



Completion Report

Project Number: 31345
Loan Number: 1844-Lao (SF)
October 2011

LAO PDR: Second Education Quality Improvement Project

CURRENCY EQUIVALENTS

Currency Unit – kip (KN)

		At Appraisal	At Project Completion
		15 August 2001	30 June 2010
KN1.00	=	\$0.000105	\$0.000119
\$1.00	=	KN9,495	KN8,400

ABBREVIATIONS

ADB	–	Asian Development Bank
BEGP	–	Basic Education (Girls) Project
DEB	–	district education bureau
DGE	–	Department of General Education
DOF	–	Department of Finance
DOP	–	Department of Personnel
DPC	–	Department of Planning and International Cooperation
DPIU	–	district project implementation unit
DTT	–	Department of Teacher Training
EDP	–	Education Development Project
EDP II	–	Second Education Development Program
EMIS	–	educational management information system
ESDP	–	education sector development plan
EQIP	–	Education Quality Improvement Project
EQIP II	–	Second Education Quality Improvement Project
GDP	–	gross domestic product
GEMS	–	gender and ethnic minority strategy
GEMEUI	–	gender and ethnic minority education unit
IU	–	implementation unit
Lao PDR	–	Lao People's Democratic Republic
LWU	–	Lao Women's Union
MOE	–	Ministry of Education
MTR	–	mid-term review
NGPES	–	National Growth and Poverty Eradication Education Strategy
NTEAB	–	National Teacher Education Advisory Board
NTEP	–	national teacher education plan
NTUC	–	Network Teacher Upgrading Center
NUOL	–	National University of Laos
PA	–	pedagogical adviser
PAM	–	project administration memorandum
PES	–	Provincial Education Service
PIU	–	project implementation unit
PPIU	–	Provincial Project Implementation Unit
PUCDA	–	provincial unit for construction and development assistance
PWG	–	project working group
SDTP	–	Staff Development and Training Program
Sida	–	Swedish International Development Cooperation Agency
TA	–	technical assistance
TDC	–	Teacher Development Centre
TEMIS	–	teacher education management information system

TESAP	–	teacher education strategy and action plan
TPWG	–	teacher policy working group
TT	–	teacher training
TEI	–	teacher education institute
TTEST	–	teacher training enhancement and status of teachers
TUP	–	teacher upgrading program

NOTES

- (i) The fiscal year (FY) of Lao PDR ends 30 September. FY before a calendar year denotes the year in which the fiscal year ends, e.g., FY2010 ends on 30 September 2010.
- (ii) In this report, "\$" refers to US dollars, "SEK" refers to Swedish krona

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BASIC DATA

A. Loan Identification

1.	Country	Lao People's Democratic Republic
2.	Loan Number	1844-LAO (SF)
3.	Project Title	Second Education Quality Improvement Project
4.	Borrower	Lao PDR
5.	Executing Agency	Ministry of Education
6.	Amount of Loan	
	- Original Loan Amount	SDR15,756,000 (\$20,000,000 equivalent)
	- Net Loan Amount	SDR15,403,241 (\$23,490,423 equivalent)
7.	Project Completion Report Number	PCR: LAO 1261

B. Loan Data

1.	Appraisal	
	- Date Started	4 June 2001
	- Date Completed	15 June 2001
2.	Loan Negotiations	
	- Date Started	14 August 2001
	- Date Completed	17 August 2001
3.	Date of Board Approval	28 September 2001
4.	Date of Loan Agreement	5 December 2001
5.	Date of Loan Effectiveness	
	- In Loan Agreement	5 March 2002
	- Actual	5 March 2002
	- Number of Extensions	None
6.	Closing Date	
	- In Loan Agreement	30 June 2008
	- Actual	29 December 2010
	- Number of Extensions	1
7.	Terms of Loan	
	- Interest Rate	1% during grace period and 1.5% during principal amortization
	- Maturity (number of years)	32
	- Grace Period (number of years)	8
8.	Terms of Relending (if any)	None
	- Interest Rate	
	- Maturity (number of years)	
	- Grace period (number of years)	
	- Second Step Borrower	

9. Disbursements

a. Dates

Initial Disbursement	Final Disbursement	Time Interval
15 June 2003 ^a	29 December 2010 ^b	90 months
Effective Date	Original Closing Date	Time Interval
5 March 2002	30 June 2008	75 months

^a 15 June 2003 is the date when the first interest charge was capitalized on the loan account. The actual disbursement was made on 16 July 2003 through direct payments.

