



CASE STUDY
ON THE
SECONDARY EDUCATION DEVELOPMENT PROJECT
(Loan 1247-SRI[SF])
IN
SRI LANKA

By Bruce Mathews

REPORT PREPARED FOR
THE ASIAN DEVELOPMENT BANK
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CURRENCY EQUIVALENTS

Currency Unit – Sri Lanka Rupee/s (SLRe/SLRs)

	At Appraisal (March 1993)	At Project Completion (December 1999)	At Operations Evaluation (July 2002)
SLRe1.00 =	\$0.0207	\$0.0139	\$0.0105
\$1.00 =	SLRs48.21	SLRs71.65	SLRs95.00

ABBREVIATIONS

ADB	–	Asian Development Bank
A-level	–	examination taken at end of grade 13
BME	–	benefit monitoring and evaluation
CRC	–	computer resource center
DOE	–	Department of Examinations
GDP	–	gross domestic product
MEHE	–	Ministry of Education and Higher Education
NETS	–	National Evaluation Testing Service
NIE	–	National Institute of Education
O-level	–	examination taken at end of grade 11
PCR	–	project completion report
PMO	–	project management office
PSC	–	project steering committee
RDC	–	resource development consultant
SBA	–	school-based assessment
SEDP	–	Secondary Education Development Project
SEMP	–	Secondary Education Modernization Project
TA	–	technical assistance
TEI	–	Teacher Education Institute
TETDP	–	Teacher Education and Teacher Deployment Project
TTC	–	Teacher Training College

NOTES

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

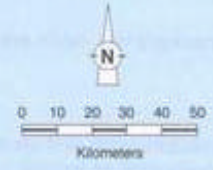
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SRI LANKA SECONDARY EDUCATION DEVELOPMENT PROJECT (as completed)



- ✱ Number of Secondary Schools per Province
 - ★ Number of Computer Resource Centers per Province
 - National Institute of Education (NIE)
 - ▲ National Evaluation Testing Service (NETS)
 - National Capital
 - - - District Boundary
 - Provincial Boundary
- Boundaries are not necessarily authoritative.



BASIC DATA

A. Loan Identification

1.	Country	Sri Lanka
2.	Loan No.	1247-SRI(SF)
3.	Project Title	Secondary Education Development
4.	Borrower	Democratic Socialist Republic of Sri Lanka
5.	Executing Agency	Ministry of Education and Higher Education
6.	Amount of Loan	SDR22.086 million (US\$31.00 million)
7.	PCR No.	PCR:SRI 634

B. Loan Data

1.	Appraisal	
	Date Started	08 March 1993
	Date Completed	27 March 1993
2.	Loan Negotiations	
	Date Started	12 July 1993
	Date Completed	14 July 1993
3.	Date of Board Approval	24 August 1993
4.	Date of Loan Agreement	23 September 1993
5.	Date of Loan Effectiveness	
	In Loan Agreement	21 December 1993
	Actual	18 November 1993
	Number of Extensions	0
6.	Closing Date	
	In Loan Agreement	30 June 1999
	Actual	31 December 1999
	Number of Extensions	1
7.	Terms of Loan	
	Service Charge	1 percent per annum
	Maturity (number of years)	40 years
	Grace Period (number of years)	10 years
8.	Disbursements	
	a. Dates	

Initial Disbursement
01 February 1994

Final Disbursement
28 March 2000

Time Interval
6.2 years

Effective Date
18 November 1993

Original Closing Date
30 June 1999

Time Interval
6.0 years

PROJECT DATA

1. Project Costs (\$ million)

Item	Appraisal Estimate	Actual
Foreign Exchange Cost	21.30	23.22
Local Cost	19.40	17.37
Total Cost	40.70	40.59

2. Financing Plan (\$ million)

Source	Appraisal Estimate			Foreign	Actual	
	Foreign	Local	Total		Local	Total
Implementation Costs						
i. Borrower-Financed	0	9.70	9.70	0	9.90	9.90
ii. ADB-Financed	20.60	9.70	30.30	22.57	7.47	30.04
Subtotal	20.60	19.40	40.00	22.57	17.37	39.94

DATA ON ADB MISSIONS

Name of Specialization Mission	Date		No. of Persons	No. of Person-Days of Members	
	From	To			
Appraisal	08 Mar 1993	27 Mar 1993			
Inception	07 Feb 1994	18 Feb 1994	3	12	a, at b
Review-1	04 Jul 1995	07 Jul 1995	1	4	c
Midterm Review	11 Nov 1996	20 Nov 1996	2	10	d e
Review-2	13 May 1997	21 May 1997	1	9	d
Review-3	14 Oct 1997	22 Oct 1997	1	9	f
Review-4	27 May 1998	02 Jun 1998	1	7	f
Special Loan Adm.	17 Aug 1998	25 Aug 1998	1	9	b
Review-5	26 Apr 1999	30 Apr 1999	1	5	f
Project Completion	01 Apr 2001	20 Apr 2001	4	20	g, h, i, j

a - Project Economist

b - Health Specialist

c - Senior Project Specialist

d - Education Specialist

e - Senior Assistant, Project Administration

f - Project Specialist

g -Senior Education Specialist

h - Assistant Project Analyst

i - International Staff Consultant

j -Local Staff Consultant

I. FOREWORD

This background paper is prepared as part of a larger study to assess the effective use of concessional funds to the Asian Development Bank's (ADB's) developing member countries. It was prepared by the Education/Human Development Specialist who visited Sri Lanka during the period 1-20 July 2002. The paper reviews the impact of ADB loan assistance to the Government of Sri Lanka under the Secondary Education Development Project, from appraisal in 1993 to completion in 1999. It traces project inputs, outcomes, and results to assess the impact of lending and nonlending assistance under the loan project. Lessons learned and recommended follow-up actions are also provided.

II. BACKGROUND

A. Country Context

1. Sri Lanka is a small island in the Indian Ocean situated on the southeast side of India close to its bottom tip. A narrow stretch of sea separates the two countries. The total area of Sri Lanka is just over 65.6 thousand square kilometers, and it is the motherland of approximately 20 million people. The country is divided into nine provinces and 25 administrative districts, which are further divided into Divisional Secretary divisions and Grama Niladhari divisions for administrative purposes. Colombo is the commercial capital of the country.

2. Sri Lanka is ahead of her South Asian neighbors in the sphere of human development, the commendable achievements attributed largely to her strong commitment to social welfare, since gaining independence in 1948. The free education system which expanded steadily to absorb the increasing student population, and the extensive government health network which provided preventive as well as curative care, with special emphasis on maternal and child health, were the major accomplishments made in the post independence era. Within the 5 decades, literacy rates increased from 60% to 90% and the crude death rate halved to 6.5 per 1,000 population from 12.6 per 1,000 population recorded in 1950. Infant and maternal mortality rates per 1,000 live births registered a spectacular decline from 82.3 and 5.5 in 1950 to 16.5 and 0.2 respectively by 1995; the average lifespan lengthened by 30 years from 42 years to 72 years. The steady increase in life expectation, dramatic rise in educational levels of the population in general, and women in particular; sharp drop in mortality levels and the control of killer diseases such as Malaria, the gradual drop in fertility levels reflect the accomplishment of human development goals in Sri Lanka. In most respects then, Sri Lanka's population is considerably better off than its neighbors and most developing countries with low per capita income.

