



Validation Report

Reference Number: PVR-372
Project Number: 35192
Loan Number: 2096
December 2014

Sri Lanka: Secondary Education Modernization Project II

Independent Evaluation Department
Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
CLC	–	computer learning center
DMF	–	design and monitoring framework
EIRR	–	economic internal rate of return
ICT	–	information and communication technology
MIS	–	management and information system
MOE	–	Ministry of Education
PCR	–	project completion report
PMO	–	project management office
RRP	–	report and recommendation of the President
SBA	–	school-based assessment
SBM	–	school-based management
SDP	–	school development plan
SEMP	–	Secondary Education Modernization Project
SMC	–	School Management Committee

NOTE

In this report, “\$” refers to US dollars.

Key Words

adb, asian development bank, equity, independent evaluation department, labor market, secondary education, school-based management, school development, sri lanka, sustainability, teaching–learning resources, validation report

The guidelines formally adopted by the Independent Evaluation Department (IED) on avoiding conflict of interest in its independent evaluations were observed in the preparation of this report. To the knowledge of IED management, there were no conflicts of interest of the persons preparing, reviewing, or approving this report.

In preparing any evaluation report, or by making any designation of or reference to a particular territory or geographic area in this document, IED does not intend to make any judgments as to the legal or other status of any territory or area.

PROJECT BASIC DATA

Project Number:	35192	PCR Circulation Date:	Jul 2012	
Loan Number:	2096	PCR Validation Date:	Dec 2014	
Project Name:	Secondary Education Modernization Project II			
Country:	Sri Lanka		Approved (\$ million)	Actual (\$ million)
Sector:	Education	Total Project Costs:	46.98	47.17
ADB Financing: (\$ million)	ADF: 35.00	Loan: (SDR equivalent, million)	35.00	35.65
			23.87	23.04
		Borrower:	10.28	11.51
	OCR: 0.00	Beneficiaries:	1.75	0.00
		Others:	0.00	0.00
Cofinancier:		Total Cofinancing:	0.00	0.00
Approval Date:	25 Oct 2004	Effectiveness Date:	7 Mar 2005	19 May 2005
Signing Date:	7 Dec 2004	Closing Date:	30 Jun 2010	14 Dec 2011
Project Officers:	A. Inagaki B.P. Panth S. Shakil	Location: ADB headquarters ADB headquarters ADB headquarters	From: Oct 2004 Jul 2009 Nov 2011	To: Jun 2009 Nov 2011 Dec 2011
Validator:	B. Prakash, Consultant	Peer Reviewer:	R. Sabirova, Evaluation Specialist, IED1	
Quality Reviewer:	E. Gozali, Principal Evaluation Specialist, IED1	Director:	W. Kolkma, IED1	

ADB = Asian Development Bank; ADF = Asian Development Fund; IED1 = Independent Evaluation Department, Division 1; OCR = ordinary capital resources; PCR = project completion report; SDR = special drawing rights.

I. PROJECT DESCRIPTION

A. Rationale

1. Sri Lanka has shown significant achievements in basic education since the 1950s. The report and recommendation of the President¹ (RRP, para. 4) for the project noted that despite these achievements, the low level of investments in education has resulted in rural–urban disparity in education quality. This has reduced the efficiency of the secondary education, both at the ordinary (O level) and the advanced levels (A level). Pass rates at both levels in the national examinations were very low. Only 40% of O level students qualify for the A level. Students in the rural and disadvantaged areas have much lower pass rates than those in the urban areas.

2. Schools were not preparing their students well for employment and this bring into question the education's external efficiency and its productivity of investment in the secondary education. Sri Lankan secondary schooling needed to better meet the demands of the labor

¹ ADB. 2004. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Secondary Education Modernization Project II*. Manila.

market, especially in areas with high demand for skills, such as information and communication technology (ICT), mathematics, science and technology, and the English language. The Government of Sri Lanka is committed to improving the quality and efficiency of secondary education and modernizing the system to meet labor market requirements.

