

Validation Report
April 2022

Lao People's Democratic Republic: Secondary Education Sector Development Program

Reference Number: PVR-834
Project Number: 40368-022
Loan Number: 2777
Grant Number: 0257



Raising development impact through evaluation

ABBREVIATIONS

ADB	– Asian Development Bank
BESDP	– Basic Education Sector Development Program
DMF	– design and monitoring framework
EGP	– ethnic groups plan
EMIS	– education management information system
ESDP	– Education Sector Development Program
ESDF	– Education Sector Development Framework
FY	– fiscal year
GAP	– gender action plan
Lao PDR	– Lao People's Democratic Republic
LSE	– lower secondary education
M&E	– monitoring and evaluation
MOES	– Ministry of Education and Sports
PBL	– policy-based loan
PCR	– program completion report
PMU	– project management unit
SES	– secondary education subsector
SESDP	– Secondary Education Sector Development Program
SY	– school year
USE	– upper secondary education

NOTE

In this report, "\$" refers to United States dollars.

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PROGRAM BASIC DATA

Program number	40368-022	PCR Circulation Date	27 Aug 2021	
Loan and grant numbers	2777 and 0257	PCR Validation Date	Apr 2022	
Program name	Secondary Education Sector Development Program			
Sector and subsector	Education	Education sector development Secondary – Social protection initiatives		
Strategic agenda	Inclusive economic growth			
Safeguard categories	Environment		C	
	Involuntary resettlement		C	
	Indigenous peoples		B	
Country	Lao People's Democratic Republic		Approved (\$ million)	Actual (\$ million)
ADB financing (\$ million)		Total program costs	42.36	43.10
	OCR: 10.00 ADF: 30.00	Loan 2777	10.00	9.24
		Grant 0257	30.00	29.99
		Borrower	2.36	3.87
		Beneficiaries	0.00	0.00
		Others	0.00	0.00
Cofinanciers		Total cofinancing	0.00	0.00
Approval Date	20 Sep 2011	Effectiveness date	13 Feb 2012	09 Jan 2012
Signing Date	15 Nov 2011	Closing date	31 Dec 2016 30 Jun 2019	31 Dec 2018
		Loan 2777		31 Dec 2019
		Grant 0257		31 Dec 2019
		Financial closing date		18 Dec 2018
		Loan 2777		09 Jul 2020
		Grant 0257		
Program Officer	C. Spohr	Location	From	To
	K. Chanthy	Myanmar Resident Mission	01 Jun 2010	18 Dec 2018
	A. Lawrence	Lao PDR Resident Mission	05 Mar 2018	31 Aug 2020
		ADB Headquarters	09 Sep 2020	01 Sep 2021
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ADB = Asian Development Bank, ADF = Asian Development Fund, IED = Independent Evaluation Department, IETC = Thematic and Country Division, OCR = ordinary capital resources, PCR = program completion report.

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I. PROGRAM DESCRIPTION

A. Rationale

1. The Government of the Lao People's Democratic Republic (Lao PDR) places a high priority on education to achieve robust economic growth and poverty reduction. Sustained efforts by the government had successfully expanded access to education, particularly at the primary level. The government had also embarked on a difficult reform to extend the duration of secondary education from 5 to 7 years. Lower secondary education (LSE) had been extended from 3 to 4 years in school year (SY) 2009–2010 with support from ADB's Basic Education Sector

Development Program (BESDP),¹ while upper secondary education (USE) was extended from 2 to 3 years in SY2010–2011.² Increased investment was needed for additional facilities and teachers to cope with the jump in enrollments, new LSE and USE curricula and textbooks, and improved teacher training aligned with the new system. Secondary education also faced specific ongoing issues including low participation and completion rates, high dropout rates, and poor teaching and learning arising from a shortage of secondary schools and qualified teachers especially in remote areas. Weaknesses in subsector management including significant under-resourcing also needed to be addressed along with marked disparities among students from different socioeconomic groups, ethnic majority areas, and gender.

2. To support the government's implementation of the structural reform and improve educational outcomes, the Asian Development Bank (ADB) approved the Secondary Education Sector Development Program (SESDP).³ The program comprised a policy-based loan (PBL) and a project grant (the project). SESDP was aligned with the government's Education Sector Development Framework (ESDF) approved in 2009. It combined national reforms with a focus on targeted investments in 30 poor and educationally disadvantaged districts with a majority of ethnic students. It also built upon the BESDP which had supported the rollout of the new 4-year LSE curriculum. SESDP support enabled completion of the LSE rollout as well as the introduction of the new 3-year USE curriculum and teaching materials. ADB is the major development partner in the secondary education sector (SES).