^b 29 December 2010 is the date of the final liquidation of the outstanding advance in the imprest account.

b. Amount SDR15,403,241 \$23,490,423 (equivalent)

Category or Subloan	Original Allocation	Partial Cancellation	Last Revised Allocation	Amount Disbursed	Undisbursed Balance
Civil Works	5,059,000	-1,833,065	6,892,065	6,892,065	0
Equipment, Furniture and Vehicle	1,349,000	-509,516	1,858,516	1,858,516	0
Staff Training and Development	3,052,000	613,008	2,438,992	2,438,992	0
Materials	382,000	-209,398	591,398	591,398	0
Consulting Services	2,653,000	165,752	2,818,752	2,818,752	0
Studies, Monitoring and Evaluation	281,000	102,903	383,903	383,903	0
Operation and Maintenance	418,000	368,838	49,162	49,162	0
Interest Charge	552,000	181,547	370,453	370,453	0
Unallocated	2,010,000	2,010,000	0	0	0
Total (SDR)	15,756,000	352,759	15,403,241	15,403,241	0
Total (\$ equivalent)	20,000,000	538,233	23,490,423	23,490,423	0

10. Local Costs (Financed)

- Amount (\$ million)	8.63
- Percent of Local Costs	36.44
- Percent of Total Cost	18.17

C. Project Data

1. Project Cost (\$ million)

Cost	Appraisal Estimate	Actual
Foreign Exchange Cost	13.07	23.79
Local Currency Cost	24.53	23.68
Total	37.60	47.47

2. Financing Plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation Cost		
Borrower Financed	8.00	9.00
ADB Financed	19.30	22.92
Sida Financed	9.60	14.98
Total	36.90	46.90
Interest during construction		
Borrower Financed		
ADB Financed	0.70	0.57
Total	37.60	47.47

ADB = Asian Development Bank, Sida = Swedish International Development Cooperation Agency

3. Cost Breakdown by Project Component (\$ million)

Component	Appraisal Estimate	Actual
A. Base Cost^a		
1. Civil Works	9.18	12.56
2. Land ^b	0.49	3.10
3. School Fund	1.15	1.26
4. Equipment, Furniture, Vehicles, and Motorcycles	2.06	3.39
5. Staff Development and Training	8.58	7.27
6. Materials	0.89	2.32
7. Consulting Services	7.65	13.73
8. Studies, Monitoring, and Evaluation	0.95	1.28
9. Salaries	0.35	1.57
10. Operation and Maintenance	1.99	0.41
Subtotal (A)	33.28	46.90
B. Contingencies		
1. Physical Contingencies ^c	1.85	0
2. Price Contingencies ^d	1.77	0
Subtotal (B)	3.62	0
C. Interest Charge	0.70	0.57
Total	37.60	47.47

^a Inclusive of taxes and duties

^b In kind contribution by the government

^c Estimated at 10 percent for civil works, equipment, furniture, vehicles, and motorcycles, and materials; and 5 percent for staff development and training, consulting services, studies, monitoring and evaluation, salaries, and operation and maintenance

^d Estimated at an annual factor of 2.4 percent of the foreign and local project costs in dollar terms

4. Project Schedule

Item	Appraisal Estimate ^a	Actual
Date of Contract with Consultants	Q1 2002	Q2 2003
Completion of Engineering Designs	Q2 2004	Q1 2005
Civil Works Contract		
Date of Award	Q4 2004	Q2 2005
Completion of Work	Q2 2008	Q2 2010
Equipment and Supplies		
First Procurement	Q4 2001	Q3 2003

Last Procurement	Q1 2008	Q2 2010
Completion of Equipment Installation	Q1 2008	Q2 2010
Start of Operations		
Completion of Tests and Commissioning	Q2 2002	Q3 2002
Beginning of Start-Up	Q4 2001	Q1 2003

^a. Dates are as indicated in the Report and Recommendation to the President (LAO 31345, August 2001) and Project Administration Manual.