B. Expected Impact

3. The project's expected impact was to build a secondary education system in Sri Lanka that is both equitable and responsive to the labor market requirements of the country. The project was expected to address regional and ethnic disparities within the country, pursue social equity, and help create a cohesive society while paying special attention to the minorities, women, and other vulnerable groups. The RRP noted that "support for the role of education in reconciliation and building of social cohesion is reflected in each project component" (para. 41).

C. Objectives or Expected Outcome

4. The specific objectives of the project were to increase the equity of access to quality secondary education, and improve the efficiency of the secondary education system in Sri Lanka. There are two types of schools at the secondary and senior secondary level in the country. These are known as Type 1AB and Type 1C schools. Type 1AB schools offer a full curriculum (science, arts, and commerce) and are usually well equipped in terms of facilities and staff, and are located in urban areas. They constitute about 25% of the secondary schools in the country. In contrast, Type 1C schools offer limited curriculum—arts or commerce, or both. These schools are smaller, located in rural areas, and often lack basic facilities and capable teachers. The project was expected to specifically target 1,100 1AB and 1C schools that were not served by either the Secondary Education Modernization Project (SEMP)² or the World Bank's General Education Project 2, and to provide system-wide support to all 2,300 (Type 1AB and Type 1C) secondary schools in the country.

D. Outputs

5. The project comprised three components: (i) improving the quality and equity of access to secondary education, (ii) strengthening the capacity of provincial and zonal educational offices, and (iii) supporting implementation of government policies and reforms in education.

6. The first component—quality and equity—was to ensure that all target schools that did not meet an accepted quality standard, defined by the project as a baseline, would be supported by upgrading their physical facilities, providing teaching–learning resources, strengthening teachers' skills and principals' managerial capacities, and receiving small school development grants. As per the RRP, schools with more than 100 secondary (grades 10–13) students and with access to electricity were eligible to receive computer facilities, accessories, software, and ICT training, provided that the schools' development plans (SDPs) demonstrated a capacity to manage these facilities.

7. The second component was to focus on strengthening the capacity of provincial and zonal education offices. This is directed at enabling the staff to exercise greater supervision and monitoring of school activities. Principals, teachers, and school development societies were to

² ADB. 2000. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Democratic Socialist Republic of Sri Lanka for the Secondary Education Modernization Project*. Manila.

be trained in key areas, such as school-based assessment (SBA) in 1,100 target schools, school-based management (SBM), production of teaching–learning resources, student counseling, and innovative teaching methodologies.

8. The third component was to support government policies that are intended to make the education system more efficient and effective. Activities included improving the operations of national institutions such as the National Evaluation Testing Services (NETS), strengthening coordination between the Ministry of Education (MOE) and the provincial authorities, mainstreaming SBM in the system, and developing schools' capacities to become more self-reliant and autonomous. Research activities, pilot studies, and public awareness programs in key reform areas, such as decentralization of education, SBM, SBA, public–private partnership in education, and curriculum development were part of this component. The results of the pilot initiative were to provide information to the government on how school management committees could be made effective administrative bodies in the educational system.

E. Provision of Inputs

9. The total cost of the project was \$47.0 million with 31% in foreign exchange and 69% in local currency. Of the total base cost of \$39.7 million, the project was to provide civil works (\$9.6 million or 24.2%), equipment (\$8.9 million or 22.4%), special school grants (\$3.7 million or 9.3%), stipends (\$2.4 million or 6.0%), and staff development (\$2.2 million or 5.5%). In addition, the project sought to provide furniture, vehicles, learning materials, undertake pilot programs, and conduct surveys. The project management office (PMO) was supported and incremental costs as a result of the project were estimated at \$2.3 million or 5.8% of the project base cost. The project also financed 200 international fellowships for teachers and zonal facilitators. In addition, 270 person-months of consulting services (108 international and 162 domestic consultants) were envisaged under the project at the cost of \$2.6 million.

F. Implementation Arrangements

10. Preparation of comprehensive SDPs was central to the project design. These were to be submitted to the central PMO through the zonal education office (having facilitators and professional development support), and the provincial PMO. The provincial ministries of education were to formally approve the SDPs before support could be provided to the school under the project. The project established provincial PMOs in all provinces and a central PMO at the national level. A project steering committee, chaired by the Secretary of the MOE, was to provide overall guidance to the project. No technical assistance was provided under the project.