B. Expected Impact, Outcome, and Outputs

3. The expected impact was improved educational attainment in Lao PDR, and the outcome was enhanced equity, quality, and efficiency of secondary education in the country. The program had three outputs which were closely aligned with ESDF: expanded access to secondary education, improved delivery of SES curricula, and strengthened SES management. The PBL supported the policy actions needed to (i) expand SES access through financial support and new school dormitories; (ii) improve delivery of the new curricula through better teacher preparation, recruitment, and deployment; and (iii) strengthen SES management through better resourcing and planning for SES. The policy actions effectively complemented the project investments, which focused on (i) provision of new classroom, dormitories, and stipends for disadvantaged students to increase access; (ii) new teaching training curricula, expanded in-service teacher training, and development of new USE textbooks and curriculum materials to improve curriculum delivery; and (iii) school mapping, strengthening of the education management information system (EMIS), community involvement in school management, and support for monitoring and evaluation (M&E) to strengthen subsector management.

C. Provision of Inputs

4. The program was approved on 20 September 2011 and became effective on 9 January 2012. The PBL closed on 31 December 2018, 2 years later than the target date. The first tranche was disbursed 6 months later than planned on 30 June 2014. The second tranche was disbursed on 18 December 2018, 18 months later than planned. The PBL was extended twice at the government's request, to allow completion of the second tranche policy actions. The project

¹ ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to the Lao People's Democratic Republic for Basic Education Sector Development Program*. Manila.

² This significant reform extended school education from 10 to 12 years, comprising primary education (5 years), LSE (4 years), and USE (3 years).

³ ADB. 2011. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Grant to the Lao People's Democratic Republic for Secondary Education Sector Development Program*. Manila.

closed on 31 December 2019 after one extension of 6 months, to allow completion of an impact assessment and other project activities.

5. At appraisal, the total program costs was estimated at \$42.4 million, of which \$40 million was financed from ADB's Special Funds resources and \$2.4 million by the government through in-kind contributions. ADB financing comprised \$10 million for the PBL and \$30 million for the project grant. The total cost at completion rose slightly to \$43.1 million since the land for new schools cost more than anticipated. As a result, the government contribution increased to \$3.87 million. Grant funds were reallocated in December 2017 to cover increased costs for training, civil works, and project management. The final distribution of grant proceeds across cost categories were training and professional development (27.6%, increased from 15.6%), civil works (24.3%, increased from 18.6%), consulting services (19%), teaching and learning materials (14%), furniture and equipment (6%), stipends (4.6%), and project management (4.3%, increased from 3.5%). The grant was financially closed on 9 July 2020 and was fully disbursed.

6. Consulting services comprised 175 international person-months (increased from 151 person-months at appraisal) and 340 national person-months. Although the international person-months were increased for reasons not explained in the program completion report (PCR), costs did not increase.

7. The program was categorized C for environment and involuntary resettlement, in accordance with ADB's Safeguard Policy Statement (2009).⁴ The program was not expected to have any environmental impact arising from the policy actions or school construction. Similarly, no resettlement was expected as all project construction was to be on government-owned land. The PCR confirms that the safeguards requirements for environment and involuntary resettlement were met. Civil works comprised only small-scale construction and there was no land acquisition for land areas used for small-scale construction apart from the schools. Environmental management by contractors was also satisfactory. This validation confirms that the categorizations were appropriate at appraisal and at program completion.

8. The program was categorized B for indigenous peoples since it was expected to benefit ethnic groups significantly. Both the policy actions and project investments targeted largely ethnic group areas and students from ethnic groups, especially poor students, and girls, making ethnicity considerations critical to the program. Under the PBL, tranche conditions required the Ministry of Education and Sports (MOES) to develop, approve, and implement an expanded stipend program for secondary education, including targets for girls and ethnic group students. An ethnic groups plan (EGP) was developed to mitigate potential negative program impacts and ensure that ethnic groups benefited optimally from the program. No consultants were engaged specifically to support the executing agency in monitoring and implementing EGP. This validation confirms that the B categorization was appropriate, but EGP was too brief and suffered from a lack of in-depth social analysis and inadequate consultation with ethnic groups. Some indicators were vague. No specific expertise in ethnicity was recruited to support implementation of EGP.

