUBLIC

FOR PREPARING THE

BASIC EDUCATION DEVELOPMENT PROJECT

December 2004

CURRENCY EQUIVALENTS

(as of 1 December 2004)

Currency Unit	–	kip (KN)
KN1.00	=	\$0.0000616
\$1.00	=	KN10,773

ABBREVIATIONS

ADB	–	Asian Development Bank
BEGP	–	Basic Education (Girls) Project
CBCP	–	community-based civil work and procurement
EDP2	–	Second Education Development Project
ESDP	–	Education Sector Development Plan
GDP	–	gross domestic product
GER	–	gross enrollment rate
IPSA	–	initial poverty and social analysis
MOE	–	Ministry of Education
NER	–	net enrollment rate
NGO	–	nongovernment organization
PIP	–	project implementation plan
TA	–	technical assistance
UNICEF	–	United Nations Children's Fund
WB	–	World Bank
WFP	–	United Nations World Food Programme

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	Targeted intervention
Sector	–	Education
Subsector	–	Basic education
Theme	–	Inclusive social development
Subtheme	–	Human development

NOTE

In this report, "\$" refers to US dollars.

This report was prepared by Y. Ikeda, team leader.

I. INTRODUCTION

1. During the 2003 Country Programming Mission, the Government of the Lao People's Democratic Republic requested Asian Development Bank (ADB) technical assistance (TA) to prepare the Basic Education Development Project. ADB included a loan of \$15 million for the Project in 2006 in its *Country Strategy and Program Update (2004–2006)*. The TA Fact-Finding Mission from 13 to 22 September 2004 reached an understanding with the Government on the objectives, scope, implementation arrangements, cost estimates, financing arrangements, and consultants' terms of reference for the TA.¹

II. ISSUES

2. The Government's efforts to establish equitable education, first at the primary and then at the lower secondary level, has resulted in the net enrollment rate (NER) of primary schools increasing from 63% in 1989/90 to 83% in 2004/05 and the gross enrollment rate (GER) of lower secondary schools increasing from 30% in 1989/90 to 56% in 2004/05.² Student numbers are increasing rapidly, by some 10,000 annually at the primary level and by some 10% annually at the secondary level. ADB has supported the Government's efforts since 1991. In 2000, the Government formulated an *Education Strategic Vision up to 2020*, which incorporated the Millennium Development Goals and aimed to achieve universal primary education by 2015, together with a continued expansion in participation at lower secondary level.³ To achieve these goals, the Government increased education's share of the national budget from less than 8% in 1997/98 to about 11% in 2003/04, and made education one of four priority areas in its *National Growth and Poverty Eradication Strategy*, published in 2004. The Ministry of Education (MOE) has also strengthened aid management and coordination by setting up a development partners' meeting and preparing for a sector-wide approach since 2002. In 2000, the Government issued a prime ministerial decree on decentralization, applicable to all socioeconomic sectors, including education, seeking improved efficiency and effectiveness in public sector operations.

3. ADB's assistance started in 1991 with the first Education Quality Improvement Project,⁴ followed by the Basic Education (Girls) Project in 2000.⁵ Based on a comprehensive sector study in 1998 that provided a policy and investment framework for the period 2001–2005,⁶ ADB provided a loan for the Second Education Quality Improvement Project in 2001,⁷ which focused on expanding access to primary education. It also provided a loan in 1995 to revive the higher education system to produce skilled people to lead national development in various sectors, including education, through the establishment of the National University of Laos.⁸ Other international and bilateral agencies and nongovernment organizations (NGOs) have also supported the expansion of primary education, including the World Bank through its first and

¹ The TA first appeared in *ADB Business Opportunities* (Internet edition) on 27 February 2004.

² Formal education consists of preschool, primary (5 years), lower secondary (3 years), upper secondary (3 years), and tertiary (2–7 years). Enrollment rates are MOE's estimate.

³ Ministry of Education, Lao People's Democratic Republic. 2000. *The Education Strategic Vision up to the Year 2020*. Vientiane.

⁴ ADB. 2000. *Project Completion Report on the Education Quality Improvement Project in Lao People's Democratic Republic*. Manila. The report assessed the project as successful.

⁵ ADB. 2000. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the Lao People's Democratic Republic for the Basic Education (Girls) Project*. Manila.

⁶ ADB. 1998. *Technical Assistance to the Lao People's Democratic Republic for the Education Sector Development Plan*. Manila.

⁷ ADB. 2001. *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*. Manila.

⁸ ADB. 2004. *Project Completion Report on the Postsecondary Education Rationalization Project in Lao People's Democratic Republic*. Manila. The report assessed the project as highly successful.

second Education Development Project in 1993 and 2004, the Government of Japan through grant assistance for teacher training and primary school construction since 1998, and the United Nations Children's Fund (UNICEF) for a teacher upgrading program since 1996. United Nations Educational, Scientific and Cultural Organization (UNESCO) has recently drafted the *National Education for All (EFA) Action Plan 2003-2015*,⁹ which is expected to provide a common framework for future assistance once it is adopted by the Government.