5. Project Performance Report Ratings

Implementation Period	Ratings	
	Development Objectives	Implementation Progress
From 1 April 2002 to 31 December 2002	Satisfactory	Satisfactory
From 1 January 2003 to 31 December 2003	Satisfactory	Satisfactory
From 1 January 2004 to 31 December 2004	Satisfactory	Satisfactory
From 1 January 2005 to 31 December 2005	Satisfactory	Satisfactory
From 1 January 2006 to 31 December 2006	Satisfactory	Satisfactory
From 1 January 2007 to 31 December 2007	Satisfactory	Satisfactory
From 1 January 2008 to 31 December 2008	Satisfactory	Satisfactory
From 1 January 2009 to 31 December 2009	Satisfactory	Satisfactory
From 1 January 2010 to 30 June 2010	Satisfactory	Satisfactory

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of Members
Inception Mission	6-10 May 02	2	5	a,c
Review Mission	10-13 Dec 02	1	4	a,c
Review Mission	11-16 Jul 03	1	6	a,c
Review Mission	13-17 Oct 03	1	5	a,c
Review Mission	8-15 Nov 04	1	8	a,c
Review Mission	18-23 Mar 05	1	6	a,c
Review Mission	20-27 Jun 05	1	8	a,c
Mid-term Review	14-25 Nov 05	2	12	a,c
Review Mission	16-20 Jan 06	3	5	a,b,c
Review Mission	28 Feb – 3 Mar 06	1	4	b,c
Review Mission	28 Mar – 6 Apr 06	2	10	b,c
Review Mission	9 – 13 Oct 06	2	5	b,c
Review Mission	28 Mar – 6 Apr 07	1	10	b,c
Review Mission	5-16 Nov 07	2	12	b,c
Special Project Administration Mission	18-23 Dec 07	2	6	b,c,d
Review Mission	24-30 Apr 08	2	7	b,c
Review Mission	17-27 Mar 08	3	10	b,c
Review Mission	19-24 Mar 09	2	6	b,c
Review Mission	15-24 Oct 09	2	10	b,c
Review Mission	27 Mar – 6 Apr 10	2	11	b,c
Review Mission	28 – 30 Jun 10	1	3	b,c
Project Completion Mission	10 Jan – 24 Feb 11	1	20	b,c,d

a = project specialist, b = project implementation officer, c = assistant project analyst, d = staff consultant

PROJECT MAP



I. PROJECT DESCRIPTION

1. The Government of Lao People's Democratic Republic (Lao PDR) aimed to contribute to poverty reduction through improved quality of education for all children. Primary education in Lao PDR faced a number of problems: low enrollment of children in remote and ethnic areas, shortage of school facilities, sporadic attendance rates, low completion rates and poor competency of teachers in the absence of appropriate teaching resources. Teachers had limited qualifications to teach and teacher training institutions were poorly equipped. There was no well structured in-service training or professional career development for teachers. The institutional capacities for management, planning, and budgeting were limited, and government expenditures for education were very low at 8% of the 2001 of the government's annual budget or around 1.6% of gross domestic products (GDP).

2. To help the government increasing access to primary education, the Asian Development Bank (ADB), with parallel financing from Swedish International Development Cooperation Agency (Sida), provided financial resources to implement the Second Education Quality Improvement Project by the Ministry of Education (MOE). The project was designed with the objectives of (i) improving the relevance, quality, and efficiency of primary and secondary education by developing a teacher training support system, a strategy to increase the number of female and ethnic teachers, and enhancement of the professional status and career development prospects of teachers; (ii) expanding access to and improving retention in primary education, especially of girls and ethnic children in the poor, underserved areas of the country; and (iii) strengthening the institutional capacity of central, provincial, district, and village administrations to plan and manage the decentralized education system.

3. The project scope included three main components: (i) developing in-service teacher training and upgrading of unqualified teachers in nine provinces;⁵ (ii) expanding equity access in four provinces (Bokeo, Luangprabang, Savannakhet, and Xayabouly); and (iii) strengthening the capacity of MOE to transfer educational management from central to school levels in the nine provinces.

II. EVALUATION OF DESIGN AND IMPLEMENTATION

A. Relevance of Design and Formulation

4. Project design was highly relevant to the actual needs in the sector because it helped to tackle education sector gaps including lack of standardization of in-service training materials, shortage of qualified teachers in remote areas, sub-standard teaching as a result of low wages, low enrollment of poor and ethnic girls and weak capacity of institution.