9. Gender equity was a program theme. The design and monitoring framework (DMF) included specific gender targets at the impact, outcome, and output level relating to secondary school enrollments, SES survival rates, allocation of dormitory spaces and stipends, and access to teacher training. A gender action plan (GAP) was prepared to ensure strong gender benefits across the three outputs. Two gender and social development specialists (comprising 10.9 international person-months and 30 national person-months) helped the executing agency

⁴ ADB. 2009. *Safeguard Policy Statement 2009*. Manila.

implement and monitor GAP. It appears that there was no counterpart gender specialist within the executing agency.

10. GAP and EGP had structures with similar activities and targets, but GAP was more extensive and analytical, with more precise indicators. To strengthen access, both plans stipulated that all new schools would be in areas with low ethnic and low female enrollment and would include sex-segregated toilets, ethnic and female students would be prioritized for dormitory space, stipends, and remedial learning (80% ethnic, 50% female). Quality-related actions included ensuring ethnic and gender sensitivity in new curriculum materials, with ethnic and female teachers prioritized in all teacher training and the pilot teacher placement scheme (80% ethnic, 50% female). Actions to strengthen subsector management specified ethnic group and female representation in all management training programs, campaigns to raise awareness of the benefits of girls' schooling; 50% representation of ethnic group members in pupil-parent associations, recognition of districts with good equity-enhancement practices and increased access especially for ethnic girls; and inclusion of ethnic group and gender considerations in all analyses including school mapping. In addition, GAP included a number of health and safety provisions as well as a target for the use of female labor in civil works.

D. Implementation Arrangements

11. No changes were made to the implementation arrangements over the program duration. MOES was the executing agency. A steering committee consisting of officials from MOES, the Ministry of Finance, Ministry of Planning and Investment, the Ministry of Justice, and the Prime Minister's Office met biannually to provide high-level supervision and guidance especially in relation to the policy actions. The steering committee was supported by an SESDP Supervisory Committee that maintained ongoing policy dialogue and coordinated program activities across MOES. A project management unit (PMU), headed by the deputy director general of the Department of General Education, managed general program implementation, and coordinated the work of individual implementation units within the department. The implementation units were responsible for implementing policy actions and project activities related to their departmental remits. The implementation arrangements were adapted from BESDP and provided for close coordination across ministries and within MOES. The continuity of staffing from BESDP also strengthened implementation. The implementation arrangements are assessed as adequate.

12. The consulting services supported PMU in meeting the requirements for policy actions and implementing project activities, mainly in the areas of civil works, stipends, teacher recruitment and deployment, teacher education, textbooks and curriculum materials development, school network mapping, and gender and social development. The government PCR noted that the program and project benefited from the sustained and highly committed inputs of the consulting team.

13. The program's 32 loan and grant covenants were all complied with apart from the covenant on gender and development. This covenant achieved only partial compliance due to two GAP activities which were not completed: annual reports from teacher training institutes lacked required data, and a social marketing campaign on schooling for girls was not fully implemented. There was a delay in complying with four covenants as a result of lengthy approval processes for stipends and access grants, and slow release of counterpart funds for civil works supervision.

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

14. The PCR rated the program relevant. At appraisal, the program closely reflected the priorities of the National Education System Reform Strategy for 2006–2015 and its operational plan, the three pillars of the Education Sector Development Program (ESDP): (i) assuring equitable access, (ii) improving quality and relevance, and (iii) strengthening sector governance and performance management. SESDP priorities continued to be reflected in the MOES Education and Sports Sector Development Plan 2016–2020, which emphasized USE upgrading. Through its focus on human capital development and gender equality, the program was consistent with ADB's Strategy 2020 and Strategy 2030, and ADB's Country Strategy and Program 2007–2011, and the Country Partnership Strategy 2012–2016. The program built upon and expanded the achievements of BESDP, especially in curriculum reform, and incorporated the lessons and capacity developed under BESDP. Although the program outcome correctly reflected the ESDP pillars, a clearer emphasis on the system restructuring would have sharpened the program focus.

15. The sector development program approach was appropriate. The government's National Education Reform Strategy 2006–2015, combined with ESDP implementation strategy, provided a sound framework for support to the reform agenda. In addition, the sector development program approach had already been used successfully by the BESDP to expand LSE and improve LSE quality. The PBL helped the government to finance the reforms needed to achieve project outcomes.