Table 1: Development Indicators for South Asian Countries

Country	Life Expectancy at Birth (years)		Infant Mortality (per 1,000)	Adult Literacy (%)		Human Development Index
	Male	Female		Male	Female	
Sri Lanka	69.3	75.0	17	94.3	88.6	0.735
India	62.4	63.3	70	67.8	44.5	0.571
Bangladesh	58.9	59.0	58	51.7	29.3	0.470
Pakistan	59.8	59.5	84	58.9	30.0	0.498
Nepal	58.3	57.8	75	58.0	20.7	0.480

Source: United Nations Development Programme, *Human Development Report 2001*.

3. Despite its impressive progress since independence, however, approximately 25% of Sri Lanka's population can still be classified as poor. Poverty is predominantly a rural phenomenon with nearly 90% of the poor residing in rural areas. Farmers cultivating small plots of land with few off-farm sources of family income, account for a large share of the poor. Economic growth in the country has largely been captured by the Western province which only accounts for about one-tenth of the country's population. Sri Lanka can be viewed in a figurative sense as three regions, the western province, the rural hinterland, and the north and east, which are disconnected due to the lack of adequate economic and social infrastructure facilities. Connecting to growth requires the linking of the isolated areas to growing domestic and international markets through far-reaching structural reforms, combined with broad based infrastructure development. The Government has recently introduced the Poverty Reduction Strategy prepared in consultation with a wide range of stakeholders, including donors, nongovernment organizations, and the private sector. It is based on an assessment of the extent, causes, and consequences of poverty in Sri Lanka and defines the main pathways for a broad-based poverty reduction effort. The Strategy also provides a detailed set of policy and program interventions designed to connect the poor to economic growth.

4. Over the last decade, the macroeconomic performance in Sri Lanka has been strong in spite of the civil conflict in the north and east of the country and such factors as periodically unfavorable weather, the Asian financial crisis, and high oil prices. The economy grew at an annual average of over 5%. A primary concern is the high level of budget deficits that fluctuate but is currently close to 10% of the gross domestic product (GDP).

5. The 2002 budget places considerable emphasis on fiscal consolidation, as a prerequisite for rapid and sustainable growth. On the revenue side, a broad-based value-added tax has been introduced to replace and consolidate the previous goods and services tax, national security levy, and other turnover taxes. The budget signals the new Government's intention to rationalize the existing tax incentive system and reduce its scope. All tax incentives, including those now presently granted by the Board of Investment will be included under the revised Inland Revenue Act. With the aim of reducing avoidance and improving collections, the 2002 budget signals the restructuring and amalgamation of three departments: Inland Revenue, Excise, and Customs into a modern, efficient revenue authority. The Government is committing itself to a set of market-oriented trade, sectoral, and structural policies to support private sector-led economic growth and poverty reduction.

6. GDP growth is projected to decline further from the 4.5% level in 2001 led by slower growth in services and manufacturing output. Export growth is forecast to decline further, reflecting the global economic slowdown. Imports are also expected to decline due to lower imports of defense goods and intermediate goods. As a result, the current account deficit is expected to decline to 3.1% of GDP. The currency devaluation and increases in administered prices of commodities such as diesel, gas, and electricity will have a large impact on price levels and are likely to push up inflation to 9.5%. The central bank will have to maintain its present tight monetary policy stance to contain inflation, and the Government must tighten fiscal policy to meet the fiscal deficit target. Continued efforts will also be needed to mobilize domestic resources and reduce the fiscal deficit by deepening financial sector reforms, restructuring state-owned enterprises, and strengthening capital market institutions and policies.

Table 2: Selected Social Expenditures, 1990–1999
(as a percentage of GDP)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Education	3.0	2.5	2.9	2.8	3.1	2.8	2.7	2.5	2.6	2.6
Health	1.5	1.4	1.5	1.4	1.6	1.8	1.5	1.4	1.4	1.4

Source: Central Bank of Sri Lanka and the International Monetary Fund, 2000.

7. Government education expenditures as a percentage of GDP have ranged between 2.5–3% during the past decade. These funds come almost exclusively from the central government. Gradually during the past decade, expenditures on education have decreased and there are signs that the quality and efficiency of the education system are deteriorating. The Government has recognized this and, in 1997, established the Presidential Task force on Education to advise on needed reforms to modernize the education system. Recommendations by the task force addressed the need to improve access to quality basic and formal education for all people and to create skills that are essential for modern economic progress and poverty reduction. The Government has recently enacted legislation to make education compulsory through age 14 to enforce universal basic education and is aiming to extend compulsory education to age 16 and to improve education opportunities for disadvantaged students in rural areas. Reforms in general education focus on extending educational opportunities to reduce inequalities between students attending full curriculum and limited curriculum schools, improving quality through improved curriculum relevance, teaching, and educational management and resource provision.

B. Country Assistance Strategy

8. During the early 1990s, ADB's midterm operational strategy for Sri Lanka was aimed at contributing to the reduction of poverty and unemployment, the two major development concerns of the Government. The strategy had three major thrusts: (i) improvement of access of the poor and underprivileged to productive assets, (ii) protection and improvement of the environment, and (iii) acceleration of the rate of economic growth in the country. The Secondary Education Development Project (SEDP) fitted in well with these objectives in that it sought to improve access to quality secondary education outside of the major urban centers in Sri Lanka where more poor students resided and where employment opportunities were scarce. There had been high numbers of failures in the schools outside of the main urban centers and this regional imbalance in academic results had serious implications for economic growth, poverty reduction, social stability, and governance of the country. By improving access to quality secondary education outside the urban centers, poor students in particular would benefit the most either by qualifying to transfer schooling after grade 11 or by receiving better education in their home district. In addition, females would likely benefit as they constituted a majority of the secondary students and teachers.

C. Project Development

9. The SEDP was preceded by two earlier ADB projects: Second Technical Education and Emergency Schools Registration, both of which commenced in 1988. These two education projects had a combined investment cost of \$45 million, including \$31.1 million ADB assistance. The Technical Education Project was ADB's first education project in Sri Lanka and was designed to improve the quality and efficiency of technical, craft, and commercial training provided by the Ministry of Higher Education through its technical colleges. This was in line with the Government's plans to ensure the availability of trained skilled workers needed to support planned industrial and economic development. The Project improved the quality and efficiency

of technical education training offered by the Ministry. It had upgraded the technical colleges thereby providing more equitable training opportunities for the population. However, the Project was rated only partly successful because of underutilized and poorly maintained instructional facilities. A generally successful rating was given to the Emergency Schools Restoration Project. It aimed at assisting the Government in restoring the normal operations of 718 schools and related facilities in 17 selected districts of the country. The Project had significantly contributed to the Government's program of bringing normalcy to the districts and communities most affected by the civil disturbances.