11. During implementation, two notable developments affected the project. One, the engagement of consultants was delayed till November 2008 or about 3 years after loan effectiveness, and two, some changes in the project components were carried out following the midterm review in October 2008. Slippages in the deployment of consultants did no major damage except for a few areas in which external expertise was required for implementing the project. The midterm review, however, dropped some pilot programs, including the Education Management Information System, which was not yet implemented at the time, and some additional requests of the government were taken on board. Consequently, project allocations were adjusted by \$5.45 million, with expenditure on stipends and scholarship increased by 95.3%, recurrent cost increased by 70.1%, and staff development and training increased by 63.6%. In contrast, school special grants declined by more than one-third.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

12. The project completion report (PCR) rated the project *highly relevant*.³ It argued that the project was prepared to improve the equity, efficiency, and labor market responsiveness of secondary education. The government's vision was to develop Sri Lanka as a knowledge hub, and the project was fully aligned to this objective. The project objective continued to remain relevant as it was also consistent with the government's Education Sector Development Framework and Program, 2012–2016. The PCR argued that by upgrading priority schools across ethnic and rural regions, the project sought to minimize disparities across regions and ethnic groups (PCR, para. 49). Through the reallocation of financial resources, the project also supported Sri Lanka's Ethnic Minority Development Framework.

13. The PCR, however, provided limited information about how the project intended to make secondary school system responsive to the labor market requirements. Given the complexity of education–labor market relationship, it would have been useful for the project to spell out this issue. Whether from the RRP or PCR, one learns little about which skills were in demand, and if such skills could, in fact, be provided by the secondary education system. It seemed that the project just focused on introducing basic ICT in school curricula, both as an instrument of pedagogy (PCR, Appendix 8) and for accessing the labor market. Illuminating the broader education–labor market relationship, especially at secondary school level, would have also benefited other developing countries facing similar issues.

14. One does not learn much from the PCR about the alternative vocational courses that were expected to initiate students into “specific occupations in the agriculture, industry, and service” sectors of the economy. The project provided facilities for 200 schools to pilot technology options at A-level but there are no details. The project sought to make secondary schools autonomous. However, it is not clear if sufficient progress in school autonomy was, in fact, achieved and whether it was really a solution to the unemployment problem in the country.

15. The design and monitoring framework (DMF) in the RRP (Appendix 1) cited unemployment rate as an indicator for assessing the achievement of project impact but it does not explain how this broad, countrywide indicator is appropriate for capturing the transition from secondary school level to labor market.

16. Despite the fact that the RRP singled out the lack of adequate government investment in education as the key factor explaining the deterioration in the quality of education, there is nothing in the project design that seeks to improve the allocation of public resources for routine and recurrent expenditures for education. There is some discussion about income generated in schools through project-funded computer learning centers (CLCs) by providing computer-learning services to the community after school hours. This was an appropriate initiative, however, this is unlikely to improve routine funding gap. The resource allocation issues were highlighted in the RRP in a fairly detailed manner (para. 71).

17. Deliberations focused on enhancing resources for education could have led to a better public–private partnership. The RRP had mentioned that significant progress would be made in this regard under the project (paras. 31 and 33). It was also included among the specific

³ ADB. 2012. *Completion Report: Secondary Education Modernization Project II in Sri Lanka*. Manila.

assurances to be provided by the government (RRP, para. 74, item ix). However, the PCR did not discuss this subject.

18. This validation has apprehensions that the enhanced emphasis on the zonal and provincial offices under the project design (RRP, para. 38) may have rendered the fiscal situation worse by siphoning off more government resources away from teaching–learning to administrative functions. In this sense, this validation finds the school–labor market linkage underprepared as well as loosely monitored and reported, and that the main problem of inadequate public resources for education was not sufficiently addressed under the project. In light of these deficiencies in project design, this validation rates the project *relevant*.