16. The program design was sound and generally realistic in scope. The impact, outcome, and outputs in DMF reflected a logical theory of change. Expanded access to secondary education in poor areas (resulting from more school facilities; financial support to poor, ethnic, and female students; and more student accommodation in remote areas); improved delivery of the curriculum to raise quality (through more teachers, better teaching and textbooks); and strengthened SES management (emanating from improved system financing, planning, and capacity) all feed into improved equity, quality, and efficiency in secondary education, which would contribute eventually to an increase in young adults with 9 years of education, and higher number of girls in secondary education. The PCR correctly points out that a missing design element was advocacy to persuade parents of the value of 2 additional years of schooling. Program relevance was also undermined by inadequate consultation with ethnic minorities in program development and implementation. The required social impact assessment was not prepared prior to EGP formulation, and no grievance mechanism for ethnic groups was developed.

17. Two outcome indicators reflecting internal system efficiency were LES and SES student survival rates, targeting an ambitious increase of 10–15 percentage points.⁵ However, the additional years of schooling were likely to reduce efficiency in the short-term given likely parental resistance to keeping students in school longer. A modest increase in survival rates could be expected rather than the targeted increases of 10–15 percentage points. In addition, the data needed to calculate grade-specific survival rates was not available in EMIS by program end for reasons not fully explained in the PCR. The original intention was to refine the indicator once the restructuring was complete, but this was not undertaken. The PCR also argues survival

⁵ The LSE survival rate is the percentage of a cohort enrolled in grade 6 expected to reach grade 8, regardless of repetition. The SES survival rate is the percentage expected to reach grade 12 regardless of repetition.

rates were not an appropriate outcome indicator since decisions to keep students in school were affected by sociocultural, geographical, and economic factors outside the project scope. This situation, however, is not unique to SESDP.

18. Both the PBL and the project supported government and ADB policies and plans, and the policy actions and project investments were carefully selected to institute and operationalize key reforms in the SES reform agenda. Specifically, the policy actions on developing a merit-based stipend selection criteria, creation of a policy for SES dormitories, and the addition of a budget line to ensure stipend allocation for poor and disadvantaged students in general education, led to the approval and issuance of statutes that would assist in achieving project outcomes. School network mapping, grants to schools for self-determined access-enhancing activities, and community management of dormitories were innovative approaches to boosting access among disadvantaged students. The whole program had a good balance of complementary policy actions and investments that were linked logically to the outputs and outcome. More appropriate outcome performance indicators and more meaningful involvement of ethnic minorities could have increased program relevance. On the whole, the PBL and the project are assessed as relevant.

B. Effectiveness in Achieving Program Outcomes and Outputs

19. The PCR rated the program effective. The outcome of enhanced equity, quality, and efficiency of secondary education in Lao PDR had four indicators, with two achieved and two partly achieved. The percentage of female primary graduates entering LSE in the poorest districts rose from 76% in SY2009–2010 to 91.6% in SY2017–2018, easily exceeded the target of 81%. The number of qualified secondary teachers also showed an impressive rise, from 68% in SY2009–2010 to 88.1% in SY2017–2018, against the target of 75%.

20. The two targets only partly achieved were the LSE and SES survival rates. Estimations of national survival rates were calculated as the relevant data was not available. The estimated national survival rate for LSE was 81% for girls and 80% for boys, higher than the SY2007–2008 baseline but short of the targets (89% for girls and 87% for boys). For the full secondary cycle, the estimate for both girls and boys were 55%. Survival rates increased 2–3 percentage points over the baseline for LSE, and 5–6 percentage points for SES. Despite the complexities of the system restructuring, this was a solid achievement. The targets were ambitious for the context and the time frame.

21. The program included 25 output indicators of which 22 (88%) were achieved. The remaining three indicators were partly achieved. There were 14 policy actions, of which 12 (86%) were achieved, and 11 project interventions of which 10 were achieved. Under output 1, expanded access to education, all 8 policy actions and targets were achieved. Selection criteria and government funding were approved for new stipend programs to cover the cost of attending school, and guidelines to improve the management of dormitories in remote areas and promote equitable access were issued. For the project, 30 new LSE schools, 15 USE classroom blocks, and 60 LSE and 15 USE dormitories were constructed in the project districts; 1,740 poor LSE students and 1,200 poor USE students received stipends, with over half going to girls and around 90% to ethnic group students. Total LSE enrollment in the project districts increased to almost 66,000 in SY2017–2018, well beyond the target of 44,000. The stipend program was shown to be effective in reducing dropout rates among stipend recipients.