10. In 1987, at the request of the Government, ADB had conducted a fact-finding mission to assess the need for technical assistance (TA) to prepare a sector study on education and training. Following the report of the Mission team, it was decided to provide a TA through a comprehensive study on education and training to assist in the development of policies and strategies for the school education and technical/vocational education sectors. Consequently, ADB funded a Study of the Education and Training Sector in Sri Lanka, by Educational Consultants India Ltd, during the period October 1988–July 1989. This study led to the decision to prepare a project preparation TA for loan assistance from ADB to upgrade the education system and provide equity of opportunity to education for students in rural areas. The Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) was contracted to prepare the TA and this was completed in April 1991. Discussions with the Government followed and a loan was negotiated for US\$31 million, with project commencement in November 1993.

11. The SEDP was expected to provide greater access to education for students in the rural and poor areas of the country. Through updated curricula and learning materials focusing on mathematics, science, computer, and the English language, the Government felt that more poor students outside the urban areas would benefit the most by either qualifying to transfer schooling or by receiving better education in their home district. At the same time, it was hoped that by strengthening learner-centered education more graduates would be trainable and thus make them more employable.

III. METHODOLOGY

A. How the Evaluation Was Done

12. The evaluation of the project involved a review of pertinent documents, interviews with involved officials, and visits to project schools and training centers. The documents included publications on Sri Lanka from numerous sources (e.g., Education Statistical Handbooks, ADB and World Bank website publications, ADB country operational strategy and program update 2002–2004, country assistance plan, 2001 country economic review 2001), project preparation reports, project preparatory TA, education review TA, project completion review, ADB back-to-office report, and benefit monitoring and evaluation (BME) report.

13. A number of the officials who had been involved in the design and implementation of the SEDP were interviewed. This included the Project Director, former Secretary, former Education Advisor on the project, and School-Based Assessment Specialist. Discussions were also held with the Commissioner General of Examinations and some of his officials, Assistant Secretary from the Ministry of Tertiary Education and Training, Chairman of the University Grants Commission, officials with the World Bank, Department of National Planning, and ADB Resident Mission office and representatives from the consulting firm which had provided local consultants and conducted the BME report.

14. Site visits were conducted to five schools which had been assisted under the project. Four of these schools had also been supplied with computers and computer resource centers (CRCs) established on their premises. The schools were all located in western province in three districts, Colombo and suburbs, Gampaha and Kalutara. These visits provided the opportunity to gain insight into the inputs received at the school sites and receive feedback from school principals and other on-site officials. In addition, visits were made to the National Education Testing Service building which had been constructed under the project and to the project management office (PMO) located in the Ministry of Education. The same PMO now serves as the office for the Secondary Education Modernization Project (SEMP).

B. Limitations

15. The major limitation of the study was the time that has passed since the project was formulated and the lack of information and recollection of events by involved officials at the local level. Many officials, particularly school principals and vice-principals, had difficulty remembering exactly what assistance had been received by their school under the project and sometimes confused the Ministry of Education and Higher Education (MEHE) assistance with that provided by ADB. The exception to this at the school level was the establishment of the CRCs which were easily identifiable and operating as separate entities. At the national level, however, there was good knowledge of the project. The Project Director of the SEDP is now the Project Director of the SEMP, so he was available to answer questions and provide input pretty well as required. In addition, one of the former principal advisors to the project and team leader of the BME review is presently the testing and evaluation expert to the SEMP, so he was also available for input. We also had a number of discussions with the Commissioner of the Department of Examinations (DOE), National Evaluation Testing Service (NETS). The time to conduct this study was a limiting factor in that it prevented a more thorough assessment of documents and statistics available, particularly in the NETS and the ADB project office. A more thorough assessment of O-level and A-level results during the course of the SEDP at the school district level and immediately following might have provided further validation to project outputs.

IV. THE PROJECT

A. Rationale

16. The SEDP sought to improve access to quality secondary education in Sri Lanka, leading to greater employment opportunity. This was in line with government policies at the time to address poverty and employment issues. There was a shortage of middle-level persons with skills demanded by the employment market in the country, especially in the areas of mathematics, science, computers, and English language. The lack of modern curriculum and learning materials for these subjects accounted for large numbers of failures in examinations and of school dropouts. There were considerable failures outside the main urban centers of Colombo, Galle, and Kandy, and this regional imbalance in academic results had serious implications for economic growth, poverty reduction, social stability, and governance of the country. By improving access to quality secondary education outside the main urban centers, poor students would benefit the most either by qualifying to transfer schooling after grade 11 or by receiving better education in their home district. In addition, females would likely be a major beneficiary of the SEDP as they constituted a majority of secondary students and teachers.

17. At the time, the labor market for secondary school graduates in Sri Lanka was undergoing a major shift away from public sector employment that laid heavy emphasis on the paper credentials of candidates. Growing privatization and an increasingly open economy were

expected to lay greater emphasis on the performance abilities and on-job trainability of potential employees than that previously found in the public sector. By updating the curriculum to strengthen learner-centered education with links to examination reforms, the SEDP would improve the generic abilities of the school graduates, make them more trainable, and increase their potential for better on-job performance. Under the SEDP, the direct and indirect benefits were expected to reach a large number of students, teachers, women, rural youth, and poor people.

B. Scope and Objectives

18. The primary objectives of the SEDP were to improve the quality of Sri Lanka's secondary education for years 6–11 and provide more equitable access to quality secondary education, particularly in rural areas. The Project was designed to assist the Borrower with (i) revisions in curriculum, (ii) improvement in teacher education and training, (iii) reforms in evaluation and examination systems, and (iv) improvements in school administration and academic learning through the provision of physical infrastructure and equipment to teach science and computer studies in selected schools. TA in the amount of \$400,000 equivalent was also approved by ADB to help strengthen capacity building among school development boards, DOE, and teacher training colleges (TTCs). The Project consisted of four components with each including the provision for consulting services, fellowships, study visits, and BME:

1. Curriculum Development

19. Revisions to the curriculum particularly of science, mathematics, computers, languages, and rural technology education to (i) include core knowledge of base skills and activities for life-long learning and work; (ii) enhance trainability for the employment market by promoting the ability to learn; and (iii) support the environment, gender considerations, poverty reduction, equality, and human development. Curriculum activities included revision of syllabi for school years 6–11 in first language (Sinhala or Tamil), second language (English), science, mathematics, and computer studies; development of curricular materials; production of prototype textbooks and audio-video cassettes; preparation of teachers' guides; development of classroom monitoring and evaluation techniques; and revision of curricular materials focusing on years 1–5 to ensure continuity and consistency. School principals and teachers were to be briefed about the use of materials at a series of briefing seminars and follow-up sessions with project consultants. The consultants hired under the SEDP for curriculum and materials development were expected to produce significant outputs and quality materials. Some 23 overseas fellowships and study tours were allocated to staff of the National Institute of Education (NIE) and all were utilized. More than 800 workshops were also held.