5. Project design was fully aligned with the Fifth National Socio-Economic Development Plan 2001-2005⁶ and ADB's Country Strategy and Program 2001-2005⁷ which aimed to reduce poverty and help to achieve the education related millennium development goals (MDGs) and education for all targets (EFA). Project design was also aligned with MOE's Education Strategic

⁵ Nine provinces include Bokeo, Champasak, Luangprabang, Luangnamtha, Saravan, Savannakhet, Xayabouly, Vientiane, and Xiengkhouang.

⁶ Government of Lao PDR, Committee for Planning and Cooperation. 2001. *National Socio Economic Development Plan for 2001-2005*. Vientiane.

⁷ ADB. 2001. *Country Strategy and Program 2001-2005*. Manila.

Vision⁸ that identified the importance of access to quality and relevant education, emphasizing the need to improve access in rural and ethnic areas. The government agreed that ADB's assistance should focus on the poorest areas to improve basic education with gender parity through increasing girl enrollment rates and equality of educational opportunities among ethnic groups. Project design remained relevant in the context of the Sixth National Socio-Economic Development Plan 2006-2010⁹, which emphasized continued support to education development in remote and ethnic areas achieving the Millennium Development Goals (MDGs) and education for all (EFA) targets.

6. Project formulation was based on the Education Strategic Vision and with support from the project preparatory technical assistance (TA).¹⁰ The accomplishments and lessons learned from the previous ADB financed projects¹¹ were incorporated and laid the foundations for policy change in social and gender inclusiveness, student-centered education¹², relevant curricula reform, and improved standards of educational system.

7. Project formulation also proved to be sufficiently flexible to address changing circumstances. Major change in scope made during implementation provided an appropriate response to the need for (i) adjusting the cost of school construction and rehabilitation under component 2; (ii) strengthening capacity of district education management in the project provinces under component 3; (iii) developing a curriculum and implementing the education bachelor degree under component 1; (iv) printing additional books and references provided to 8 TEIs under component 1; (v) supporting various training for senior management under component 1; and (vi) providing core textbooks to all schools in the project provinces under component 2.

8. The TA was implemented in close cooperation with key stakeholders including lines departments, provincial and district education management. However, overall project design was ambitious, over-estimated capacity of provincial and district education official in implementation. The targets took insufficient account of remoteness, transportation and communication problems. Introduction of the government's decentralized management policy was not accounted for during project design

B. Project Outputs

9. All expected outputs at appraisal were fully achieved. The major outputs or components are described below. The project design and monitoring framework comparing expected versus actual outputs is in Appendix 1.

10. The project was designed with three inter-related components which each had to be tackled in parallel. Component 1 addressed the shortfall in teacher recruitment by improvements

⁸ Government of Lao, Ministry of Education. 2000. *Education Strategic Vision*. Vientiane.

⁹ Government of Lao, Ministry of Planning and Investment. 2006. *Sixth National Socio Economic Development Plan for 2006-2010*. Vientiane.

¹⁰ ADB. 2000. *Technical Assistance to Lao People's Democratic Republic for the Second Education Quality Improvement Project*. Manila.

¹¹ ADB. 2000. *Project Completion Report: Education Quality Improvement Project in the Lao People's Democratic Republic*. Manila. ADB.1998. *Report and Recommendation of the Project to the Board of Directors: Proposed Loan to the Lao People's Democratic Republic for and Basic Education (Girls) Project*. Manila.

¹² Student centered learning method is to shift the focus of activity from teacher to learners. Learners play active role in formulating questions of their own, explaining, brainstorming and debating during class. This method emphasizes deep learning and understanding rather than memorizing.

to their pre-service and in-service training curriculum, facilities, and access to relevant pedagogical advice to maximize advances in teaching competency. Component 2 focused on expanded access to primary education, particular in remote and ethnic areas through providing new and upgraded classrooms, technical and learning materials. Component 3 was introduced to raise the level of management and administration throughout national provincial and district levels of education sector. The combination of these three components contributed to achieving the project outcome as demonstrated that (i) teachers are motivated to perform their tasks, interested to study further, (ii) national enrollment increased to 92.7% in 2009/2010; and (iii) the provincial and district officials enable to prepare comprehensive annual plan and budget.

11. **Gender.** At appraisal, a gender and ethnic strategy was prepared but indicators for key activities were not identified. During implementation, training manuals to promote gender awareness prepared under the Basic Education (Girls) Project were adopted (footnote 7). The project promoted women's participation in all project activities including training, planning and budgeting, monitoring of school construction and operations. The project succeeded in increasing girls' enrollment rate to 91.1% in 2009/2010 from 78.9% in 2005/2006.