22. Under output 2, improved delivery of new SES curricula, all seven targets were achieved. MOES approved (i) a curriculum for a new 4-year bachelor's degree in teacher education;

(ii) a scheme for deploying science and mathematics teachers to rural areas; (iii) new guidelines for SES teacher recruitment and utilization at provincial level, along with a manual for teacher performance monitoring; and (iv) the final phased rollout of the new LSE curriculum, and teaching materials and textbooks for grades 10–12. These are substantial policy achievements. Project interventions supported the LSE curriculum rollout and the introduction of the new USE curriculum, distributed textbooks, and teacher guides, and trained 12,000 teachers (50% women).

23. Under output 3, strengthened SES management, there were seven policy actions, and three project interventions. Six of the policy actions were achieved although two actions were delayed by 2 years. To optimize the use of resources, MOES approved and funded block grants to SES schools nationwide to cover school operating costs; mapped SES schools to guide future capital investment; and increased non-salary recurrent expenditures to 12.9% for the fiscal year (FY) 2019 MOES budget. MOES also launched a new communication strategy to support the education reform agenda, as well as a policy to promote the use of information and communication technology in education. A critical action to increase education's share of the national budget to 18% by 2016 was not achieved. Although the MOES budget more than doubled over the program period, due partly to increases in teacher salaries, it declined from 16.7% of the government budget in FY2013 to 14% in FY2019. An unexpected decline in overseas development assistance contributed to this outcome. The budget was, however, rebalanced to increase recurrent expenditures to fund the school block grants. Project targets were met for establishing and training pupil–parent associations in 75 schools and building capacity among MOES staff. School principals were trained in school-based management, but the lack of follow-up training rendered this target only partly achieved.

24. The policy actions directly supported the outcome achievements. The introduction of the national stipend program, as well as the policy to make dormitories more accessible and more girl-friendly, encouraged more boys and girls to undertake secondary education. The large increase in qualified teachers was supported by the new teacher education degree, new minimum standards for teacher training institutions, in-service training for teachers on the new school curriculum, new guidelines for secondary teacher recruitment, and the pilot scheme to deploy science teachers to remote areas. The increases in student enrollments and improved survival rates (albeit below the ambitious targets) were supported by more and better teachers, especially in poorer areas, increased financial support for education by the government including higher teacher salaries, and the introduction of school block grants to fund access-enhancing activities. Taken together, the package of policy actions effectively contributed to the outcome achievement.

25. The project complied with ADB's safeguard policy, and its safeguard categorizations were correct. Ethnicity was central to the program as ethnic students formed the majority in project districts. EGP had 22 measures to mitigate potentially negative program impacts and optimize the benefits for ethnic groups. The PCR assessed EGP as successful as 20 of the measures (91%) were achieved, although the supporting evidence lacked detail. Both of the relevant policy actions were also achieved. The access of ethnic groups to SES was enhanced by siting new education and dormitory facilities in areas with low ethnic enrollment, and ethnic students received 90% of dormitory spaces and stipends, and 100% of remedial learning opportunities. Of the 1,200 USE ethnic students who received stipends, 91% completed grade 12. Ethnic graduates gained 85% of places in the graduate teacher placement scheme and the new teaching and learning materials projected positive messages of ethnic diversity. Annual teacher training intended to prioritize ethnic teachers was not carried out due to a lack of funds. Ethnic group members made up 79% of pupil–parent association members and all monitoring reports used ethnic disaggregated data. The validation views EGP as successful. However, the benefits

accruing to ethnic groups would likely have been amplified if the program had focused more specifically on ethnicity and involved ethnic groups more meaningfully.