2. Teacher Education and Training

20. Improvements to teacher education and professional development were to be effected so that curricular changes could be implemented effectively in the classroom by (i) preparing self-study training materials for teacher trainers with special emphasis on the use of multimedia and distance teaching methodology; (ii) supporting pre-service education for student teachers, in-service training of untrained teachers, and short-term refresher courses in newly specialized subjects and teaching methodology; and (iii) upgrading facilities at TTCs and teacher education institutes (TEIs). Four international consultants were hired to work in collaboration with 10 national consultants to provide leadership and guidance to the personnel involved in the development of syllabi, prototype teacher materials, and prototype learner materials. Syllabuses, prototype teaching materials and learning materials, and a comprehensive

foundation document including vision and principles were to be produced. All science and mathematics teacher educators were expected to participate in the curriculum development activities and implementation. There were also 15 overseas fellowships for teacher educators scheduled along with another 15 study tours. The effective implementation of the new teaching-learning content and methodologies requires a considerable institutional updating of teacher education in keeping with the demands of the new curriculum.

3. Examination and Testing

21. Support to examination reforms and development of evaluation instruments for diagnostic selection and learner achievement were to be implemented by (i) developing structures and mechanisms to establish accreditation standards; (ii) preparing a revised scheme for O and A level examinations and for evaluating learning outside the formal examination system including school-based assessment; (iii) undertaking training programs for examiners in evaluation and testing; (iv) upgrading facilities at the NETS to include buildings, equipment, and computers; (v) supporting expansion of the research and development, test item banks, computer data processing facilities, and training in evaluation practices for evaluators; and (vi) reorganizing and improving physical facilities.

22. School-based assessment (SBA)-related Teachers' Guides for grades 6–9 were produced for several subjects in both the Sinhala and Tamil mediums. School principals and teachers were instructed on the use of the SBA by the consultants at briefing seminars and there were follow-up training sessions at the school level. The fellowship program under this component benefited five officers at DOE and three officers from the NIE. Several hundred workshops were held by the SEDP consultants hired under this component with NIE and DOE officers benefiting directly. Some 6,000 principals and 24,000 teachers benefited from the training. Action for the development of test-bank items was initiated by the SEDP consultants with the training of 120 test-item developers. About 3,000 test items for each of the six O-level subjects and two alternate subjects were developed and banked. Optical marks readers were recommended and acquired. A manual for examination supervisors was revised.

4. Development and Upgrading of Schools

23. Strengthening of school management and upgrading selected schools were to be achieved by (i) refurbishing and upgrading existing buildings including the provision of laboratories and CRCs; (ii) providing training of principals; (iii) networking selected schools to act as resource centers for in-service teacher education and training programs; (iv) providing selected schools with laboratory equipment, books, audio-visual materials, and computers; and (v) providing books, computers, audio-visual materials, and equipment to other schools. The total scope of civil works under this component covered the broadcasting center at the NIE, 12 teacher training institutes (9 TTCs and 3 TEIs), a large new examinations complex for the NETS, and a total of 178 schools and 30 computer centers. The physical facilities development included a supply of a wide array of equipment in respect of all four project components including equipment for courses in mechanical technology, electricity and electronics, construction technology, arts and crafts, home economics, and for library books.

24. One international consultant and three national consultants were responsible for the design and preparation of five handbooks on management for principals including a *Handbook on Teacher Evaluation* and *Handbook on School-Community Relations*. The target of training positions for this component was 60 senior principals and this was greatly surpassed with

244 senior principals being trained at the National Institute of Educational Planning and Administration in New Delhi. An additional 50 senior teachers also benefited from this program.

C. Coordination and Cooperation

25. Implementation of the Project was carried out generally as designed at appraisal. MEHE was the Executing Agent for the Project. The Government established a project steering committee (PSC), chaired by the secretary of MEHE. The PSC was responsible for ensuring that the Project was implemented according to the implementation and financing agreements, and for solving any other policy matters related to the Project. The project director served as the recording secretary, and PSC membership followed the appraisal recommendations covering a wide array of departments and institutions affected by the Project.

26. The Government established a PMO within the MEHE. The PMO was responsible for implementation and coordination of all four project components and their accompanying implementing agencies. The PMO was headed by a full-time project director, who was assisted by full-time support staff as identified at appraisal. After a delay of 6 months in setting up the PMO and appointment of a second project director after the first year of operation, the PMO gained experience and improved coordination of the PSC and various institutions through to project completion. For example, the School Works Division of MEHE prepared tender documents and evaluation of bids, awarded contracts, and supervised construction, but the PMO executed civil works for schools and TEIs through provincial authorities, consisting of provincial directors of education, provincial engineers, accountants, and technical officers. While the PMO provided the necessary funds and guidelines, provincial authorities were involved in the preparation of civil works estimates, calling of tenders, and evaluation and awarding of tenders. Procurement of school furniture was also the responsibility of provincial authorities, while the Book Publishing Unit in MEHE printed supplementary curriculum materials.

27. Initially, both the PSC and PMO arrangements proved to be too complicated until these agencies gained experience in ADB project administration. Eventually, they met regularly and leadership was effective. While the main implementation strategy was executed with the assistance of the PSC and PMO, each activity was closely monitored by additional institutional arrangements. A technical committee conducted monthly meetings of accountants and engineers involved in civil works at the provincial level. These meetings were led by the deputy director general (school works) or the chief accountant of MEHE. A development committee, chaired by the secretary of MEHE, brought together all key personnel involved in the implementation of the work program of MEHE. Provincial secretaries of education, provincial directors of education, accountants, engineers, as well as additional secretary, deputy director general, chief accountant, etc., participated at these meetings.

D. Expected Outputs

28. At the time of appraisal, all four integrated components were considered essential to improve the quality of secondary education. It was thought that the curriculum and materials component under NIE would develop new learning materials and methodologies. The teacher education and training component under the MEHE would ensure that teachers properly introduced these materials in classrooms. The examinations and testing component under the NETS was to ensure that the newly taught curriculum materials would be adequately tested, and the school upgrading component under the PMO would ensure that adequate facilities and staff training were available to administratively manage these changes. While the curriculum and materials component was not altered, the other three components to varying degrees were

revised to accommodate changes in the external policy environment of the secondary school education subsector that developed after the Project became effective.

