

PROGRAM SOUNDNESS ASSESSMENT

A. Program Description

1. The results-based lending (RBL) modality of the Asian Development Bank (ADB) for Supporting Fourth Primary Education Development Program aims to build on the achievement and lessons from previous interventions in the primary education subsector in Bangladesh. The objective of the government's Fourth Primary Education Development Program (FY2019–FY2023) is to provide quality education to all children from pre-primary to grade 5 through an efficient, inclusive, and equitable education system. Key outputs are to (i) improve the quality of teaching and learning to enable children to acquire the essential grade-level competencies stipulated in the curriculum; (ii) provide all communities with learning environments that support the participation of all children and ensure continuity of education; and (iii) strengthen governance, adequate and equitable financing, and good management of the subsector.

2. The proposed program is strategically relevant. It supports the Government of Bangladesh's goal of materializing Vision 2021 and is largely consistent with the reform priorities articulated in the National Education Policy (NEP) (2010), the Seventh Five-Year Plan (FY2016–FY2020), and the Sustainable Development Goals (SDGs) related to education. As Bangladesh seeks to compete in global markets, low skill levels of its workforce remain a significant constraint. Knowledge and skill acquisition in later years largely depends on the foundational skills and competencies developed during the primary grades. Hence, the proposed program's objective of ensuring equity of universal access and quality in primary education will support the country's progress in fulfilling the socioeconomic development goals. It aims to consolidate the gains made until the Third Primary Education Development Project (FY2012–FY2018) (the previous project) and provide the basis for pursuing further complementary reforms envisaged in NEP and SDG 4.

3. The Fourth Primary Education Development Program will be financed primarily from government sources, with support from ADB (\$500 million) and other development partners under a sector-wide approach. The table below outlines the program scope.

Program Scope

Item	Broader Government Program	Results-Based Lending Program
Outcome	Quality education to all children from pre-primary to grade 5 through an efficient, inclusive, and equitable education system	Quality and equity of primary education improved for all children from pre-primary to grade 5
Key outputs and activity types	<ul style="list-style-type: none"> (i) Quality (curriculum reforms; textbooks and teaching–learning materials; teacher recruitment, deployment and advancement; teacher education; CPD; ICT in education; assessments and examinations; pre-primary education). (ii) Equitable access and participation (needs-based infrastructure, including WASH facilities; OOSC; special education needs; education in emergencies; communication and social mobilization). (iii) Management, governance, and financing (data systems for decision-making; institutional strengthening; SLIPs and UPEPs; strengthened budget and fiduciary system). 	Coverage is the same as the government program, with the following exclusions: ^a <ul style="list-style-type: none"> (i) production (printing) of textbooks; (ii) ICT equipment and accessories, furniture, motor vehicles, and land acquisitions; (iii) pensions and/or gratuities; (iv) unadjusted advances or loans; (v) any civil works other than additional classrooms, WASH and other facilities at schools; and (vi) procurement of goods that require international procurement.^b
Program expenditure	\$15.1 billion (estimate) ^c	\$14.7 billion (estimate)

Item	Broader Government Program	Results-Based Lending Program
Main financiers	Government of Bangladesh, ADB, EU, UNICEF, World Bank in pooled fund ^d	Same ^e
Geographic coverage	Nationwide	Same
Implementation period	FY2019–FY2023	Same

ADB = Asian Development Bank; CPD = continuous professional development; EU = European Union; ICT = information and communication technology; OOSC = out-of-school children; SLIP = school level improvement plan; UNICEF = United Nations Children’s Fund; UPEP = *upazila* primary education plan; WASH = water, sanitation, and hygiene.

^a The ADB results-based lending policy (RBL) excludes activities that would involve procurement of works, goods, and services under contracts whose estimated value exceeds specified monetary amounts (high-value contracts) and that would be classified as category A as per ADB Safeguard Policy Statement (2009). These apply to the RBL program.