26. As ethnic students formed the majority, GAP refers primarily to female ethnic students. The PCR assessed GAP as not successful since there were gaps in achievement. Of the 26 activities, 24 activities (92%) were judged as completed and 11 out of 16 targets (69%) were achieved. New education facilities and dormitories were in areas with low female enrollment, and females benefited from at least 50% of dormitory places, stipends, remedial learning support, in-service teacher training, the graduate teacher program and the principals' training program. The new teaching and learning materials were gender sensitive. An important program result is the rapid increase in the percentage of female primary school graduates entering LSE, rising to 91% against the target of 81%. GAP targets reported as not achieved included the two targets on student survival rates, use of female labor in civil works, and participation in teachers' preservice training (achieved for LSE but not USE, so in fact partly achieved). GAP noted that financial and opportunity costs as well as the need to live away from home continue to affect participation in schooling. Cultural practices and traditional gender roles limited women's participation in construction work. It is surprising GAP was not revised to address some of these concerns. Some inconsistencies in assessments on the same indicators were noted by this validation across DMF, EGP, and GAP. For example, GAP rated the two outcome indicators on survival rates as not achieved but EGP rated them as partly achieved. Another indicator was assessed as achieved in EGP but not achieved in GAP. With overlapping indicators, it is important to ensure ratings are consistent.

27. Although only two of the SESDP outcomes were fully achieved, it is expected that the remaining two will be achieved soon given the current upward trend in secondary enrollments and completion rates. The government is running social marketing campaigns to raise awareness of the importance of secondary education, especially for girls and ethnic students. Declining national poverty rates combined with the national stipend program will help offset the costs of schooling for poor families,⁶ while the new dormitories provide safe accommodation for students from remote areas. EGP and GAP together supported the program's aim to improve secondary education opportunities for poor, ethnic, and female students. As SESDP is the major source of external support to SES, the outcome achievements can be confidently attributed to the program. The validation assesses the PBL and the project as effective.

C. Efficiency of Resource Use

28. The PCR rated the program efficient in achieving the outcome and outputs. The economic analysis at appraisal justified the project in terms of the positive impacts improved secondary education was expected to have on economic growth and poverty reduction; benefits to individuals through access to higher-paying jobs and greater education; reduction of gender, ethnic, and socioeconomic disparities, and other broad social benefits. The economic reevaluation updated the appraisal analysis using the same parameters. No cost-benefit analysis was calculated at appraisal or completion. The reevaluation confirmed that the development of the skilled labor force was supported through the expanded secondary enrollments, expanded access to education in the poorest districts, reduced gender and ethnic inequity, new curricula emphasizing labor market relevance and more student-centered teaching methods, increased transition rates and reduced repetition, culminating in more secondary graduates. Investments in

⁶ ADB. 2021. *Asian Development Outlook 2021*. Manila. The national poverty rate declined from 27.6% in 2007 to 18% in 2019, mirroring rapid economic growth. Although the economy contracted during 2020, it is expected to rebound to 4% growth in 2022.

expanding access to education also have a strong gender equalizing effect and convey large socioeconomic benefits to the poor, ethnic groups, and other disadvantaged groups. Individual-level wage returns to secondary education at completion were estimated to be highest for ethnic group youth and women. The program effectively supported equitable opportunities for ethnic groups and women.

29. The reevaluation determined the program was cost-effective. To raise enrollments and survival rates in secondary education, PBL, and project interventions targeted a set of relevant demand- and supply-side constraints. Geographic targeting and giving resources directly to schools through block grants enhanced efficient resource use. Other measures such as school and classroom construction design, equipment provision, and stipends were cost effective and well-targeted. Efficiency gains were achieved through reductions in repetition and dropout rates. The project had few delays and required only a 6-month extension to complete all activities within budget. The PBL was extended by 2 years to allow the government to complete the second tranche policy actions, which did not negatively affect the program results. Both the PBL and the project were fully disbursed. The validation assesses the PBL and the project as efficient.

D. Preliminary Assessment of Sustainability

30. The PCR rated the program likely sustainable. A financial reevaluation of the program assessed the sustainability of education sector financing and carried out a fiscal impact analysis.

31. To finance the expansion of the education system and quality improvement, the Education Law of 2015 stipulates that 18% of the total government budget should be allocated to education (including development assistance). However, the introduction of a national fiscal consolidation framework to stabilize rising public debt, rapid growth in the national budget, and a drop in the anticipated external support to education caused the education budget share to decline by 11.3% in FY2020, even though education expenditures increased from FY2016 to FY2022. Government commitment to pursuing the reform agenda in the Education and Sports Sector Development Program 2016–2020 and 2021–2025 remains high. One aspect of this agenda was to ensure adequate funding for non-salary recurrent expenditures such as school block grants, professional development, and learning materials. A target of 25% of the total education budget was set for non-salary recurrent expenditures, achieved in FY2019. Despite the increases in non-salary recurrent expenditure, however, budget projections from FY2021 to FY2030 reveal a shortfall in operation and maintenance funding of 41% in 2021, decreasing to 24% by 2030.