E. Expected Impact

29. The primary impact from the SEDP was expected to be the improvement in the quality of secondary education for grades 6–11 and more equitable access to quality secondary education, particularly in rural areas. Curriculum teaching and learning materials; teacher education and training; evaluation of the examination system; and school improvements in physical infrastructure, equipment, and computers were all expected to be strengthened as a result of the Project. By improving access to quality secondary education outside the main urban centers, it was expected that poor students would benefit the most either by qualifying to transfer schooling after grade 11 or by receiving better education in their home district and improve their opportunity of gaining employment. In addition, females would likely be a major beneficiary of the Project as they constituted a majority of secondary students and teachers. By updating the curriculum to strengthen learner-centered education with links to examination reforms, the Project would improve the generic abilities of the school graduates, make them more trainable, and increase their potential for better on-the-job performance. Under the Project, the direct and indirect benefits were expected to reach a large number of students, teachers, women, rural youth, and poor people.

V. EVALUATION

30. Overall, the SEDP substantially achieved its objectives as formulated during preparation and on this basis has to be rated as highly successful. The ADB back-to-office report of loan review mission completed in May 1999 and the project completion report (PCR) completed in July 2001 both support this. In addition, the BME report completed by resource development consultants (RDCs) in July 1999 provided a highly satisfactory rating with virtually all project components meeting expectations or exceeding them. The quality of secondary education for grades 6–11 has been improved and more equitable access to quality secondary education is now available, particularly in rural areas. Curriculum teaching and learning materials; teacher education and training; evaluation of the examination system; and school improvements in physical infrastructure, equipment, and computers have all been strengthened as a result of the Project. The Project also provided the opportunity for promoting coordination among various government agencies and aid agencies, which collectively pooled their resources to assist the Government in achieving the goals of its Public Investment Program (1993–1997). A review of the relevance, efficacy, efficiency, sustainability, and institutional and development impact of the Project indicates that the project was highly successful. As determined by the methodology established in ADB's *Guidelines for the Preparation of Project Performance Audit Reports* (September 2000), the overall rating of Program Loan 1247-SRI(SF) is highly successful. The determination of the rating is summarized in the following table:

Table 3: Quantitative Assessment of Overall Project Performance

Criterion	Assessment	Rating (0–3)	Weight (%)	Weighted Rating
1. Relevance	Highly Successful	3	20	0.60
2. Efficacy	Successful	2	25	0.50
3. Efficiency	Highly Successful	3	25	0.75
4. Sustainability	Successful	2	15	0.30
5. Institutional Development	Highly Successful	3	15	0.45
Overall Rating	Highly Successful	2.6	100	2.60

Source: Asian Development Bank's project completion report, 2001.

A. Relevance

31. The SEDP was designed to improve access to quality secondary education in Sri Lanka leading to greater employment opportunities. Its primary objectives were to improve the quality of Sri Lanka's secondary education for years 6–11 and to provide more equitable access to quality secondary education, particularly in the rural areas. The Government clearly saw the need to improve student abilities in the core competencies of mathematics, science, computers and English. Not only would this provide students, particularly in the rural, poor areas of the country with a more realistic opportunity to pass O-level and A-level exams and progress to higher education, it would improve their opportunity to gain and hold employment. The Government was well aware of the regional imbalances in the country and the impact on economic growth, poverty reduction, social stability, and governance of the country. The SEDP was designed to address these issues through improved academic performance particularly in the rural, poor areas of the country.

32. The Project has helped to develop the attributes and capabilities valued by employers that were not well developed among graduates of the earlier education system. Between 1994 and 1998, the pass rates for mathematics rose from 22% to 31% and science pass rates rose from 28% to 37%. Student enrollment in the 178 project schools increased from about 216,000 in 1993 to 240,000 in 1998. This increase of 11.5% is significant when noting that the total student enrollment in the country decreased by 3.7% (owing to falling birth rates) during the same period. The student teacher enrollment in TTCs and TEIs under this component also increased from 2,484 to 3,153 between 1993 and 1998, an increase of 27%. An O level pass rate at the time of appraisal was 23%, with an achievement of 37% by 1999 at the time of project completion, and in part reflects the positive impact of project inputs on system outcomes. By improving access to quality secondary education outside the main urban centers, poor students and female students in particular have benefited. MEHE figures from 1999, indicated that the 1997 enrollments for grades 9–11 totaled 500,000 males and 535,000 females; and for grades 12–13, 98,000 males and 130,000 females. The preponderance of female students indicates they have benefited from the Project.

33. From available figures provided to us by DOE, a general assessment of performance by O level students qualifying for A-level examinations in Project districts was completed. Statistics on the number of students qualifying for A-level exams were examined in seven project districts, Gampaha, Kalutra, Matara, Ampara, Kurunegala, Anuradhapura, and Moneragala during the period 1996–2001, a period during which the SEDP might be expected to have had an impact. The percentage of students qualifying for A-levels increased in all Project districts during this

period as did the country wide average (from 26.9% to 44.3%). However, in four project districts, Gampaha, Kalutara, Ampara, and Kurenegala the percentage of students exceeded the national average by significant percentages. In two districts, Anuradhapura in the north and Moneragala in the east which are very poor, the percentage of students qualifying was less than the national average and has not caught up. In Matara, the percentage of students qualifying was less than the national average in 1996, but by 2001 exceeded the national average by more than 2%. While this review of statistics is general in nature it does seem to support a positive impact of the SEDP on student performance in these districts.

34. There was no way to assess the impact on employment of graduates which was one of the stated objectives of the SEDP. While it can be assumed that an upgrading of the educational system in the project districts would lead to students with more employable skills (in mathematics, science, computers, and English), there is no direct way outside of tracer follow-up interviews to confirm this. Nonetheless, it is fair to assume that the employability of students affected by the SEDP would be positively impacted. Overall, we believe the assessment of the SEDP as highly successful is justified.

B. Efficacy

35. The SEDP was well implemented and achieved or exceeded virtually all of its objectives. At the time of project preparation, all four integrated components were considered essential to improve the quality of secondary education. It was thought that the curriculum and materials component under NIE would develop new learning materials and methodologies. The teacher education and training component under MEHE would ensure that teachers properly introduced these materials in classrooms. The examinations and testing component under the NETS was to ensure that the newly taught curriculum materials would be adequately tested, and the school upgrading component under the PMO would ensure that adequate facilities and staff training were available to administratively manage these changes. While the curriculum and materials component was not altered, the other three components to varying degrees were revised to accommodate changes in the external policy environment of the secondary school education subsector that developed after the Project became effective.