^b The proposed RBL program boundary was harmonized between the joint financing development partners.

^c It excludes the discrete projects at an estimate of \$3.4 billion under the Ministry of Primary and Mass Education’s management, mainly including school feeding, stipend, and various infrastructure projects.

^d Based on commitment as of August 2018. British Council, Japan International Cooperation Agency (JICA), and UNICEF will provide technical support.

^e Based on commitment as of August 2018. JICA and UNICEF will provide technical support under the sector-wide approach.

Source: Asian Development Bank.

B. Program Soundness

1. Relevance and Justification

4. In the near term, Bangladesh is expected to benefit from a demographic dividend resulting from a higher share of the working-age population and a declining dependency ratio. However, 88.5% of the labor force is in informal employment, and 41.0% of workers have no education at all, so the prospect of Bangladesh advancing to middle- or high-income status is under threat. It is imperative for the country to systematically upgrade its human capital by further enhancing access to quality education.

5. With 24.2% of the population aged 10 years or younger, primary education is the foundation for improving and scaling up Bangladesh’s human capital.¹ Several factors hamper learning during primary education. The subsector suffers from overcrowded classrooms, inadequate teaching and learning materials (TLMs), and lack of properly trained teachers.² Less than 50% of the primary teachers are proficient, not fully mastering the material they teach. The practice of operating double shifts in 77.4% of primary schools results in fewer teacher–student contact hours than prescribed, which undermines learning outcomes.³ Student attendance is not regular (87.8% in 2017, although improved from 83.5% in 2010). The country’s proneness to natural disasters also limits learning achievements and increases the dropout rate because such events tend to interrupt or even discontinue the education process.

6. The student assessment system lacks institutionalized capacity and an overarching policy framework and feedback mechanism to make assessment a functional tool to guide evidence-based remedial interventions. The national student assessment (NSA) on Bangla and mathematics revealed low student performance. The reform initiated under the previous project to strengthen the Primary Education Completion Examination (PECE) with more competency-

¹ Government of Bangladesh, Bangladesh Bureau of Statistics. 2014. *Report on Education Household Survey*. Dhaka.

² Only about one-third of schools reached an average student–classroom ratio of 40:1 or less in 2016. Teacher edition of the textbooks and teacher guidebooks were not available to all teachers.

³ Government of Bangladesh, Directorate of Primary Education. 2017. *Annual Sector Performance Report*. Dhaka. In Bangladesh, the primary school contact hours are nearly half of the international standard of 900–1,000 hours per year.

based test items needs to continue with an even greater focus on competency measurement. School-based assessments of students' learning achievements also need to improve and be timelier. Academic supervision is constrained because the position of teacher supervisor is frequently vacant, and teachers' classroom practices are little understood.

7. The competency-based curriculum reform of 2011 needs to be assessed for its effectiveness. The timely provision of textbooks to all students—another earlier achievement—should be backed up with access to a broader range of TLMs (including supplementary reading materials), and electronic TLMs need to be updated and made available for all schools. The current in-service teacher training needs to be restructured with an aim to keep mapping and improving teachers' competencies under continuous professional development (CPD). Teacher training should also be explored with the use of information and communication technology (ICT) channel, which would broaden the options of training under a CPD framework.

8. As for accessibility, 47.0% of schools do not have a functioning, separate toilet for girls, and 26.8% of schools still do not have a safe water source. Both factors can influence parents' decision to send children to schools. About 2.5 million children aged 8–14 years (boys: 13.3%, girls: 8.6%) remain out of school, particularly in urban slums and the hilly zones, and among children with special education needs and disabilities.

9. Annual public expenditure on education has remained at about 2% of gross domestic product (GDP) and 14%–18% of the total public budget since 1997. These shares are low in comparison to developing country averages. Bangladesh also has a highly centralized system for delivering primary education services, concentrating fiscal and administrative powers largely in Dhaka. This stifles local initiatives and translates into weaknesses in management, transparency, and accountability. Furthermore, school management committees (SMCs) and social audit committees often lack the required capacities.