B. Effectiveness in Achieving Project Outcome and Outputs

19. The PCR rated the project *effective*. It argued that the project achieved the stated outcome of “developing an education system that is equitable and responsive to the labor market requirements” (para. 50). This included the suggestion that students’ access to ICT has improved at O and A levels. The ICT initiative began in the earlier SEMP I project and was carried through under the SEMP II by establishing 372 CLCs. The PCR noted that the project promoted equity of access to higher-quality education by improving 1,100 secondary schools across the country. The number of students studying science has increased, so has the number of students passing O and A levels. The PCR argued that examination results have improved on account of teacher training, school-based management, and improved facilities and equipment in schools. It also mentioned that the government is committed to continue these reforms and has since mainstreamed the program for school improvement, known as Program for School Improvement. The PCR, thus, documented a number of outputs and outcomes that have made significant progress.

20. The PCR did not provide enough analysis to support its *effective* rating. For this, one has to examine the DMF of the PCR, which presents a varying picture with some clear outcome achievements, and some still in the offing. For example, the students’ pass rate has improved for both O and A levels, though not as much as was targeted under the project. In some cases, the increase up to loan closing was marginal, although future improvements cannot be ruled out. Envisaged project outputs, such as improvements in facilities, and provision of computer and equipment had generally been achieved and improved school profiles, especially in rural schools. This should normally lead to improvements in learning outcomes, but perhaps it is too soon for this to be visible. Similarly, outputs from the training of education managers, study tours, and training of trainers have focused on improving school management and the teaching–learning processes, and should bear fruits (outcomes) in due course. On the downside, SBA has not been integrated in the national examination results. There was also not sufficient progress in providing autonomy to schools.

21. This validation is of the view that while envisaged project outputs had been largely achieved, the full picture in expected outcomes is yet to emerge fully. The project’s outcome and impact achievements would have been considerably more convincing had the PCR provided more details on (i) the labor market and education interface, (ii) efforts to enlarge government financing of education, and (iii) more autonomy in schools. As the education development initiative is continuing, including financing through another follow-up project,⁴ it is expected that tangible progress in outcomes and impacts would be observed in due course.

⁴ ADB. 2013. *Report and Recommendation of the President to the Board of Directors. Proposed Results-Based Loans to the Democratic Socialist Republic of Sri Lanka for the Education Sector Development Program*. Manila.

Notwithstanding, based on the findings of improved enrollment numbers, pass rates, and outputs completed, this validation concurs with the PCR and assesses the project *effective*. It is a borderline case.

C. Efficiency of Resource Use in Achieving Outcome and Outputs

22. The PCR assessed the project *efficient*. From the perspective of process efficiency, most project activities, including procurement, were implemented without substantial delay, except in consultant recruitment. The PCR pointed out that the PMO for the project was a carryover from the previous project, but the edge from such a continuation could not be built upon due to the mentioned slippage in fielding project consultants. The PCR rightly noted that the usage and uptake of consultants' inputs could have been better.

23. The RRP estimated a set of economic internal rates of return (EIRR). It indicated that the project would yield an EIRR of 13% if there were no or had low-level improvements in pass rates of O and A level students. It also noted that the EIRR would be at 19% if improvements in the pass rate were at moderate levels and at 22% if improvements were in the higher range (RRP, Appendix 12). It was assumed that economic benefits of the investment in secondary education can be measured by the potential increase in wages due to higher education attained as a result of the project. This validation, however, is concerned that wage difference from the Household Income and Expenditure Survey may not reflect accurately the economic wage differences. The public sector, for example, has its inertia and system in compensation. Observed earning differentials are a joint function of age and qualifications. They cannot be solely attributed to difference in education.

24. The PCR did not discuss the economic rate of return under the efficiency section. It is mentioned under the section on Impact (para. 58), and given the modest improvements in the passing rate, a 19% EIRR was estimated, with a caution that the rate is highly sensitive to assumed wage rate and passing rates. As an additional evidence of cost-effectiveness, the PCR pointed out that CLCs built under the project cost less than those under the previous SEMP I (para. 51). Given the reasons above, this validation concurs with the PCR and assesses the project *efficient*.