4. While progress in basic education was made during the 1990s with external assistance, education service delivery is still uneven and the quality of education has not kept pace with the physical expansion of the system. At the primary level, the NER varies from almost 100% in Vientiane City, to a little more than 50% in northern and southern provinces, indicating insufficient access to primary education in rural areas. Even recently, it required an average of 8 years to produce a primary school graduate.¹⁰ About half of students in primary school repeat grades 1 and 2, resulting in poor internal efficiency. At the secondary level, the NER and GER differentials are more pronounced. The lower secondary level NER in rural areas is much less than half of the NER in urban areas. A significant difference in NER can be also observed between the lowest and highest socioeconomic groups.¹¹ The major issues therefore are access to basic education by the rural population¹² and quality improvement.

5. In mountainous areas containing poor rural villages, with ethnically and linguistically diverse populations, including 49 ethnic groups, it is very difficult to deliver basic education services to all. For primary education, despite many ongoing projects, in more than 10,000 villages nationwide MOE predicts that many villages still remains without a primary school, or at best will have an incomplete school that offers only up to the second or third grade. This will result in very few children continuing their education and means that the provision of access to a complete primary school within a commutable distance will remain an urgent issue. However, low population densities mean that it will be difficult to provide cost-effective education services in remote areas. School-related expenses (including fees), and the need to involve all the family members in securing basic necessities, discourage enrollment or continued schooling. Creating affordable school access for demand and supply sides and involving local community in operation and facility maintenance will be the key.

6. Provisions for teaching and learning materials, basic furniture such as a blackboards, and trained teachers have not caught up with the physical expansion of basic education services, which is one of the main reasons for the inefficiency, i.e., high dropout and repetition rates. Although the Lao language should be the medium of instruction, to help students from ethnic minority groups, MOE acknowledges the importance of having teachers from ethnic minority groups and providing supplementary materials for teaching and learning in other languages. In Phongsaly Province, for example, less than 10% of the population speaks Lao at home. Considering that the high GER in primary schools includes late enrollment, with many students already at productive age, incorporation of life skills into school curricula should be considered in order to motivate older students. Innovative and flexible approaches are needed to address demand side issues related to access and relevance. Similar issues can be seen in lower secondary education, which is also experiencing a rapid increase in enrollment. However, the approach may need to be different including the expansion of school buildings, separate boarding arrangements for boys and girls, and a flexible curriculum, which takes account of the

⁹ UNESCO. 2004. *Lao PDR National Plan of Action for Education For All, 2003-2015*, Vientiane.

¹⁰ Committee for Planning and Cooperation, Lao People's Democratic Republic. 2004. *The Lao PDR's National Growth and Poverty Eradication Strategy*. Vientiane.

¹¹ UNESCO. 2004. *Lao National Literacy Survey 2001*. Bangkok.

¹² Gender equity in ethnic minority groups need to be looked at carefully.

harvesting period in the catchment area. Outreach services targeting female dropouts should also be considered, since very few girls return to class, especially in lower secondary schools.

7. The management system must be capable of delivering or supporting the future expansion of basic education services nationwide in a cost-effective way. Within the framework of the prime ministerial decree, MOE has been decentralizing education management in order to improve the relevance and efficiency of service delivery. The province is perceived as the strategic unit, the district as the planning and budgeting unit, and the village as the basic implementation unit. The role of the Government will be to supervise and control financial as well as physical process under the decentralization. ADB has recently provided TA to prepare a set of operational policies, including preliminary assessments of resources and staff training required, particularly at the provincial and district levels. Continued assistance for the decentralization process will be provided by the proposed project.

8. Issues that need to be addressed through policy dialogue during the TA implementation and project appraisal include (i) the control system under a decentralized system, and (ii) a teacher development and administration framework for basic education. Since the deep cuts in the education budget in 1997 that reduced education's share of the national budget from about 15% to below 8%, recovery has been slow. Although the Government indicates the annual budget guidelines, the final decisions rest with individual provincial governors, whose authority is equivalent to that of ministers. Once they have received the total amount for their provinces, governors may allocate the budget for what they perceive to be the most urgent needs. There is often little national coordination because central agencies lack appropriate systems to monitor and control budgeting and disbursement at the provincial level. Decentralization needs to acknowledge that resources need to be allocated according to national as well as local priorities.

9. The total supply of teachers needs to be examined. Most teachers prefer to stay in urban areas, despite the 15–25% premiums for teachers assigned to rural areas. There may be several reasons for this, including lack of career opportunities, poor communications and cultural barriers in remote villages, and unclear terms of service. Under the rapid expansion of the basic education system, teacher training was carried out on an ad hoc basis by individual projects without a clear teacher development and administration framework. This issue needs to be addressed in a context of decentralized education management and the relevant policy framework, which is being developed under the Second Education Quality Improvement Project.

10. In summary, urgent issues are (i) improving access to basic education through the construction of schools with supply of capable teachers in disadvantaged areas; (ii) enhancing the quality of basic education through the provision of curricula, instructional materials, and trained teachers; and (iii) decentralizing education management and establishing teacher development and administration framework within a context of the *Lao People's Democratic Republic's National Growth and Poverty Eradication Strategy* and the *Education Strategic Vision Up To 2020*. The proposed intervention fits within ADB's country and sector strategies, both of which support the Millennium Development Goals.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

11. The TA aims to help the Government to prepare the Project so it can start in 2006. The Project will be built on three pillars: equitable access, quality and relevance, and management.