10. To overcome these hurdles, the government seeks to implement the Fourth Primary Education Development Program in line with NEP and SDG 4, by making concerted efforts to improve learning outcomes and equity in primary education. Its focus is on three results areas—(i) quality; (ii) access and participation; and (iii) management, governance, and financing—that will be fully supported by the proposed RBL program with the following outputs:

11. **Quality of primary education improved.** The output aims to (i) update the competency-based curriculum based on an effectiveness analysis; (ii) revise the textbooks by aligning them with the revised curriculum, and develop TLMs (including selected supplementary reading materials) for a richer learning experience; (iii) step up teacher recruitment, deployment, and advancement; (iv) update and expand the Diploma in Primary Education (DPED) program for teachers at entry with stronger quality assurance; (v) initiate and scale up CPD for teachers and teacher educators to improve their competencies; (vi) improve the effectiveness of using ICT in education by providing e-TLMs to all schools and undertaking ICT-based training; and (vii) institutionalize the capacity for assessments and examinations to improve planning, monitoring, evaluation of, and feedback on school-based assessments, PECE, and NSA.

12. **Access and participation to primary education enhanced.** This output will further improve the learning environment and scale up education services to underserved children. Additional classrooms will be built to turn more double-shift schools into single-shift ones. The provision of gender-segregated sanitation facilities and safe water sources will encourage parents to send their children to school. The maintenance of school facilities will be strengthened in schools, *upazilas*, and districts. Disaster resilience will be a mandatory feature of all school designs and construction plans, and the schools' capacity for emergency

management will be stepped up to ensure safety and continuity of education during and after emergencies. The education service for out-of-school children, piloted under the previous project, will be scaled up through partnerships with nongovernment agencies, enabling these children to acquire the requisite competencies. During the process, the implementation of the government's approved gender and inclusive education action plan, which includes communication and social mobilization measures, will be monitored and reported on.

13. **Governance and management of primary education system improved.** This aims to (i) strengthen data generation and reporting for decision-making by establishing a web-based integrated education management information system (EMIS); (ii) enhance institutional capacity for all levels of primary education planning, administration, monitoring and evaluation (M&E); (iii) update the school level improvement plan (SLIP) by linking it to student enrollments and implement the *upazila* primary education plan (UPEP) with needs- and performance-based funding allocation; and (iv) make primary education budget planning and expenditure execution more transparent and accountable in achieving results; and (v) improve procurement and financial management.

14. **Program beneficiaries.** The primary beneficiaries will be students enrolled in and completing primary education. They will be better prepared for further education or skills development for future employment. The program will cover 1 year of pre-primary education and 5 years of primary education, annually supporting 18.6 million students; 340,000 pre-primary and primary school teachers; and primary school teacher educators, planners, administrators, and policymakers. The indirect beneficiaries are more than 90 million families and community members across the country. The secondary education subsector will benefit by receiving more competent primary education graduates for follow-up education. The expanded use of e-TLMs and ICT-based training will also help equip the country to fit its Vision 2021 of a “digital Bangladesh”. In the longer run, the program will contribute to stronger human capital formation.

15. **Stakeholder support.** The government began in 2016 to prepare the Fourth Primary Education Development Program with diverse technical input and support from development partners and through extensive stakeholder consultations with several agencies of the Ministry of Primary and Mass Education (MOPME), Ministry of Finance (MOF), National Planning Commission, other line ministries, and various civil society organizations.⁴ Regional, district, and *upazila*-specific consultations were held with teachers, students, SMCs, and other stakeholders to understand and include their suggestions and recommendations.