D. Preliminary Assessment of Sustainability

25. The PCR assessed the project to be *likely sustainable*. The PCR argued that the government is committed to the development of the education sector. A medium-term education sector development framework has been prepared, which also included a steadily increasing budgetary allocation (PCR, para. 52). That, however, may not be adequate. The PCR also expressed its concern when it cited that "The availability of financing, through the MOE budget, to regularly renew and update software and hardware in CLCs, is questionable leading to sustainability concerns over the long-term" (para. 53). The Ministry of Education is aware of the need for additional funding, hence, alternative funding mechanisms at the provincial and school levels are being explored (PCR, para. 53).

26. The project's sustainability would have been more likely if these arrangements had been explored, designed, and firmed up as part of the project, particularly when it was known beforehand that the schooling system was suffering from a chronic funding problem. The likely sustainability of the project in the medium term is also expected to be less in view of the limited trained personnel available in the sector. The PCR noted that "quality assurance of the program is a concern after project completion" (para. 54). These inadequacies of the situation

on the ground also cast uncertainty on the project's claim of achieving equity across regional and ethnic groups. This validation assesses the project *less than likely sustainable*.

E. Impact

27. The PCR assessed the project's impact *significant*. It cited improvements in pass rates at O and A levels in project schools between 2005 and 2009 as an evidence of the project's positive impact. In 2005, project schools performed way below the national average performance for both O and A levels. While the project enabled some improvement (from 37% to 39% for the O level and 55% to 59% for the A level) between 2005 and 2009, these levels continued to trail much behind the national averages, which in 2009 was 49% for the O level and 61% for the A level. The DMF in the PCR stated that in disadvantaged schools, O level pass rates remained unchanged at 42% in 2005 and 2009. No data was provided for the percentage of O level students qualified to take A level science. The latter was supposed to increase from 30% to 50%. The lack of information on such a crucial indicator is problematic. Beyond the passing rates, the PCR suggested that secondary schooling in Sri Lanka has substantially improved in terms of the relevance of curricula and teaching. As noted in the ADB follow-up Education Sector Development Program approved in 2013 (Loans 3008-SRI and 3009-SRI), the progress in the quality of secondary schooling, even if entirely attributable to the project investments, has been marginal, and rural–urban inequities continue to persist (footnote 4).

28. The PCR suggested positive social impact through the project's emphasis on minorities and poverty reduction. It suggested that gender equity was envisioned in all components and activities, including achieving near gender parity in interventions such as the stipend program and training for teachers and staff. More than 50% stipend recipients were girl students and their participation in science stream registered an increase. Provision of separate sanitation facilities for girls and women was also ensured under the project. These have been detailed in Appendix 7. The PCR rightly observed that more sustained efforts are required to further improve the social conditions of target groups. This validation assesses the impact of the project *moderate*.

29. The PCR noted that while loan covenants were relevant, they were excessive in number. The midterm review pointed out that the covenant on the evaluation of the impact of pilot programs (school management council, teaching incentive, and the National Diploma in Information Communication Technology) was irrelevant. Likewise, one covenant on SBA was found only partially complied with. There were no other safeguards or fiduciary issues identified in the PCR.

III. OTHER PERFORMANCE ASSESSMENTS

A. Performance of the Borrower and Executing Agency

30. The PCR assessed the performance of the borrower and executing agency *satisfactory*. It noted that adequate support was provided during implementation, including the regular holding of meetings by the project steering committee and submission of progress reports. The project received active policy support from the executing agency. A major slippage in performance noted by the PCR was on the engagement of consultants, which was much delayed (3 years after project effectiveness). The executing agency also helped in getting a number of assessments and evaluation studies conducted during the course of project implementation. The PCR did not list or mention the topics of these studies, or whether ADB

has secured them. The executing agency should have paid more attention to the pedagogic aspects of the project. This validation also assesses the performance of the borrower and executing agency *satisfactory*.