1. Improving the Quality of Teaching and Learning (Component 1)

a. Teacher Training Capacity Development

12. **Teacher education strategy and action plan.** The project intended to develop a teacher education strategy and action plan (TESAP) that reflected the government's priorities, including the reform agenda of the pre-service teacher training system and improvements in the quality of teachers. The project, with Sida financing, developed a TESAP¹³ in 2002 which focused on improvements in teacher education standards and quality, expanding access for teachers to continuing professional development and upgrading their careers, and improvement in the status of teachers and providing incentives for teachers' retention.

13. **Revision of teacher curriculum.** The project completed development of a comprehensive training curriculum to be applied at eight teacher education institutions. The government approved the newly accredited teacher education systems (11+2 and 11+3)¹⁴ in 2008. These systems promote the qualification of teachers leading to the development of future careers. With the introduction of accredited systems of 11+2 and 11+3, the number of teacher trainees' increased to 2,410 in 2009/2010 from 2,270 in 2005/2006 and to 13,062 from 11,775 respectively in the same period. If the increased enrollment continues, the issue of teacher shortages will be reduced and this will contribute to improvements in educational quality.

14. **Professionally developed teacher education institute¹⁵ staff.** The project envisaged supporting 305 teacher education institutes (TEI) staff to attend a 2 years course in a professional development program to improve teaching and learning strategies and building confidence among TEI staff. The project exceeded the target by training 503 TEI staff, and the

¹³ TESAP was approved by the Prime Minister in 2005 and has been operationalized through various activities such as revision of new curriculum for teacher training course, development of salary and incentive package, and teachers' title and honorarium.

¹⁴ 8+3 system means 8 years general education plus 3 years teacher training course for kindergarten teaching degree; 11+2 system means 11 years of general education plus 2 years teacher training course for lower secondary teacher degree; 11+3 system means 11 years of general education plus 3 years of teacher training course for upper secondary teacher.

¹⁵ Teacher education institute includes teacher training school and teacher training college.

graduates are now competent in delivering their subject areas and able to organize effective learning activities.

15. **A cadre of teacher trainers with higher degrees.** The project intended to provide scholarships for 60 master degrees and 10 PhDs to TEI staff. The target was exceeded: 105 TEI staff graduated with master degrees in Lao PDR, Sweden and Thailand. After upgrading the qualifications of TEI staff, the teaching materials and techniques are being updating to reflect the local market demand and regional education standards. More practical trainings were provided to enhance the students' knowledge and competency. Sida cancelled the PhD program for 10 persons during the mid term review due to a shortage of qualified candidates and insufficient time to complete the studies.

16. **Pedagogical advisor.** Project targets were achieved including the training of 94 pedagogical advisors (PA) master trainers, 198 secondary PAs and 271 primary PAs. The PAs play a vital role in raising quality of teaching and learning in primary schools, especially in schools in remote areas, as they have to mentor the new and weak teachers in preparing lessons and conducting classes.

17. **Development of textbooks for teacher training institutes.** The development of textbooks (179 titles) contributed to the improvement of teachers' qualifications, teaching skills and education quality. The textbooks were distributed to 8 TEIs and training in the use of the textbooks was provided to all TEI teaching staff.

18. **Recruitment of teachers in remote areas.** Due to the shortage of teachers in many schools in remote areas, Sida agreed to make a change in scope to support 115 primary graduates to study further teacher training. Evidence from the Basic Education (Girls) Project showed that student attendance, retention and success rates improve when students are taught by teachers originating from the same ethno-linguistic village (footnote 7). This helped to reduce the problem of teacher shortfalls in remote and ethnic areas.

19. **Bachelors course.** Since the implementation of TESAP, a large number of primary teachers have become interested in upgrading their qualifications. Sida agreed to make a change in scope supporting the development of a curriculum for an accredited Bachelor degree and 52 teachers, out of which 20 were females, completed the bachelor degrees.

b. Teacher Salaries, Incentives and Working Condition Improved

20. **Revision of teacher incentives package.** A revision of the teacher salary and incentives package was introduced in 2006 aimed at raising teachers' status and motivation. The incentives package included topping up the basic salary by (i) 25% for teachers in remote areas, (ii) 30% for multi-grade teaching in 2 to 3 classes. In early 2009, the government also introduced additional incentive packages called teachers' titles and honorarium to enhance teachers' status, and expertise. Benefits included a top up basic salary by (i) 65% for long teaching service, (ii) 85% for teaching specialists, and (ii) 100% for the best teaching performance. Most teachers, particular in remote areas were motivated to perform their task and satisfied with the revised incentives package as they were paid higher than those of other civil servants and salary payments were arranged in a timely manner. Consequently, the number of teachers leaving their jobs decreased, especially in remote and difficult to access areas.