16. **Poverty reduction.** GDP growth in the country has averaged 6.5% annually since 2010, with a reported 7.1% in 2016. Bangladesh also made great strides in eradicating poverty. The national poverty rate fell from 58.8% in 1992 to 24.8% in 2015. Despite these remarkable development achievements, Bangladesh still needs to overcome significant obstacles in its quest to eliminate poverty and further climb up the middle-income ladder. Recognizing education as a strategy to support poverty reduction, the government is committed to strengthening the entire education sector—primary, secondary, and tertiary levels.

17. In primary education, Bangladesh has made tremendous progress in enabling universal access and participation of children aged 5–10. Several government programs aim to reduce the schooling cost for poor families, such as stipends, school feeding, midday meals, free text books, and a communication campaign in favor of universal enrollment. Disparities in access across income groups have also declined. However, regional and socioeconomic disparities in enrollment remain, especially in urban slums and remote rural areas. The dropout rate is extremely high in

⁴ The Fourth Primary Education Development Program was approved by the government on 22 May 2018.

the poverty-prone areas, especially in river island (*char*) areas and the northern region. The proposed program is expected to have positive distributional effects, thanks to (i) expanding free pre-primary education, which will encourage more children from poor households to embark on primary education; (ii) upscaling the education service to out-of-school children, which will directly target the most vulnerable children; and (iii) updating SLIP and UPEP planning and execution, e.g., linking allocation of funds for schools and *upazilas* to their performance in increasing student enrollment and retention, especially in areas lagging behind.

18. **Gender impact.** In general, girls outperform boys in many indicators related to access and equity, especially those coming from poorer families. This suggests that demand-side barriers to schooling may be more of a constraint for boys than for girls. Meanwhile, as shown in the NSA (2015), girls achieved higher results than boys in both Bangla and mathematics in both grades 3 and 5. Ensuring equal opportunities for girls and boys remains a key focus of the program. Gender-related targets were included in outcome and outputs and through disbursement-linked indicators (DLIs) on (i) gender-segregated sanitation facilities, (ii) gender-disaggregated EMIS data system, and (iii) fewer gaps in learning outcomes and access to schools for boys and girls. A gender and inclusive education action plan was developed and approved by the government, which covers various aspects such as (i) ensuring gender equity in curriculum and textbooks, (ii) developing gender sensitization training, (iii) providing equal access to ICT and e-learning sources at school for boys and girls, and (iv) highlighting gender equality and inclusive education in communication and social mobilization.

2. Adequacy

19. **Effectiveness.** The sector assessment reveals that although Bangladesh has made significant progress in enhancing equitable access to primary education, several impediments to learning (such as those discussed in paras. 5 and 6) exist. Efforts to improve the overall quality of primary education are slowed by (i) the limited capacity for providing DPEd to newly recruited teachers; (ii) persistent vacancies in the positions of teachers, teacher educators or trainers, and supervisors; (iii) inadequate learning resources beyond textbooks; (iv) ineffective in-school monitoring and mentoring support; and (v) inadequate capacity of SMCs to manage schools' performance effectively. The curriculum and PECE, although reformed to become competency-based, seem not to be well channeled toward increasing student abilities. It is thought that teachers still largely stick to content memorizing, not yet capable of fostering students' acquisition of competencies. Being one of the largest education systems in the world, Bangladesh's highly centralized primary education system stifles local capacity for service delivery and has yet to meet the NEP's call for decentralization.

20. The proposed program makes use of RBL modality, which links finance to achievement of key results. The program design incorporates the results chains that together link inputs, outputs, outcomes, and impact. The DLIs chosen are adequate to channel the achievement of the overall subsector goals. The use of RBL is appropriate because (i) a large national program hinges on results; (ii) the government has strong leadership and commitment;⁵ (iii) key implementing agencies have demonstrated results-based management capacity;⁶ (iv) government systems have been used since the previous project (through treasury model for financial management, and on national procurement of goods and works) and RBL will further

⁵ The sector-wide approach was used by MOPME since the Second Primary Education Development Program (FY2004–FY2012). The government uses annual performance agreements to plan, monitor, and budget for line ministries to materialize Vision 2021.