A. Performance of the Asian Development Bank

31. The PCR assessed the performance of ADB *satisfactory*. ADB supported the project well, and the PCR made special mention of the review missions taking active interest in the project implementation, except in the first 2 years after inception when the missions were irregular. ADB also did well to extend the project by 6 months, enabling the project to assist in the conflict-affected areas by allocating the available savings of \$1 million to the Northern Province Special Program. The PCR pointed out that the midterm review could have been undertaken earlier in the project cycle. This validation agrees with the PCR, and also assesses the performance of ADB *satisfactory*.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

32. The project largely responded to the needs of secondary schooling in Sri Lanka. Its emphasis on strengthening the teaching–learning of science, mathematics, and ICT, was essentially appropriate in developing more effective linkages with the labor market and in enhancing opportunities for students belonging to the poor, the rural, the minorities, and conflict-affected areas. Project design rightly paid attention to ICT but it should have also attended to the issues of adequate public financing of education, and secondary education’s linkages with labor market in a more focused manner. That would have helped it to achieve its objectives in a more balanced manner. Notwithstanding, the project achieved significant positive developments, such as, improvements in school facilities and equipment, enhanced enrollments, introduction of ICT, and improved passing rates. This validation agrees with the PCR ratings except for the categories on relevance and sustainability. The rating for relevance was changed from *highly relevant* to *relevant*. Similarly, the rating for sustainability was changed from *likely sustainable* to *less than likely sustainable*. This validation maintains the overall rating of *successful* for the project.

Overall Ratings

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance	Highly relevant	Relevant	The project design did not address adequately education’s linkage with the labor market. It also did not address the issue of adequate public investment as the main cause of the declining quality of education in Sri Lanka (paras.12–18).
Effectiveness in achieving project outcome and outputs	Effective	Effective	
Efficiency in achieving outcome and outputs	Efficient	Efficient	
Preliminary assessment of sustainability	Likely sustainable	Less than likely sustainable	There is low possibility for an improved resource allocation from the government to maintain the improvements in secondary schooling (paras. 25–26).

Overall assessment	Successful	Successful	
Borrower and executing agency	Satisfactory	Satisfactory	
Performance of ADB	Satisfactory	Satisfactory	
Impact	Significant	Moderate	Impact in terms of the project objectives was limited and marginal (paras. 27–29).
Quality of PCR		Satisfactory	The PCR was well prepared (para.37).

ADB = Asian Development Bank, IED = Independent Evaluation Department, PCR = project completion report.

Note: From May 2012, IED views the PCR rating terminology of "partly" or "less" as equivalent to "less than" and uses this terminology for its own rating categories to improve clarity.

Source: ADB Independent Evaluation Department.

B. Lessons

33. The PCR identified a number of useful lessons. The main concern cited by the PCR was the long-term sustainability of the initiatives under the project in view of the limited financial resources for secondary schooling. This condition was part of the sector diagnosis and could have been addressed as policy dialogue under the project.

34. The other important lesson relates to the full and proper utilization of resources provided under the project. This is a combination of lack of initiative on the part of the teachers, and deficient maintenance of the project assets precluding their functionality. The MOE needs to put more emphasis on the teaching–learning process and improved pedagogy.

C. Recommendations for Follow-Up

35. The PCR made an important recommendation to have more narrowly focused educational projects in the country. This validation supports this recommendation and has already noted in the main text that the project as designed was a bit diffused and underprepared. The results chain logic, especially the distinction among outputs, outcomes and impact, could have been spelled out in a more organized manner.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Evaluation Design, Implementation, and Utilization

36. The PCR made no specific comment on the monitoring and evaluation of secondary school level performance in Sri Lanka. The Ministry of Education has a school-based management information system (MIS) for a number of decades. However, the project decided to address educational MIS-based issues in the follow-up project—Education for Knowledge Society Project. There is a need to make more use of the MIS in policy decision making as that helps in keeping a functional and up-to-date database system.

B. Comments on Project Completion Report Quality

37. The PCR quality is rated *satisfactory* but it was too generous in its relevance and sustainability ratings. It was well prepared, logical, consistent, and covered the topics indicated in the ADB Project Administration Instructions (PAI) 6.07A. The main noticeable deviation has been in the analysis of the EIRR, which was under impact rather than under the usual category of efficiency. The lessons and recommendations identified were appropriate and well stated.

C. Data Sources for Validation

38. Besides the PCR, the following documents were reviewed and used in preparing this validation: RRP, midterm review report, reports of loan review missions, and others.

D. Recommendation for Independent Evaluation Department Follow-Up

39. No specific recommendation is made for the Independent Evaluation Department's follow-up on the project.