It will focus on strengthening basic education service delivery in disadvantaged areas through provisions of facilities and human resources, and institutional development. Specifically, it will strengthen primary and lower secondary education service delivery by (i) expanding or improving school facilities for improved access; (ii) developing curricula and instructional materials, and teachers through in-service training; and (iii) implementing operational policies for decentralized education management,¹³ together with an institutional arrangement for developing and administering teachers. The TA output will be a project proposal and a detailed project implementation plan which will identify sites for new schools and include manuals for community-based civil work and procurement (CBCP) for consideration by the Government and ADB. The CBCP manual will also include school design and costing standards, and fund disbursement procedures. The project proposal will compare design and investment alternatives on the least-cost and sustainability grounds; and will include a detailed procurement plan and project monitoring indicators with baseline data. The project framework is in Appendix 1.

B. Methodology and Key Activities

12. Activities will be organized in three components: (i) identifying investment needs by updating the relevant part of the Education Sector Development Plan Report 2001–2005 (ESDP) with reference to the Government's 5-year plan, the EFA Action Plan, and operational policies for decentralized education management; (ii) preparing design alternatives together with assessment papers addressing (a) economic, financial, institutional, social,¹⁴ and environmental dimensions; and (b) the project implementation capacity of and the financial governance and management in the Executing Agency; and (iii) preparing a project proposal. Under the TA, close partnership with other donors (for cofinancing) and NGOs (for contracting) will be explored so that the Project will be prepared (i) on what has been achieved by the previous project; (ii) in connection with what is being achieved by on-going projects; and (iii) by incorporating lessons and experience in the sector.¹⁵ An ESDP update for basic education will be prepared using available secondary data and references. It will summarize (i) remaining issues, prioritizing primary and lower secondary education in terms of school distribution, curricula, textbooks (reprinting and distribution), teacher development and administration, community participation, education management, and other areas based on the achievements in the period 2001–2005; and (ii) capital investment requirements, together with recurrent cost implications, with reference to an education sector expenditure review and forecast¹⁶ and assistance policies, plans, and commitments of other donors. The project proposal will follow ADB's guidelines and will be supported by an evaluation of design alternatives; impact assessments; and plans to address issues related to resettlement, gender, ethnic minorities, and other dimensions (Appendix 2). Based on the assessment papers and lessons from previous projects, policy dialogue will be undertaken to make the Project sustainable and minimize risks. Considering the need for community participation in the development and operation of village schools, the Government will prepare and adopt manuals for CBCP during the TA period in consultation with ADB.¹⁷

¹³ ADB. 2003. *Operational Policy Report on Strengthening Decentralized Education Management*. Bangkok.

¹⁴ Social dimensions include poverty, ethnic minority, and gender issues.

¹⁵ For example, the Project will coordinate with the United Nations World Food Programme to use the distribution network of its school food supply project for distributing textbooks and supplementary materials. Coordination with the World Bank's Second Education Development Project and UNICEF will be explored for textbook reprinting.

¹⁶ World Bank. 2002. *Lao PDR Public Expenditure Review, Country Financial Accountability Assessment, Joint Report of World Bank, International Monetary Fund and Asian Development Bank, Volume I/II*. Washington, DC.

¹⁷ Community participation in procurement and civil work should be formulated in accordance with ADB's guidelines and in harmonization with community-based contract procedures being developed under the ongoing World Bank Second Education Development Project.

C. Cost and Financing

13. The total cost of the TA is estimated at \$750,000 equivalent, of which \$500,000 is the foreign exchange cost and \$250,000 equivalent is the local currency cost (Appendix 3). The Government has asked ADB to finance \$600,000 equivalent, covering the entire foreign exchange cost and \$100,000 of the local currency cost. The TA will be financed on a grant basis by the Japan Special Fund, funded by the Government of Japan. The Government will finance the remaining \$150,000 equivalent of local currency cost, mainly through contributions in kind for office accommodation, counterpart staff, administrative and logistic support, and other related services. The Government has been advised that approval of the TA does not commit ADB to finance an ensuing project.

D. Implementation Arrangements

14. MOE will be the Executing Agency. A steering committee chaired by the vice minister of education comprising related departments in MOE and representatives from the Prime Minister's Office, the Committee for Planning and Investment, and the ministries of finance and foreign affairs will review and provide feedback on major reports produced by the TA, and ensure that the Project is consistent with Government policies and priorities. MOE will appoint a task force of about 10 counterpart staff to help the steering committee and the TA consultants and to prepare the project implementation plan. The TA will be implemented from April 2005 to March 2006. Each component will be completed in 3–4 months. At the end of each component, a national workshop and a tripartite meeting will be held and the following milestone reports will be submitted to ADB: an inception report, an ESDP update, a project design and assessment reports, and a project proposal with a detailed implementation plan. Donors and NGOs will be invited to the national workshops.