⁶ In the previous project, the implementing agencies—Directorate of Primary Education, National Curriculum and Textbook Board, Local Government Engineering Department, and Department of Public Health Engineering—have been successful in achieving almost all of their DLIs. They will also implement the proposed program.

leverage and strengthen them; and (v) RBL modality allows development partners to harmonize their support and reduce the administrative burden by adopting a single common DLI matrix and joint review arrangements.

21. **Efficiency and economy.** The subsector budget faces the problems of suboptimal allocation and utilization of funds. This is mainly the result of late release and execution of the budget. On the one hand, the subsector budget scale is very large, especially after the nationalization of nongovernment schools under the initiative to ensure access to quality primary education. It significantly increased nondevelopment expenditures, which will be carried over in the proposed program for the government to maintain the existing scale of the public service in this subsector. On the other hand, although 90% of the total allocated funds are spent, the actual execution rate of the development budget in the previous project was low (between 48% and 55% of the initially approved amount). The highly centralized system limits devolvement of authority over non-salary spending to districts and *upazilas*. In the previous project, SLIP funds constituted only 3% of total development expenditures, and in some *upazilas* the fund for schools was received for 1 year but not for the next because of limited budget availability. This makes it difficult for a school to plan and implement any continual improvements. As for efficiency in payment processing, although significant progress was made, some districts and *upazilas* continue to lag far behind with limited improvement. Moreover, the student information system is not yet in place, so the M&E system has to rely fully on the annual primary school census for student data. The teacher management information system has yet to produce the needed data to guide the plans for teacher training and deployment.

22. These shortcomings can affect the timely (efficiency) and cost-effective (economy) achievement of program results. The program will deal with the shortcomings through several initiatives. The rollout of the web-based advanced Integrated Budget and Accounting System (iBAS++) may expedite the payment processing by enabling online reconciliation of bills and accounts. SLIP allocations will cover all schools and, together with UPEP, will be increased to about 5.6% of the program's total development budget. The adoption of a new classification of budget codes will make budget and expenditure more traceable at all levels. Institutional strengthening will be provided to primary education offices (PEOs) at all levels, building their capacities for strategic guiding and overseeing of budget execution. Meanwhile, a student information system, supported by the national identification system program to be set up for use under the program, will track individual student information from school level. The teacher information system will be strengthened to include teacher profiles, recruitment, deployment, training planning, tracking and reporting, which will improve teacher management. A web-based integrated EMIS will be established to improve timely monitoring and feedback of monitoring information for all levels of the primary education system (including schools).

23. **Sustainability.** The program is in line with the country's medium-to-long term vision on primary education embedded in NEP and Seventh Five-Year Plan and committed to SDG 4. The sustainability of the program in the medium term will be enhanced by the RBL modality, which links disbursements to results through DLI targets. In addition, reforms in nationwide fiduciary systems will help sustain progress in financial management, procurement, and anticorruption efforts. The program continues the alignment with the environmental and social management framework, updated based on the experience of the previous project, by initiating requirements for disaster resilience for schools. These will strengthen the link between government spending and its intended outcome with sustainable effects.

3. Financial and Economic Analysis

24. The program aims to provide quality primary education to all students and better prepare them for further education and future employment. Education increases the employability of individuals by enhancing their productivity. The annual wage premium for each primary graduate is the difference between the average wage of those who have completed grade 5 and the average wage of those who have not.⁷ Quality benefits refer to the additional benefits for all children enrolled in the program thanks to the quality increase. Given the major changes proposed in the program, it is assumed that the quality wage premium will be 4% per year. That is, given the quality of education that the program aims to achieve, it is expected that the labor market turnout will reflect the skills improvement of all graduates from the program, resulting in an increase in the wage rate. Benefits from improved internal efficiency will be shorter time spent on completing the full primary education cycle up to grade 5.⁸

25. The economic internal rate of return (EIRR) was calculated using an elaborate method to measure the benefit and effectiveness of the program and its viability. This method derives the rate of return after solving out the discount rate that equates the net present value of the benefit stream arising from additional investment in schooling with the net present value of the cost stream. The cost–benefit analysis presents an assessment of benefits and costs associated with the program using a “counterfactual” identification approach, whereby the “investment” is the estimated additional cost over and above the current spending.