Table 4: Planned and Actual Key Outputs by Project Component

Activity	Project Start	Project Completion (Actual)
Component 1 (Curriculum)		
1. Textbooks	Grade 6–7 Sighla, Mathematics Grade 6 Environment Grade 7 Science Grade 12–13 English	All achieved
2. Consultancies (person-years)	32.75	48.0
3. Staff Development	25 fellowships 20 study visits 800 workshops	25 21 800
4. Audio Visual Center (NIE)	Not planned	Built
Component 2 (Teacher Education)		
1. Teaching Materials	TTC and TEI course materials	Completed
2. Consultancies (person-years)	16.5	9.0
3. Staff Development	15 fellowships 15 study visits	15 30
4. Upgrading TTCs and TEIs	15	12
5. Enrollments at TTCs	2,484	3,153

Activity	Project Start	Project Completion (Actual)
Component 3 (Examinations and Testing)		
1. School-based Assessment	Grades 6–9	Implemented
2. Consultancies (person-years)	3.25	7.0
3. Staff Development	8 fellowships	10
	10 study visits	11
	1,800 workshop attendees	2,500
4. NETS Building Complex	Yes	Size doubled
Component 4 (Development, Upgrading of Schools)		
1. NETS Furniture and Equipment	Yes	Achieved
2. NETS National Exam Computer Center	Mainframe IBM 9300	5 AS40s (same capacity)
3. Staff Development	60 regional fellowships	296
	No principals	6,000
	20,000 teachers	24,000
4. Consultancies (person-years)	5.5	7.0
5. Secondary Schools Upgrade	141	178
6. Establishment of CRCs	0	30

Source: Asian Development Bank's project completion report, 2001.

36. As can be seen from the table, expectations and outputs from three of the four components were either met or exceeded. The teacher education and training component was originally designed to support teacher trainers, provide pre-service and in-service training for new and untrained teachers, and upgrade facilities for the TTCs and TEIs. However, after the Project was approved, the World Bank initiated an extensive \$79.3 million equivalent Teacher Education and Teacher Deployment Project (TETDP) aimed at restructuring the entire teaching cadre. As a consequence, MEHE asked ADB to downsize the component to include only pre-service teacher education in the existing TTCs. Curriculum materials already under development at the NIE were then distributed under the World Bank project. This change yielded savings to the Project in terms of civil works and the printing and distribution of curriculum materials. The examinations and testing component also was slightly modified for similar reasons: several minor aspects relating to accreditation, equivalence, and testing awareness training programs for teachers were deleted from the Project and attached to the TETDP. In addition, civil works for the teacher education and training component were modified in line with the reduction in project scope following the introduction of the TETDP. Accordingly, project activities were limited to rehabilitation work at nine TTCs instead of 12 and at three TEIs. Further savings from civil works resulted because the TTCs at Palai and Kopai could not be rehabilitated due to civil unrest in the Jaffna peninsula, and the TTC at Polonnaruwa was rehabilitated exclusively with government funds. Some of these savings were subsequently used to build a larger examinations and testing complex in Colombo, and the number of project-assisted secondary schools was increased by 25% from 142 to 178. A fully equipped recording center to prepare audio-video materials was not planned at project commencement, but was provided to NIE under the Project.

37. The main impact of the changes in scope and cost was increased base costs within loan categories, primarily from the reallocation of contingency funds. The enlargement of the civil works program at the NETS from about \$3 million to \$6 million also required an extension of the loan closing date by 6 months. Still, overall, the Project's development objectives were accomplished in a highly satisfactory manner. Curricula were revised and learning materials developed to fill gaps and were subsequently distributed under TETDP; pre-service teacher education was strengthened; the evaluation/examination system was reformed; and project facilities in 178 secondary schools (about 7% of all secondary schools) were refurbished and

upgraded through an extensive civil works program and by the provision of equipment, books, audio-visual materials, and computers. The development impact was realized in terms of improvement in the quality of teacher education, market-relevant curricula, and the overall improved evaluation system in all secondary schools. Moreover, since the Project focused on rural schools, access to education for the poor and disadvantaged children improved, resulting in a reduction in rural-urban inequalities and an increase in overall enrollment in grades 9–11. These development impacts are continuing now that the project facilities are operational, and the revised curriculum and testing/evaluation system is being further implemented nationally under the SEMP.

C. Efficiency

38. The total cost of the Project was estimated at \$40.7 million, including allowances for physical and price contingencies and for service charges on the ADB loan during project implementation. Of the total cost, \$21.3 million (52%) comprised the foreign exchange cost, and \$19.4 million equivalent (48%) the local currency cost. ADB provided a loan of \$31 million (76% of the project cost) from its Special Fund resources to finance 100% of the foreign exchange cost and 50% of the local currency cost (\$9.7 million). ADB financing of local currency costs included primarily civil works, furniture, and preparation of curriculum. The Government of Sri Lanka financed the remaining local currency cost of \$9.7 million equivalent in much the same way as agreed at appraisal, mostly for civil works and furniture. On 23 April 1993, ADB approved the Government's request for advance action and retroactive financing for a maximum amount of \$300,000 for the purpose of setting up the PMO, procuring PMO equipment, and recruiting PMO staff and civil works consultants. The PMO, however, could not be established until January 1994, so advance action and retroactive financing could not be realized.

39. Base cost overruns in several project components occurred during the course of project implementation. In 1998, ADB approved a request to reallocate funds among categories (especially civil works), primarily from the unallocated category for additional foreign exchange financing and a reallocation within categories for additional local cost financing. The categories receiving reallocated funds included civil works, equipment, overseas fellowships and study visits, and PMO recurrent costs. Loan savings occurred in the consulting services (both foreign and local), workshops, and incremental recurrent costs. Increased costs in the civil works component were a result of an increase in the number of schools, an increase in the size of the NETS building complex, the inclusion of a recording center at the NIE, and additional expenses associated with civil works administration. Furthermore, the civil works component experienced cost escalations in relation to materials and labor. Increased costs associated with the overseas fellowships and study visits were due to the significant increase in the number of personnel sent overseas for training. During the project period, the Sri Lanka rupee depreciated by about 49% against the US dollar, from SLRs48.21 (January 1994) to SLRs71.65 (December 1999). The final cost of the Project was \$40.59 million compared with the estimate at appraisal of \$40.7 million. The depreciation of local currency helped to offset the rising costs of materials and labor.

40. Implementation of the Project was carried out generally as designed at appraisal. MEHE was the Executing Agent for the Project. The Government established a PSC, chaired by the secretary of MEHE. The PSC was responsible for ensuring that the Project was implemented according to the implementation and financing agreements, and for solving any other policy matters related to the Project. The project director served as the recording secretary, and PSC membership followed the appraisal recommendations covering a wide array of departments and institutions affected by the Project.

41. The Government established a PMO within MEHE. The PMO was responsible for implementation and coordination of all four project components and their accompanying implementing agencies. The PMO was headed by a full-time project director, who was assisted by full-time support staff as identified at appraisal. While the PMO provided the necessary funds and guidelines, provincial authorities were involved in the preparation of civil works estimates, calling of tenders, and evaluation and awarding of tenders. Procurement of school furniture was also the responsibility of provincial authorities, while the Book Publishing Unit in MEHE printed supplementary curriculum materials.