15. A team of six international (17.5 person-months) and four domestic (25.0 person-months) consultants will be engaged through a firm by quality- and cost-based selection and a simplified technical proposal procedure, in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants. The international consultants will be specialists in (i) education management, evaluation, and monitoring (team leader, 10.0 person-months); (ii) basic education for curriculum and textbook development and distribution (1 person-month); (iii) economics (public expenditure review in education) (3 person-months); (iv) financial management and project costing (1.5 person-months); and (v) procurement (2 person-months). The domestic consultants will have expertise in (i) project management and costing (deputy team leader, 10 person-months), (ii) procurement and civil works (6 person-months), (iii) social dimensions (6 person-months), and (iv) school building design and costing (3 person-months). The outline terms of reference, including reporting requirements, are in Appendix 4. The consultants will carry out all procurement following ADB's *Guidelines for Procurement*. Equipment procured under the TA will be turned over to MOE upon TA completion.

IV. THE PRESIDENT'S DECISION

16. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis to the Government of the Lao People's Democratic Republic for preparing the Basic Education Development Project, and hereby reports this action to the Board.

PRELIMINARY PROJECT FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Goal</p> <ul style="list-style-type: none"> Basic education services established nationwide 	<ul style="list-style-type: none"> By (*), net enrollment rate at primary and lower secondary schools increased to (**) and (**) By (*), gross enrollment rate at primary and lower secondary schools increased to (**) and (**) 	<ul style="list-style-type: none"> Government statistics ADB statistics 	
<p>Purpose</p> <p>Basic education service delivery in disadvantaged areas strengthened in coordination with ongoing external assistance</p>	<ul style="list-style-type: none"> By (*), (**) students in (**) villages or (**) districts with access to primary and lower secondary school with textbooks and teachers By (*), geographical net enrollment rate and gross enrollment rate disparities decreased to (**) and (**), respectively 	<ul style="list-style-type: none"> Semi-annual loan review missions Quarterly progress reports Midterm and final reports 	<p>Assumptions</p> <ul style="list-style-type: none"> Close coordination with the other active donors and NGOs, particularly with World Bank regarding its Second Education Development Project Community-based civil work and procurement and NGO contracting procedures approved by the Government prior to the loan effectiveness in harmonization with similar system introduced by other donors, particularly with a community-based contracting under the World Bank Second Education Development Project. <p>Risks</p> <ul style="list-style-type: none"> Timely policy formulation MOE has adequate implementation capacity Timely provision of counterpart fund/contribution Recurrent expenditure budget properly allocated and disbursed

* = year, ** = figure.

ADB = Asian Development Bank, ADF = Asian Development Fund, LFIS = loan financial information system of ADB, MOE = Ministry of Education, NGO = nongovernment organization, TTC = teacher training college, TTS = teacher training school. Note: This framework is indicative and noncommittal, and is subject to the result of the TA implementation and project appraisal process, which will seek to coordinate activities under the ongoing assistance.

INITIAL POVERTY AND SOCIAL ANALYSIS

A. Linkages to the Country Poverty Analysis

<p>Is the sector identified as a national priority in country poverty analysis?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Is the sector identified as a national priority in country poverty partnership agreement?</p> <p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>Contribution of the sector or subsector to reduce poverty in the Lao People's Democratic Republic:</p> <p>For the poor, education is not usually perceived as a means of escaping from poverty. School-related expenses (including fees) and the need to have all family members help in securing basic necessities discourage enrollment and continued schooling. Nevertheless, there is a strong correlation between poverty and education. The incidence and severity of poverty is greatest among illiterate households. A multivariate analysis of household poverty shows that every extra year of education received by the head of household raised family income by 2%.¹ Thus, even though lack of education may not be a direct cause of poverty, increasing the level of education is considered a critically important factor for poverty reduction.</p> <p>Improving access to education for all, enhancing the quality of education and strengthening management of the sector are thus priority areas for public investment, as are vocational training and nonformal education.</p> <p>The medium term operation framework of the Lao People's Democratic Republic's National Growth and Poverty Eradication Strategy, 2004 comprises four main sectors, one of which is education.</p>	

B. Poverty Analysis

Targeting Classification: Targeted intervention

<p>What type of poverty analysis is needed?</p>
<p>Poverty and social analysis will be conducted in accordance with the <i>Handbook on Poverty and Social Analysis</i>, and <i>Gender and Development in ADB Operations, Operations Manual</i> (Section C2/BP). Reference will also be made to <i>Health and Education Needs of Ethnic Minorities in the Greater Mekong Subregion</i>² and the Asian Development Bank's (ADB's) <i>Participatory Poverty Assessment, Lao PDR</i>,³ which provides a detailed poverty assessment by region, province, and district, using various methods for measuring poverty. The analysis will identify constraints on increasing enrollment from poor ethnic minorities in mountainous provinces and to provide an analytical basis for a policy and institutional framework. The proposed Project will minimize these constraints and maximize the education sector's contribution to poverty eradication.</p> <p>The analysis will be based primarily on secondary or published data and will address issues affecting ethnic minorities in the project areas. The poverty analysis will accompany a social assessment and an ethnic minority group development plan.</p>

C. Participatory Process

<p>Village-based school development will be explored as part of decentralized education management and community based civil work and procurement.</p>
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D. Gender Development

<p>Strategy to maximize impacts on women: Gender analysis will be carried out during the technical assistance to identify constraints that prevent female students from receiving basic education and teacher training. Special attention will be paid to girls from ethnic minority groups, because the school enrollment rate among girls from ethnic minority groups are generally very low.</p>
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¹ N. Kakwani, Bounthavy Sisouphanhthong, and Phonesaly Souksavath: *Poverty in Lao PDR*, May, 2001.