32. The PCR argued that MOES budget projections under ESDP 2021–2025 are sufficient to sustain and broaden SESDP achievements. Despite the fiscal constraints, the education budget has continued to increase in nominal terms and has been rebalanced to ensure greater sustainability of key project initiatives. According to the PCR, budget savings have resulted from improvements in internal system efficiency. The government PCR notes that improved MOES capacity arising from mainstreamed program implementation will also help ensure sustainability. Finally, ADB's ongoing Education for Employment Sector Development Program also supports the sustainability of program achievements including a continued emphasis on improving budgetary efficiency.⁷ This validation assesses the PBL and project as likely sustainable.

⁷ ADB. 2019. Report and Recommendation of the President to the Board of Directors: *Proposed Loans to the Lao People's Democratic Republic for the Education for Employment Sector Development Program*. Manila.

III. OTHER PERFORMANCE ASSESSMENTS

A. Preliminary Assessment of Development Impact

33. The PCR reported the program's development impact as satisfactory. By SY2017–2018, two of the four 2023 impact targets had already been achieved and two had been substantially achieved: (i) the share of young adults completing at least 9 years of schooling increased from 32.2% in SY2012–2013 to 68.4%, easily exceeding the target of a 20% increase; (ii) the gross enrollment rate for girls in LSE increased from 55% to 81.2%, exceeding the target of 75%; (iii) the ratio of the number of girls-to-boys in secondary education reached 0.92 from 0.81, quite close to the parity target; (iv) the ratio of total secondary to primary enrollment reached 0.57 from the baseline of 0.47, just below the target of 0.60. These last two targets will likely be achieved by 2023. As the only development program supporting government reforms in secondary education, SESDP contributed to the successful achievement of the impact targets through its interventions to expand access to LSE and improve LSE completion rates.

34. The PCR argued the program also had a substantial and likely sustainable impact on institutional development, gender mainstreaming, and social equity although the evidence presented was not strong. The government PCR notes that the program strengthened the capacity of MOES in bottom-up budgeting and evidence-based planning, decentralization, and community engagement in school management to improve governance and strengthened capacity to develop and update national curricula. More explanation in the PCR of the program interventions to strengthen and restructure EMIS would have been helpful given its central role in planning and monitoring the secondary system. The program also had a positive impact on expanding educational opportunities for ethnic, female, and disadvantaged students in the target provinces. The validation assesses the development impact satisfactory.

B. Performance of the Borrower and Executing Agency

35. The PCR assessed the performance of the borrower and MOES as satisfactory. All relevant government agencies demonstrated strong ownership and leadership of the program. The government achieved all policy actions apart from one, albeit with a 2-year delay, and fulfilled all safeguard requirements. The 6-month extension of the project allowed for the minor repair of school facilities. MOES' strong commitment to social inclusiveness and gender equity was evident throughout implementation and helped achieve the program targets. MOES was awarded three times nationally for excellence in SESDP implementation. The validation assesses the performance of the borrower and MOES as satisfactory.

C. Performance of the Asian Development Bank and Cofinanciers

36. ADB's performance was rated satisfactory by the PCR. MOES reported that ADB had engaged in close dialogue and had been responsive, cooperative, flexible, and closely involved in implementation. There was close coordination between ADB headquarters and the Lao PDR Resident Mission and relative continuity in the project team. Supervision missions were undertaken regularly, with one or two review missions. However, ADB did not revise the outcome targets to ensure they were appropriate. A stronger focus on the EGF and GAP including inclusion of gender and ethnicity expertise in all review missions could also have enhanced program results. Overall, the validation assesses ADB's performance as satisfactory.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

37. The program was rated successful by the PCR since it was relevant, effective, efficient, and likely sustainable. The program successfully enhanced equity, quality, and efficiency in secondary education through better access to LSE schools and dormitories, financial and remedial support to students, and improved education quality through distribution of textbooks and provision of trained teachers. Although the education budget share declined, the program was rated sustainable in the context of ESDP budget projections and continuing efforts to expand the recurrent budget and improve budget efficiency. The validation assesses the PBL and project as successful.