26. **Benefits and costs.** The benefits include changes in the quantity, quality, and internal efficiency of primary education generated by the program from three sources: (i) increased number of primary education completers who earn higher wages (relative to non-completers), (ii) increased quality of primary education resulting in a higher wage premium for all primary education completers, and (iii) decreased wastage of public and private resources as a result of fewer dropouts and repetitions. The costs include additional program investments (from the government and development partners’ sources) and private costs that comprise direct household outlays as well as the opportunity costs.

27. **Economic internal rate of return.** Based on a discount rate of 6.0%, the present discounted value of benefits for the base-case scenario is estimated to be \$11,120 million, while the present discounted value of costs is estimated to be \$5,950 million. Therefore, the net present value of program benefits is \$5,170 million. Both costs and benefits are calculated in 2017–2018 constant prices. The analysis resulted in an EIRR of 17.5%.

28. **Sensitivity analysis.** A sensitivity analysis revealed that the wage premium resulting from quality education affects the return on investment more than other variables, implying that elevating the overall education quality of the workforce would bring a higher return on investment. The resulting EIRRs—ranging from 11.7% to 17.3%, following the sensitivity analysis on internal and external efficiency gains—suggest that the program is expected to be a sound “investment”. In fact, these are conservative, lower-bound estimates given that externality benefits arising from healthier, better educated citizens and a more equitable and inclusive society are not counted. The sensitivity analysis also indicates that the focus of the program should be more on enhancing quality.

⁷ The Household Income and Expenditure Survey (2010) data were used, which can be updated once 2015 survey data are publicly available.

⁸ The number of years expected to produce a primary school graduate is currently 6.22 (as of 2016). It is assumed that the proposed program will help shorten it to 5.80 years. Therefore, the estimate is for 0.42 years of efficiency gains because of the proposed program by FY2023.

29. **Fiscal affordability and sustainability.** The total government program expenditure is estimated at \$15.1 billion, containing the RBL program boundary of \$14.7 billion. Based on commitment by the development partners (including ADB) as of August 2018, they are expected to jointly finance \$1,375.5 million in pooled funds (through the treasury model). The government is expected to finance \$13.6 billion of the government program, nesting its contribution to the RBL program at about \$13.2 billion or 89.8% of the RBL program costs. This proportion is in line with the support that the government has been providing through the subsector programs since 2003. The government is also discussing with other development partners to fill in the financing gap of \$124.5 million. The cost estimate, given the recent years' percentage of primary education expenditure as of total government expenditures and the projection of the GDP growth, is deemed accommodable within the government's budget framework. The medium-term budget framework for FY2019–FY2021 has been approved by the MOF to tag MOPME with resources for implementing the initial 3 years of the program; budget allocations for the last 2 years of the program are subject to the next rounds of medium-term budget framework planning.

30. The long-term sustainability considerations are built into the program design by (i) using country systems for budgeting, accounting, reporting, and auditing; (ii) strengthening institutions involved at different levels, which will sustain improvements in the subsector; (iii) using DLIs to trigger results; and (iv) strengthening governance and management.