21. **Operational studies.** Eight major operational studies¹⁶ were completed and the outcomes disseminated and discussed widely to confirm the findings. The studies were disseminated to government offices, development partners and international non-government organizations. The lessons and findings of the studies were taken into account during project implementation.

c. Training Facilities Constructed and Upgraded.

22. **Construction and upgrading of training facilities.** The project constructed 2 new school buildings, 23 staff houses, 22 toilet blocks, upgraded 21 student dormitories, 5 common kitchens, 3 libraries, and reinstallation of electricity and water supply systems in 8 TEIs to accommodate an increased number of students. More than 50% of the facilities were earmarked for poor and ethnic students who agreed returning to their communities upon graduation.

23. **Construction of school cluster resource center.** The study on the effectiveness of school clusters showed that it would be more cost effective to use existing school facilities to replace cluster resource centers in order to minimize investments and operational costs. Thus, MOE agreed to construct and furnish only 65 out of 115 resource centers in the most needed areas. Each resource center covered 4-6 satellite schools and provided a venue for teachers from those schools for monthly meetings to share experiences and prepare teaching materials. Some resource centers are also used as reading rooms by students and villagers.

d. Provincial and District Teacher Training Delivered

24. **Provincial and district teacher training delivered.** At appraisal, the project planned to strengthen the capacity of 1,425 provincial and district trainers including primary PAs, secondary PAs, teacher upgrading program (TUP) and in-service trainers. At completion, the project only trained 1,117 trainers, below the target of 1,425 trainers, this had no adverse impact on training delivery as a large number of provincial and district TUP and in-service trainers were trained by other projects and non government organizations (NGOs).

25. **Teacher upgrading programs and in-service training.** At inception, the executing agency (EA) noted that expected training targets for in-service program could not be achieved because (i) the limited number of provincial and district trainers; and (ii) the targets were over estimated as there were less than 10,000 teachers in project areas. The EA reduced the target for primary teachers to receive in-service training to 9,800 from originally 15,000. Although the activities started in the third year of project implementation, targets were slightly exceeded, 2,405 unqualified primary teachers received teacher upgrading programs (TUP) training and in-service training was provided to 9,900 primary and 3,050 secondary teachers.

2. Increasing Access to and Participation in Education (Component 2)

26. **Increasing access to primary education.** This was intended to be achieved through the construction of 1,000 new classrooms and upgrading of 1,400 existing classrooms in four provinces over five years. During implementation, the prices for construction materials

¹⁶ The eight studies included (i) teaching performance in Lao primary education and its relation to teacher training background, (ii) school clusters, (iii) teacher training and recruitment into the teaching profession, (iv) teacher education institute capacity, (v) alternative assessments of primary school children's mathematics and Lao language, (vi) professional development networks in Lao PDR, (vii) obstacles to pursuing student centered teaching technique in TEI, and (viii) current assessment method of student learning outcome in TEI.

increased dramatically and many school sites were turned out to be located in areas which were difficult to access. Thus the EA proposed revising the target down to building 918 new classrooms and upgrading of 826 existing classrooms to better reflect the availability of funds, and the short timeframe. These targets were exceeded with 929 new classrooms and 903 renovated classrooms including water and sanitation. More than 58,000 pupils from 426 villages benefited from new or upgraded schools¹⁷.

27. **Encouraging participation.** The government planned to provide an annual budget of \$130 equivalent per school per year to each of the 2,400 schools to be used to support school operation and maintenance. In practice, many communities took the initiative establishing their own school funds because the government's expenditure on education was insufficient. The project provided a package of learning materials valued at \$125 to each of 2,400 schools in 41 target districts. The targets were fully achieved and activities are continued by INGOs including Plan International, Room to Read, and Save the Children.