Overall Ratings

Validation Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance	Relevant	Relevant	
Effectiveness	Effective	Effective	
Efficiency	Efficient	Efficient	
Sustainability	Likely sustainable	Likely sustainable	
Overall Assessment	Successful	Successful	
Preliminary Assessment of Impact	Satisfactory	Satisfactory	
Borrower and executing agency	Satisfactory	Satisfactory	
Performance of ADB	Satisfactory	Satisfactory	
Quality of PCR		Satisfactory	Para.44.

ADB = Asian Development Bank, IED = Independent Evaluation Department, PCR = program completion report.
Source: ADB (IED).

B. Lessons

38. The PCR identified four lessons: (i) the low relevance of secondary education to labor market needs remained a significant barrier to attracting and retaining disadvantaged youth, (ii) disjointed school-level monitoring meant gaps in dormitory occupancy and the use of textbooks and equipment were not identified, (iii) the impact of school leadership training was diminished by the lack of annual follow-up seminars and coaching, and (iv) more regular involvement in review missions by the PMU gender officer and earlier mobilization of gender consultants would have strengthened GAP implementation. This validation supports these lessons (although notes that the first lesson is not substantiated in the PCR) and offers three additional lessons.

39. **Program and Country level.** The program did not give sufficient emphasis to ethnicity and included no specific ethnicity expertise even though ethnic students were the main project beneficiaries. A detailed analysis of different ethnic minority areas would have yielded a fuller understanding of the factors influencing education choices and outcomes. Inclusion of specialists in the program team could have deepened the analysis in EGP, strengthened the engagement of ethnic groups, and likely strengthened outcomes for ethnic communities.

40. **Sector level.** The series of interlinked sector development programs operating with the framework of the government's education sector policies and plans has proven effective in supporting government secondary education reforms. This long-term approach has provided consistent support and certainty to a long and complex reform agenda that successfully extended

the secondary school cycle while simultaneously supporting broadened access and improved quality and efficiency. The combination of PBL and project modalities is particularly well-suited to small countries which are keen to pursue difficult education reforms but still lack the institutional capacity to undertake a results-based lending program (methodology lesson).

41. **Program and Country level.** Two of the outcome performance indicators could not be measured directly using available data. This not only affects assessment of final outcome achievements but can also affect implementation. If indicators cannot be tracked accurately, project managers cannot receive regular implementation progress data indicating whether the project is on track or requires modification—or whether the targets themselves need to be revised. Flawed performance indicators need to be addressed as early as possible during implementation (results framework lesson).

C. Recommendations for Follow-Up

42. This validation supports the PCR recommendations: (i) ADB should consider innovative approaches such as personalized adaptive learning to help students bridge learning gaps, (ii) MOES should adopt competency-based teacher training that includes follow-up support at classroom level, (iii) the gender team should be engaged early to ensure their active involvement in program design and review missions to ensure ongoing oversight of GAP implementation, (iv) PMU should carry out a school-level evaluation to understand the reasons for uneven supply and use of key project inputs and revise implementation strategies for future projects. These recommendations are practical and generally based on the PCR findings. The validation adds another recommendation: in projects operating in largely ethnic areas with expected impacts on minority populations (positive or negative), specialists with experience in ethnic minorities should be included in program development and implementation, as completed for gender.

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Reporting

43. The PCR reported that performance M&E were well-managed. Quarterly progress reports adequately reported implementation progress against outputs. Audit reports were submitted on time. The PCR noted that project monitoring tended to focus on reporting overall progress against targets without analysing variation across project sites. More than a few indicators in the DMF relied on EMIS for relevant data but this was not available for reasons that are not completely clear. No information on EMIS or M&E strengthening was provided.

B. Comments on Program Completion Report Quality

44. The quality of the PCR was satisfactory as all PCR requirements were fulfilled. It was well-written, and findings were systematically presented with strong evidence to support all assessments. A number of inconsistencies in achievement ratings across DMF, GAP, and EGPs were not addressed or resolved but this did not substantially affect the overall success ratings.

C. Data Sources for Validation

45. The validation made use of the report and recommendation of the President, the PCR, the government completion report, aide memoire, and back-to-office reports.

D. Recommendation for Independent Evaluation Department Follow-Up

46. A project performance evaluation report could be prepared after completion of the follow-on project to allow an evaluation of a sustained investment in Lao PDR secondary education.