4. Implementation Arrangements

31. **Program implementation.** MOPME is the executing agency and the Directorate of Primary Education (DPE) is the implementing agency. An interministerial program steering committee, chaired by the secretary of MOPME, will be responsible for overall policy guidance, coordination and oversight, including approval of the annual operation plan and resolution of audit observations. It will consist of key officials from MOPME, DPE, partner implementing agencies (i.e., National Academy of Primary Education, Bureau of Non-Formal Education, Local Government Engineering Department, Department of Public Health Engineering, and National Curriculum and Textbook Board), and other entities (such as MOF and the National Planning Commission). The additional director general of DPE will head the program coordination unit, and will coordinate and report on DLIs. A program support team will be set up to assist the program coordination unit to plan for and monitor needs-based consulting services and coordinate development partners' technical support activities during program implementation. The director general of DPE (as the program director) will oversee the overall allocation of funds, and the implementation and coordination of the program activities across MOPME, DPE, and the partner implementing agencies. Institutional capacities will be strengthened to support advocacy; coordinate activities; and use data to plan, implement, and monitor the program. These arrangements will be common to all joint financing development partners.

32. **Fiduciary systems.** The RBL will use program systems for financial management, procurement, and anticorruption measures. The program fiduciary system assessment was undertaken for the country, MOPME, DPE's central and local offices, and schools. It showed the overall financial management risk as *substantial*—(i) weaknesses in internal control and oversight mechanisms; (ii) problems of reconciliation of accounts between the payments made by the Controller General of Accounts' Office and expenditures recorded by the district and *upazila* offices; (iii) a lack of timely action on audit observations; and (iv) capacity gaps in districts, *upazilas*, and schools. These risks will be mitigated through continuous system improvements outlined in the DLIs and program action plan (PAP), as agreed between the government and joint financing development partners. Rolling out iBAS++ to all drawing and disbursing officers with adequate training will ensure timely and accurate financial reporting. The

MOPME and the implementing agencies, the chief accounts officer (MOF), and the Office of the Comptroller and Auditor General will hold periodic audit review meetings aimed at improving audit resolutions. Annual fiduciary reviews will be conducted to monitor fiduciary efficiency improvement.

33. The RBL will exclude high-value contracts in line with ADB's RBL policy. The program fiduciary system assessment rated the overall procurement risk *high*. These risks will be mitigated in the proposed program⁹ by (i) establishing a dedicated procurement division at the DPE with sufficient and adequately qualified staff; (ii) expanding the use of the electronic government procurement (e-GP) system at the DPE and adequately training procurement staff, including at local offices; (iii) preparing, approving, and monitoring the annual procurement plan for the program; (iv) establishing an internal audit unit at DPE to coordinate and execute internal audits for the program; (v) updating SLIP and UPEP guidelines and the fund management system for compliant fund usage by also requiring social audits for schools receiving funds; and (vi) continuing the use of the model bidding documents on national competitive bidding of goods and works approved in the previous project.¹⁰ All these measures are included in DLIs or PAP.

34. **Safeguard systems.** The program safeguard system assessment proposed category B for environment, C for involuntary resettlement, and B for indigenous peoples. The assessment found that legal provisions to safeguard against adverse impacts of pollution from civil construction, and regulatory provisions against adverse impacts of disaster or climate change are adequate. It also found that social risks and adverse impacts of the program are minimal (no land acquisition in the proposed program, hence no impact on involuntary resettlement) while positive impacts are significant. The environmental and social management framework adopted for the previous project will be updated for use in the proposed program. Meanwhile, the PAP actions, related program activities such as SLIP allocation for school-level, small-scale maintenance (e.g., cleaning of sanitation facilities), and institutional strengthening of local PEOs and SMCs should be adequate to manage safeguard issues. The program will continue to ensure that necessary human resources, including a safeguards focal person, is in place to effectively coordinate, promote, and monitor compliance with safeguards. The agreements between the MOPME and the partner implementing agencies on infrastructure will incorporate relevant safeguard measures. Safeguard compliance by contractors will be ensured by specifying key risks and mitigation measures through the contracts.