42. The BME Study completed by the RDC following the completion of the Project rated the work of the PMO as highly satisfactory and this was supported by the timelines adhered to during the course of project implementation. The loan was approved on 24 August 1993, signed on 23 September 1993, and declared effective on 18 November 1993. The Project was to be implemented over a period of 5 years from the date of loan effectiveness, with physical completion scheduled for 31 December 1998 and loan closing by 30 June 1999. Project implementation commenced in January 1994 and the loan was completed by 31 December 1999, following a 6-months extension granted by ADB to complete civil works for the NETS. Delays were experienced with regard to the NETS building because more time was required than planned to complete its design, procurement, and the evaluation bids through international competitive bidding procedures. Although the selection of consultants and the preparation of tender documents commenced in 1995, actual construction did not commence until January 1997. Construction was scheduled for completion by December 1998 but in fact was completed in December 1999. Initial delays in the other civil works component for project schools were due to a lack of coordination between provincial authorities and the education authorities and to a lack of adequate engineering staff and technical staff at the provincial level.

43. Other delays caused by the slow implementation start-up were experienced in the consulting services, fellowships and study tours, and the curriculum and materials workshop categories. Delays in consulting services were due to difficulties in recruiting full-time domestic consultants, with consequent delays for the fellowships and study tours and the curriculum and materials workshops. In spite of these delays and changes in project scope, implementation was not seriously affected and components were completed by the revised closing date. Given that this was the first ADB project undertaken by MEHE, this result is commendable. The rating of the efficiency of the Project as highly successful is justified.

D. Sustainability

44. The SEDP has been followed by the SEMP which will ensure the sustainability of many of the components. Many of the lessons from the SEDP will help to improve the implementation of the new SEMP. A number of the schools in the rural areas appear to need repairs and these schools will not necessarily receive assistance under the SEMP. This is an ongoing concern and will need to be addressed by the education ministry. There is also the question of teachers trained under the SEDP and who will have moved on to new schools, however, this is a normal evolution in any education system. It is to be expected that the new curriculums, textbooks, and other teaching materials will continue to be used in the school system. The introduction of the SBA system is one of the important outputs from the SEDP and will help to sustain many of the changes introduced into the education system.

45. Ensuring the sustainability of new institutions such as the NETS will require a series of investment requirements over the longer term. Although major improvements were achieved at the NETS under the SEDP, no institution can sustain efforts indefinitely without additional

support. Staff are always moving and new innovations in testing procedures need to be deployed, and follow-up training of teachers in SBA is required. Consequently, there will be a requirement for follow-up assistance and funding. The Government and ADB have recognized this and by introducing the follow-up Loan 1756-SRI(SF), the new SEMP will be well positioned to build on the successes of the NETS under the first Project. Additional support will also act as an incentive for executing agencies to perform well, knowing that further support is available.

46. The 30 CRCs established under the SEDP have been a success and are definitely sustainable as they are in most cases self-supporting and are able to train high numbers of students in basic computer skills. The highlight of the five visits to the Project skills was the success of the CRCs and their potential do to much more. Restrictions imposed by the education ministry in allowing the CRCs to access the revenues they have generated were actually impeding their ability to add computers and expand training offered. School restrictions on operating hours and the inability to accept clients other than students also limits their ability to provide services to the local population. The whole concept of continuing education and the cost effective use of school facilities appears to be foreign to the Sri Lankan education system. The SEDP was fortunate to have a strong PMO that coordinated the multiple aims and institutions (including donors) to keep the Project focused. The Government and ADB have recognized this by agreeing to the follow-up SEMP which will benefit from the existing PMO and add to implementation continuity. Our belief is that the SEDP is sustainable and deserves the rating of successful given to it by ADB in its PCR.

E. Institutional Development

47. The effect and changes from the SEDP are having a continuing impact on the education system in Sri Lanka. As classroom learning now counts toward the national examinations, teachers and students value schoolwork as an important part of the school learning experience. The NIE benefited from staff development in preparing materials that were provided to TTCs to improve teaching. The Project has had a great impact on overall secondary school efficiency. This was accomplished most obviously at the NETS with the introduction of a streamlined computer system to accommodate about 600,000 O-level test candidates and another 200,000 A-level test candidates each year. The turnaround time between exam taking by A-level candidates and the announcement of results was reduced from 10 to 6 months and now is approximately 3 months along with improvements in test reliability and in the interaction of SBA to complement the national examination score. The NIE received support for staff development and the facilities for audio-video materials development. The 30 CRCs are fully self-supporting (course fees of SLRs500 are charged) and have provided exposure to computer education to about 90,000 pupils since 1997. Support under the follow-up SEMP also ensures monitoring of local support for schools through cost recovery and support from school development societies. As with project sustainability, the implementation of activities under the new Project will ensure that many of the activities started under the SEDP are institutionalized. Overall, institutional development should be rated as highly successful

VI. ASSESSMENT OF ADB AND THE GOVERNMENT

48. The Government showed a strong commitment to the Project and gave it a high priority in various annual development plans. During project implementation, the Government ensured that sufficient counterpart funds were made available. MEHE's commitment and experience in the execution of externally-aided projects was put to good use and its performance was considered excellent. Project activities involving various government departments and agencies, external aid organizations, contractors, and suppliers were well coordinated by MEHE through

the PMO and its work with NIE, NETS, school works division, and the State Engineering Corporation. MEHE cooperated fully with ADB's review missions. Satisfactory documentation of disbursement, procurement, consulting, and staff development was maintained and made readily available to ADB. This cooperation resulted in project components that have significantly contributed to achievement of the Government's goals for improving education and thus, the economy.

49. MEHE was well supported by PMO staff, who became familiar with ADB's procedures and guidelines through regular review missions and by attendance at seminars on project implementation and administration conducted at ADB's headquarters in Manila. The PMO's overall performance was instrumental in ensuring that the Project was completed within budget. The PMO worked closely with the provincial education authorities to minimize negative consequences of the social conflict and unfamiliarity with ADB procedures. While two TTCs were omitted from the Project because of civil disturbances and commencement of the civil works was initially delayed due to a lack of coordination between the provincial education authorities, overall implementation was not seriously affected by these factors.

50. The performance of ADB was considered satisfactory. Its agreement to extend the loan closing date by 6 months and to reallocate loan funds among categories was appreciated by the Government. ADB monitoring of the Project was conducted through review missions and through progress reports submitted by the PMO each quarter. Nine ADB missions totaling 65 person-days were fielded during 1994–1999, and this number was considered adequate to supervise the Project. To facilitate project implementation, especially ADB's requirement for project implementation and administration, the project director and project accountant attended ADB seminars in Manila. For most of the period of implementation of the SEDP, there was no ADB resident mission in Colombo, however, project managers provided considerable support and coordinated activities with other aid agencies based in Sri Lanka. The Government's request for World Bank assistance in teacher education after the ADB Project was approved was not viewed as lack of donor coordination. The reduction in scope of the ADB teacher component was a logical extension of this new Government initiative to strengthen teacher education for all grade levels. Overall cooperation between the Government and ADB during the course of the SEDP has to be considered as very positive and this cooperation is continuing with the implementation of the new SEMP.