² ADB. 2001. *Health and Education Needs of Ethnic Minorities in the Greater Mekong Subregion*. Manila.

³ ADB. 2001. *Participatory Poverty Assessment*, Lao PDR. Manila.

Has an output been prepared?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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E. Social Safeguards and Other Social Risks

Item	Significant/ Not Significant/ None	Strategy to Address Issues	Plan Required
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The local government, communities, and stakeholders will be consulted to identify any loss of production or physical displacement. Compensation, if required, will follow ADB's guidelines on involuntary resettlement and the Government's decree on land acquisition and compensation.	<input type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	The Project will incorporate the measures undertaken by the ongoing Basic Education (Girls) Project (ADB). Related measures will be reviewed on the basis of affordability analysis as a part of economic and/or social analysis to help the poor improve access to basic education and teacher training.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Labor	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not significant <input type="checkbox"/> None	Working conditions for teachers will be improved through a new teacher development and administration framework and improvements to school buildings, facilities, and equipment.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not significant <input type="checkbox"/> None	Unqualified teachers or trainees from ethnic minority groups will be given priority in in-service and pre-service teacher training, respectively so that they will teach in their home villages or district and will be capable of handling the new curriculum (see footnote 2). The Project will not materially affect the livelihood of any particular ethnic minorities, communities, or groups.	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Other Risks and/or Vulnerabilities	<input type="checkbox"/> Significant <input type="checkbox"/> Not significant <input checked="" type="checkbox"/> None	The Government is committed to poverty reduction. Delivering special support programs in poor and ethnic minority areas requires human and financial resources. Capacity-building activities will be designed to meet the needs.	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank (ADB) Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	380.0	0.0	380.0
ii. Domestic Consultants	0.0	40.0	40.0
b. International and Local Travel	30.0	5.0	35.0
c. Reports	8.0	3.0	11.0
2. Equipment and Supplies ^b	11.0	1.0	12.0
3. Workshop, Consultations, and Surveys ^c	5.0	20.0	25.0
4. Miscellaneous Administration and Support Costs			
a. Office Supplies	0.0	4.0	4.0
b. Project Vehicles	0.0	7.0	7.0
c. Interpretation and Translation Services	0.0	4.0	4.0
d. Local Assistants	0.0	3.0	3.0
5. Representative for Contract Negotiations ^d	5.0	0.0	5.0
6. Communications	5.0	3.0	8.0
7. Contingencies ^e	56.0	10.0	66.0
Subtotal (A)	500.0	100.0	600.0
B. Government Financing			
1. Office Accommodation and Utilities	0.0	70.0	70.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	60.0	60.0
3. Others	0.0	20.0	20.0
Subtotal (B)	0.0	150.0	150.0
Total	500.0	250.0	750.0

^a Financed by the Japan Special Fund, funded by the Government of Japan.

^b Includes Windows XP/Office/Acrobat-based desktop computers with CD-R/RW drive, local area network (LAN) interface, wireless LAN cards, USB2.0 ports, a wireless router with printer-server, a black/white high-speed network laser printer, a facsimile machine, a binding machine, a black and white photocopier with sorter, uninterrupted power supply/voltage regulators, air conditioners, and other equipment and software for optical character recognition, system back up, and virus protection with ADB's approval. Antivirus software must be subscribed to during the technical assistance period.

^c Cost of workshops conducted in the Ministry of Education, provincial education services, district education bureaus, and villages for disseminating project information; and dispatching provincial and district staff to remote villages to assist Ministry of Education counterpart staff and technical assistance consultants in investigating conditions for resettlement and land acquisition for small school constructions and in guiding introduction of community-based civil works and procurement.

^d Includes cost of travel and per diem for a Government observer.

^e Cost of editing and finishing the project proposals as required by the ADB's *Handbook of Style and Usage* may be funded by contingencies, if necessary, with approval of ADB.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. International Consultants (17.5 person-months)