35. **Monitoring and evaluation system.** The program will use the subsector's existing M&E system with necessary strengthening to improve reliability, adequacy, and timeliness of monitoring information on results. The M&E system will be strengthened by (i) integrating the existing and planned databases into DPE's EMIS (for example, synchronizing them with the annual primary school census database, and linking with the student information system); (ii) developing performance dashboards to inform decision making; and (iii) strengthening M&E capacity centrally and locally. Meanwhile, institutional capacity will be built on managing and monitoring school-based examinations, PECE, and NSA for better feedback on learning outcomes. Furthermore, the use of the updated SLIP and UPEP fund management system, mandatory public display of key school data at all schools, use of social audits, and the education household survey are expected to jointly improve transparency and accountability.

⁹ Outside of the program, the government is (i) upgrading the e-GP system under the World Bank's assistance, and (ii) continuing public financial management reforms.

¹⁰ The e-standard tender documents have already been incorporated in the e-GP system since the previous project and put under the category of projects funded with development partners' sources. Any potential updates will be subject to approval by the Central Procurement Technical Unit.

36. **Reviews.** ADB, together with the other joint financing development partners, will monitor program implementation through semiannual joint consultation missions focused on DLI achievements, and joint annual review missions focused on overall implementation progress and compliance. An independent verification agency, with detailed verification arrangements and schedule agreed on by the MOPME and joint financing development partners, will be engaged under the program to assess, verify, and report on the status of the DLIs. Verification of the DLI achievement will be the basis for fund disbursements. A midterm review will be jointly conducted in the third year of the program, which will review the DLIs based on implementation experience and performance up to that time.

C. Managing Risks and Improving Capacity

37. The soundness assessment shows that the program is well justified in terms of the expected impact on the primary education subsector and overall socioeconomic development. The program is assessed with adequacy, as measured by effectiveness, efficiency, and economy, as well as sustainability of the results in the medium term.

38. The overall risk of the RBL program is rated *substantial*. However, the overall benefits and impact are expected to outweigh the risks and the costs associated with mitigating them. The DLIs and PAP were designed to mitigate the anticipated risks on a continuous basis.

39. A key risk associated with the program results is to do with the difficulty in providing sufficient qualified and trained teachers and teacher educators. To mitigate this risk, MOPME will (i) follow the government's recruitment guidelines for all recruitment, including preparing and implementing an assistant teachers' recruitment plan; (ii) update and expand the DPED program; (iii) design and implement the CPD framework and training plan; (iv) enhance academic supervision and school-based monitoring and mentoring of teaching practices; and (v) set up a Primary Education Board for planning and managing examinations and assessments. This risk will be mitigated through DLIs 2, 3, and 4 as well as related PAP actions. The second risk is to do with inadequate budget allocation to the key results areas, and a low rate of development budget execution. To mitigate this risk, the program will strengthen the preparation of the annual operations plan by ensuring timely preparation of the annual procurement plan, and timely disbursement of quarterly fund release and monitoring of advances. This risk will be mitigated through the DLI 7 and related PAP actions.

40. Weak fiduciary management capacity characterized by a lack of internal audit functions, constrained procurement capacity at the DPE, and capacity challenges at district and *upazila* PEOs to monitor and supervise *upazilas'* and schools' financial management represents another major risk. In response to these risks, mitigating measures (along with fiduciary DLIs and PAP actions) will be implemented to ensure (i) adequate staffing on financial management and procurement at the DPE; (ii) setup of a designated procurement division and internal audit unit at the DPE; and (iii) expansion of the use of the e-GP, combined with annual fiduciary review, to support the MOPME and subordinated institutions in strengthening their compliance with government financial and procurement regulations. Furthermore, rolling out the iBAS++ to all drawing and disbursing officers with adequate training, and implementing the new chart of accounts will also serve to improve budget, financial monitoring, and reporting to strengthen the link of spending with planned program results.