VII. ISSUES, LESSONS, AND FOLLOW-UP ACTIONS

A. Issues

51. Although the SEDP design was well thought out, there was no baseline data established at the time of appraisal. Similarly, there was no logical framework prepared at the time of project preparation as ADB in 1993 did not require it. Indicators of project outcomes and impact should be identified during the design phase of the project and strategies and methodologies to track performance developed. Advances made recently by ADB in this regard would greatly enhance the ability of project managers, both in the implementing agency as well as ADB, to determine during project implementation whether satisfactory progress toward achieving project objectives is being made or if modifications are required to improve performance.

52. One of the expected outcomes of the SEDP was greater access to secondary education for needy students in the rural areas and a resulting increase in opportunities for employment. No assessment or evaluation of the impact of the project on employment for students, however, has been initiated. It can be assumed that improvements to the curriculum in core subjects such

as mathematics, science, computer science, and English will result in more employable students, however, this was not statistically verified. In education projects of this nature, follow-up tracer/evaluation studies, even on a limited sample basis would still provide an indication of project impact on student employability and program relevance.

53. The BME report for the SEDP completed by RDC addressed outputs from the four project components and provided a very positive assessment of achievements in line with stated goals and expected outcomes. At the same time, however, there was a wealth of information and statistics produced by MEHE, particularly DOE of the NETS which was not analyzed or commented on. A thorough analysis of the statistics available on O-level and A-level students for project districts could provide an indication of the impact of the project on student achievement. If the project was primarily intended to improve academic achievement for poor students in the rural districts of the country then the success of the design would be reflected in this improved performance at the O and A-levels.

B. Lessons

54. In future, ADB might be better served if it focuses its project design on a few interrelated objectives and institutions. As this was the first ADB-assisted Project in the Sri Lanka general education system and no other donors were involved until that time, the appraisal mission tended to overdesign the Project. It focused too much on curriculum and materials, teacher training, and examination reforms as well as attempting to alter schools resource distribution. Consequently, investments got scattered too thinly over many institutions.

55. A strong and effective project implementation unit is essential to successful project outcomes. The Project was fortunate to have a strong PMO that coordinated the multiple aims and institutions (including donors) to keep the Project focused. The Government should note that a strong PMO is essential for success when multiple agencies are involved in project activities, even when the PSC is functioning. The follow-up SEMP will also benefit from the existing PMO and will add to implementation continuity.

56. Ensuring the sustainability of new institutions such as the NETS requires a series of investment requirements over the medium term. Although major improvements were achieved at the NETS under the SEDP, no institution can sustain efforts indefinitely without additional support: staff are always moving and new innovations in testing procedures need to be deployed, and follow-up training of teachers in SBA is required. Consequently, there is a need for follow-up projects to deepen support when first projects are successfully implemented. Additional support also acts as an incentive for executing agencies to perform well, knowing that further support is available. The follow-up SEMP will build on the successes such as the NETS made under the SEDP.

57. Improving the overall quality of education is a complex process that requires a correct mix of investments in civil works, equipment, curriculum development, and learning materials combined with a strong component for capacity building. Capacity building allows various institutions such as the NETS, MEHE, and schools to better organize and manage these learning inputs. The Project showed that provision of guidebooks and training of principals, teachers, and community leaders is a prerequisite to raising awareness and gaining local support both in the school and community for quality improvements. Physical inputs alone are not sufficient to improve education. MEHE, the NETS, and the secondary schools need to build awareness through training to change the attitudes and thinking of students, teachers, and parents. Due to lack of time, the Project reduced its inputs to capacity building and thereby

minimized awareness for change. The follow-up SEMP will devote more resources to training administrators and community leaders to better understand and support quality improvements in schools.

C. Recommendations

1. More Information and Data Should be Collected on Project Impact

58. To assess project impact, there should be a more careful assessment of the effects on beneficiaries (primarily students) to monitor the impact on poverty reduction and equal educational opportunities in rural areas. This sort of activity could be designed into the project and carried out with the assistance of consultants. While the NETS maintains annual data on pass rates by district, gender, and subject, more careful data collection from project schools is required to denote patterns and trends as a basis for project success. This is an important topic and special efforts by MEHE are required to develop monitoring systems to track project benefits to beneficiaries. In the future, individual project schools should record changes in annual enrollments and pass rates by gender and family economic status. Also, each school district will need to monitor annually the promotion from grade 11 to the all-important grade 12 to detect inequities. This will be addressed under the SEMP, where provision is made for consultants to assist in setting up a monitoring system.

59. In addition to statistics collected by the NETS, it is recommended that follow-up tracer studies are incorporated into the BME process. Such studies could be conducted during and after the project is completed on a sample basis. Interviews would be conducted with students, both graduates and those leaving the school system. The purpose of the tracer surveys would be to determine if students seeking employment, find it; the relevance of the training that has been provided and to determine what measures might be taken to improve the programs offered. Also, from these interviews, statistics on the number of students entering higher education could be determined and this could provide an indication of the project's impact on higher academic achievement.

2. Lending and Assistance Should Focus on Broader Sector Reform

60. More effective use of funding might result if ADB were to use all its lending instruments to promote broad based sector reform, including project and sector loans, program loans, and sector development programs. Investment projects should be tightly focused on a few achievable objectives and institutions. Major reforms are best promoted through the use of program loans or loans that are properly sequenced. Projects should also be of sufficient size to cover a reasonable portion of the sector or subsector investment requirements. The SEDP tried to reform many institutions and \$31 million was barely enough to accommodate the TTCs, TEIs, NETS and the rehabilitation of 178 schools. The 178 schools still represent only a small portion of the 2,400 schools in Sri Lanka most of which require upgrading. Major investments will have to be found to support education on a large scale in Sri Lanka. The Government simply does not have the development funds to meet the challenges of secondary education in Sri Lanka.

3. More Effective Use of the CRCs Could be Made

61. This component of the SEDP aimed to impart computer skills to out-of-school youth waiting for exam results. This program was self-financing and encouraged computer learning among students and instructors. It has proven to be highly successful and the new SEMP will provide new computers and facilities to more than 1,000 schools. The CRCs could offer greater

services and provide more varied computer training if they were permitted to do so by the Government. They could expand the training provided to other students in the schools so that all students receive basic training in computers. Given that they are self-financing and only used during normal school hours, the CRCs could provide additional training to individuals and youth during late afternoon and evening. From additional fees generated, the CRCs could further upgrade their computer equipment and offer higher quality facilities to clients. There could also be an opportunity to provide academic training using computer terminals, time and appropriate software permitting. Under the follow-up SEMP, computer centers have been incorporated into the day-to-day school operations to reinforce daily classroom lessons, with only secondary importance attached to learning computer skills. Future ADB assistance to promote the use of computers in education should focus both on enhancing academic learning and developing computing skills.