1. Education Management, Evaluation, and Monitoring Specialist/Team Leader (10 person-months)

1. **Overall Leadership.** The team leader will perform the following tasks associated with his or her overall leadership of the technical assistance (TA). The team leader will be responsible for (i) organizing and supervising the work of all team members, in consultation with the Department of Planning and Cooperation, the project management unit, and relevant departments in the Ministry of Education (MOE), and other government agencies; (ii) delivering outputs and rendering consulting services as required in the technical assistance (TA) report, including terms of reference for consultants; and (iii) preparing for and assisting in the ADB loan appraisal mission in month 12. A draft inception report will be submitted to the Asian Development Bank (ADB) and MOE within 2 weeks the start of the project. Within 1 week of the inception workshop, the reports will be finalized and submitted to ADB and MOE (week 5). A draft Education Sector Development Plan (ESDP) update will be submitted to ADB and the Government within 9 weeks for discussion at the first national workshop (week 10). By end of month 3, the reports will be finalized and submitted to ADB and MOE. A draft project design with assessment reports will be submitted to ADB and the Government within month 5 for discussion at the second national workshop. Within month 6, the reports will be finalized and submitted to ADB and MOE. A draft project proposal and detailed project implementation plan (PIP) will be submitted to ADB and the Government within month 8 for discussion at the final national workshop. Within month 10, after the Government review, the reports will be finalized and submitted to ADB (to the loan fact-finding mission) and MOE.

2. In particular, the team leader will perform the following tasks: (i) Prepare the inception report, in consultation with the Department of Planning and Cooperation. The report will include (a) a work plan and fielding schedule linked to outputs, workshops, and assignments and responsibilities of each consultant; (b) a TA procurement plan; (c) approach and methodologies for each task; (d) job descriptions of and specific skills to be transferred to each counterpart staff of the TA taskforce; and (e) work assignments of contracted staff and experts; (ii) Work closely with ADB's Second Education Quality Improvement Project (EQIP2) and Basic Education (Girls) Project (BEGP), the World Bank's Second Education Development Project (EDP2), the United Nation's World Food Programme's School Food Supply Project, and other activities of donors and nongovernment organizations (NGOs). (iii) Assign work to other consultants and review and compile the outputs of each, ensuring compliance with the requirements of the TA report and ADB guidelines¹ before submission to ADB.² (iv) Ensure all the outputs for submission to

¹ For procurement: ADB. 2002. *Guidelines on the Use of Consultants by Asian Development Bank and its Borrowers*. Manila; ADB. 1999. *Guidelines for Procurement under Asian Development Bank Loans*. Manila; and ADB. 2002. *Guidelines for Community Based Procurement*, 2003. Manila. For ADB standard format and templates: ADB. 2002. *Handbook of Style and Usage*. Manila. ADB template for report and recommendation of the President (RRP); and sample copies prepared by the ADB mission. For economic and financial analysis: ADB. 1997. *Guidelines for the Economic Analysis of the Projects*. Manila. and ADB. 2003. *Key Areas of Economic Analysis of Projects*. Manila. For poverty and social dimensions: ADB. 2003. *Handbook on Poverty and Social Analysis*. Manila; and ADB. 2003. Gender and Development in ADB Operations. *Operations Manual* (Section C2/BP). Manila. For financial governance and management: ADB. 2003. *Guidelines for the Financial Governance and Management of Investment Projects Financed by the Asian Development Bank*. Manila; ADB. 1999. *Guidelines for Assessment of Borrowers/Executing Agency's Internal Control, Accounting System, and Capacity for the Use of Imprest Account and SOE Procedures*. Manila; and ADB template for *the Financial Management Assessment Questionnaire and the Financial Due Diligence Methodology note*; For resettlement: ADB. 2001. *Handbook on*

ADB: draft or final, inception report, project design and assessment reports, project proposal, and PIP are in a uniform format,³ following carefully the requirements detailed in the *ADB Handbook of Style and Usage*, templates, and other instructions by the ADB mission.⁴

3. **Technical Responsibilities.** The team leader will, in collaboration with other consultants, perform the following tasks: (i) Update the ESDP for the basic education sector.⁵ (ii) Prepare a set of design alternatives ranked on the least-cost and sustainability grounds, together with assessment papers for economic, financial, institutional, social,⁶ and environmental dimensions, including an assessment of the Government's project implementation capacity, based on a detailed review of education sector budget and expenditure and the relevant institutional framework and financial governance and management in the executing agency. (iii) Prepare a project proposal in ADB's standard format, based on the first-ranked project design. Surveys, analysis, and/or assessments carried out under the TA should be primarily based on the available secondary data and references. The proposal should be accompanied by (a) a policy framework in matrix form detailing policies and strategies with time lines; (b) a project framework in compliance with ADB's format, in two versions, one to be three pages as an appendix to the RRP and the other to contain full details as part of PIP for monitoring implementation; (c) a mechanism for project benefit monitoring and evaluation with a set of measurable indicators with their baseline values on a unique baseline date for all (performance indicators and targets in the project framework will be a subset of the indicators); (d) a detailed procurement plan in accordance with ADB's guidelines; (e) a table of previous and ongoing external assistance programs and projects with lessons learned from each, indicating how those lessons are incorporated in the proposed design; and (f) an investment portfolio table (linking donors with subsectors) and map (linking donors with different parts of the country). (iv) Prepare the PIP in collaboration with other consultants and the TA taskforce. (v) Prepare a draft project administration memorandum based on the PIP in consultation with the ADB mission leader.

4. (vi) Lead in preparing component 1 of the indicative project framework (Appendix 1) for school construction using the community-based civil work and procurement (CBCP) method, with the help of NGOs at the site. The component design should include, but not be limited to, (a) actions as required by the resettlement plan; (b) a related agenda for policy dialogue and detailed plans for consulting services, procurement, civil work, and staff development; and (c) measurable achievement targets by figures and events. For components 1 and 2, contracting or creating collaborative arrangements with the United Nation's World Food Programme for school food supply or distribution of instructional materials in the project area should be explored. In order to enhance access to basic education, the consultant should address both supply and demand side factors (Appendix 2). (vii) Lead in preparing component 3 of the indicative project framework (Appendix 1) to implement decentralized education management in administering basic education based on the *Operational Policy Report, December 2003*⁷ in close coordination

Resettlement: A Guidebook on Good Practice. Manila; and ADB 2003. Involuntary Resettlement. *Operations Manual* (Section F2/BP). Manila. For environment: ADB. 2003. *Environmental Assessment Guideline 2003.* Manila; and ADB. 2003. Environmental Considerations in ADB Operations. *Operations Manual* (Section F1/BP). Manila; (as amended from time to time) For project documents: As stated in the main text of the TA report.

² Each report should indicate reference to the relevant part of guidelines in the footnotes as appropriate, with an appendix tabulating a cross reference between key paragraphs in the report and guidelines.

³ Outputs under the TA must be prepared in Microsoft Word and/or Excel only, unless otherwise instructed by the ADB mission. Font should be 11pt Arial, black and white without color, using Microsoft Word and Excel 2000 without external files or links.

⁴ Editing may be subcontracted to a professional editor with approval of ADB.

⁵ ADB. 1998. *Technical Assistance to the Lao People's Democratic Republic for Education Sector Development Plan.* Manila. See the main text for details.

⁶ Social dimensions include poverty, ethnic minorities, and gender issues. Initial poverty and social analysis in Appendix 2 will be elaborated.

⁷ Ministry of Education, Lao People's Democratic Republic. 2003. *Operational Policy Report on Strengthening Decentralized Education Management.* Bangkok: UNESCO/ADB.

with other donors and NGOs. The component design should include, but not be limited to, (a) detailed plans for consulting services, procurement, civil work, and staff development; (b) requirements for financial system review, analysis of business processes in provincial education services and district education bureaus; (c) a staff training plan; (d) measurable achievement targets by figures and events, and (e) issues for policy dialogue during the appraisal.

5. (viii) Prepare component 2 in the indicative project framework (Appendix 1) to establish a national teacher development and administration system, including lower secondary teacher training facilities, in close coordination with the ADB's Second Education Quality Improvement Project, and projects of other donors and NGOs. The component design should include, but not be limited to, (a) policy dialogue; (b) detailed plans for consulting services, procurement, civil work, preservice and/or in-service teacher training, and staff development; (c) requirements for demand assessment, a study on teachers' living conditions, and a policy study of teacher development and administration, based on outputs and information from ongoing projects and other sources; and (d) measurable achievement targets.

2. Basic Education for Curriculum and Textbook Development and Distribution Specialist (1 person-month)

6. The specialist will prepare component 2 in the indicative project framework (Appendix 1) to update the curriculum and establish a textbook supply system in close coordination with other donors and NGOs. The component design should include, but not be limited to, (i) issues for policy dialogue during appraisal and detailed plans for consulting services, procurement, civil work, and staff development; (ii) proposed arrangements with NGOs and private transporters; (iii) requirements for curriculum review and updates at lower secondary level, demand assessment, affordability analysis, a distribution plan, informal market study, and financial analysis, based on the output and information from ongoing projects and other sources; and (iv) measurable achievement targets by figures and events. The consultant should closely review the similar component under ADB's BEGP and EQIP2 and World Bank's EDP2 so that project component will not overlap with ongoing investment activities.

3. Economist (Public Expenditure Review in Education) (3 person-months)

7. The economist will prepare an economic analysis in accordance with relevant ADB guidelines (footnote 1). Least-cost analysis of the design alternatives should evaluate incremental recurrent cost before recommending the most cost-effective solution. An indicative analytical framework for assessing the effectiveness and impact of the basic education service delivery could be (i) the priority and adequacy of total funding for basic education services, (ii) the timely transfer of prioritized funds from the center to the service provider, (iii) the appropriateness of the incentive structure for service providers,; and (iv) the responsibility and ability of service receivers to take advantage of services provided. Among other things, the economist will help the team leader in (i) preparing reports for demand assessments, design alternatives, project sustainability, and impacts on the key dimensions (main text, para. 12), and assessment of government project implementation capacity; and (ii) drafting a project proposal.

8. The economist will also help the team leader update the ESDP, with a focus on basic education, primarily based on secondary data and references. The update will summarize (i) remaining issues in primary and lower secondary education in terms of school distribution, the teaching curriculum, textbook provisions, teacher development and administration, community participation, education management, and other relevant areas based on the review of achievements in the previous period (2001–2005), including the final report of ADB's

technical assistance for strengthening decentralized education management⁸ for preparing component 3 with the team leader, and (ii) capital investment requirements, together with recurrent cost implications, with reference to assistance policies, plans and commitments of individual donors. The specialist will carefully review the education sector expenditures and forecasts based on the relevant part of a recent public expenditure review⁹ for selecting design alternatives prepared for each component and justifying the investment under the Project. The anticipated source of national revenue should be examined in estimating the amount of future education budget. The specialist should also carefully examine on annual basis for the period of the last five years any unutilized balance in or savings from (i) project counterpart funds of on-going and recent projects in education sector; and (ii) education budget. In case any unutilized balance is identified in any year in any project, reasons and recommended remedies should be included in a relevant assessment paper to ensure the smooth counterpart fund disbursements.

4. Financial Management and Project Costing Specialist (1.5 person-months)

9. The specialist will justify the financial sustainability of the project by preparing cash flow forecasts for post-project operations, particularly school maintenance, support to students from disadvantaged areas, textbook supply, teachers' salaries, and teacher training for basic education, indicating sources of funds and expenditures by categories. Among other things, the consultant will also help to prepare (i) demand assessments, design and investment alternatives, project sustainability and impacts on the key dimensions (main text, para. 12), assessment of government project implementation capacity; (ii) detailed project cost estimates with quarterly contract award and disbursement projections following ADB's guidelines (footnote 1) and instructions of ADB's mission leader; (iii) project fund flow diagram, including key approval authorities; (iv) disbursement procedures related to CBCP; and (v) a project proposal.

5. Procurement Specialist (2.0 person-months)

10. The specialist will prepare (i) a time bound plan for procurement with detailed procurement packages that include a comprehensive list of equipment and materials to be procured under the Project, in accordance with ADB's procurement guidelines and the Government procurement system; (ii) procurement process charts for each procurement mode under the loan, which include all the communication, review and approval actions required by the Government and ADB, with (a) detailed reference to relevant regulations such as government decrees and circulars and paragraphs in ADB's guidelines and (b) realistic time estimates for each action as a part of PIP and PAM; and (iii) procedures and regulations for CBCP and selection and engagement of NGOs under the Project for approval by the Government before TA completion, with reference to ADB's guidelines (footnote 1).

B. Domestic Consultants (25 person-months)

1. Project Management and Costing Specialist/Deputy Team Leader (10 person-months)

11. The deputy team leader will help the team leader and international consultants to deliver outputs and related consulting services by (i) liaising with MOE's TA taskforce; (ii) organizing surveys, workshops, and seminars; (iii) collecting information and data; (iv) costing the Project, and (v) drafting a project proposal and PIP.

⁸ ADB. 2002. *Technical Assistance to the Lao People's Democratic Republic for Strengthening Decentralized Education Management* Manila.

⁹ World Bank. 2002. *Lao PDR Public Expenditure Review, Country Financial Accountability Assessment, Joint Report of World Bank, International Monetary Fund and Asian Development Bank, Volume I/II*. Washington, DC.

2. Procurement and Civil Works Specialist (6 person-months)

12. The specialist will, among other things, assist in the preparation of (i) project design and investment alternatives; (ii) methods, procedures, and standard documents for CBCP; (iii) procurement plans, packages, and the process chart; (iv) a project proposal; and (v) prequalification documents for civil works, as necessary.

3. Social Dimensions Specialist (6 person-months)

13. The specialist will elaborate on the initial poverty and social analysis (IPSA) in Appendix 2 following ADB guidelines, in close consultation with the team leader. Special attention will be paid to gender issues affecting female students from ethnic minority groups and their families. The analysis will address issues included in IPSA and those related to socioeconomic and cultural factors in determining the demand for basic education and teacher training. Based on the analysis, the specialist, in close consultation with the team leader and the economist, will prepare specific plans such as gender development plan and ethnic minority plan to promote project benefits, optimize distribution, and mitigate risks and adverse impacts on poor and vulnerable people. The plans should include promoting equitable access to basic education and teacher-training for students from underserved rural areas, particularly female students from ethnic minority groups.

14. For land acquisition and resettlement, the specialist will (i) conduct a national workshop to disseminate ADB's land acquisition and resettlement policies and practices required for receiving ADB loans;¹⁰ (ii) obtain confirmation of land acquisition and resettlement status from all authorities directly responsible for project sites using a common format and checklist; (iii) if any issue is identified, prepare a land acquisition and resettlement plan in accordance with ADB policy on land acquisition and involuntary resettlement;¹¹ obtain written agreement to the plan from authorities directly responsible for the concerned sites, as well as the borrower and the executing agency; and ensure the plans are disclosed to the affected persons.

4. School Building Design and Costing Specialist (3 person-months)

15. The specialist will help the procurement specialist to prepare CBCP, and the financial management and costing specialist to prepare the project cost estimate by developing school building design and construction standards with unit cost norms in collaboration with MOE and with close links to ongoing projects. Standards should be prepared for coeducational school and dormitory buildings, incorporating funding capacity and natural and socioeconomic conditions, including location and terrain (i.e., rural, urban, mountainous, remote, and flood-prone areas), life styles of ethnic minorities, etc in each region. The regions for which standards will be established will be determined in consultation with MOE.

¹⁰ ADB. 2001. *Handbook on Resettlement: A Guidebook on Good Practice*. Manila.

¹¹ See footnote 1 for reference materials.