28. The project also planned to train 7,500 community members to facilitate community participation and encourage enrollment. At the project's annual workshops in 2004 and 2005, provincial and district education officials expressed the belief that if more villagers would better understand the importance of education, school enrollment would be higher. Therefore, the EA proposed to increase the target to 10,600 members. However, it soon became clear that a large portion of ethnic villagers did not fully understand the Lao Language. At the same time, the Ministry of Education instructed that education development committees should be established in each village to support the education system. To align with the new instruction, the project trained 9,800 key community members including village heads, Lao Women Union representatives, and senior village representatives. These key community members were responsible for conducting meetings in their local languages to raise community awareness and promote enrollment in order to ensure that their members to better understand the importance of education and manage the school fund effectively.

29. **Provision of core textbooks.** This was not indicated at appraisal because it assumed that the activity would be implemented by the MOE. During the implementation, education budget provided by the government was inadequate, hence MOE decided to use the loan for printing core textbooks provided to all schools in the project provinces.

3. Strengthening Management Capacity and Project Implementation (Component 3)

30. **Strengthening capacity of Ministry of Education.** The project aimed to strengthen the capacity of department of teacher training (DTT) and the Department of General Education (DGE) to supervise and improve the overall teacher training programs throughout the country. The Department of Planning and Cooperation (DPC) coordinated and liaised with other government and development partners. The Education Construction Design and Management (ECDM) Unit under the Department of Finance supervised the planning and implementation of district level construction program; and the Department of Personnel (DEP) led the Technical Project Working Group (TPWG) and liaised on new career structures for teachers, preparing guidelines and action plans for pursuing decentralized education management.

31. The intended objectives were achieved. The DTT and DGE worked together to improve TUP and In-service training programs for primary and secondary school teachers, which have

¹⁷ Schools were constructed and rehabilitated in four provinces: Bokeo, Luangprabang, Savannakhet and Xayabouly.

now been applied nationwide. DEP developed guidelines and instruction manuals on decentralized education management, including roles and tasks of management officials from the central level down to the district level. A total of 143 persons, including senior managers and technical staff, received training on leadership, project and financial management, asset management, and monitoring and evaluation, delivered in the Lao PDR and Vietnam.

32. Strengthening capacity of provincial education services and district education bureaus. A total of 1,824 senior provincial and district managers and technical education staff received short term training, including management and team building, financial management, and monitoring and reporting. The capacity of these institutions to prepare 5-year plan and annual plans was improved, including indicative outcomes, outputs and inputs. Eighteen provincial engineers and architects in charge of the supervision of school construction were trained in using computer drawings.

33. At appraisal, the project planned to build 55 district education offices as part of strengthen the capacity of district education bureaus (DEBs). The target was fully achieved, 44 offices were built under the project and the other 11 offices were constructed from the government budget and other development partners before the project's effectiveness.

C. Project costs

34. Total estimated project cost at appraisal was \$37.6 million equivalent. ADB was to provide a loan of special drawing rights (SDR) 15.7 million or \$20 million equivalent (53% of the total project cost) from its Special Funds Resources. Sida provided parallel co-financing of Swedish kronor (SEK) 123 million, (\$9.6 million equivalent) or 26% of the project cost). The government provided \$6.5 million equivalent or about 17% of project costs to finance school furniture, training, land, taxes and duties. The communities contributed in-kind including labor, timber, sand, and stone, valued at \$1.5 million or 4% of project cost. At completion, due to the US dollar depreciation against SDR and SEK, the total project cost increased to 47.5 million from 37.6 million. ADB' fund was \$23.5 million equivalent (49%), Sida's fund increased to \$15.0 million equivalent (32%) and government and communities provided \$9.0 million equivalent (19%).

35. Although the cost of construction and government's daily subsistence allowances were higher than the estimated at appraisal, cost overruns were not incurred due to the depreciation of the US dollar against SDR and SEK. In June 2008, ADB loan savings were estimated at about \$4.0 million. The EA requested ADB approval to use the loan savings for rehabilitation of additional schools and a major change in scope and reallocation (\$4.0 million) was approved on 27 June 2008. Sida savings, amounting to \$6.2 million, were used for the procurement of books for 8 TEIs, master scholarships for TEI education staff, and scholarships for remote and ethnic teacher trainees.

D. Disbursements

36. Disbursements reached \$47.5 million at loan closing date, of which ADB financed \$23.5 million (49% against 53% at appraisal), Sida \$15.0 million (32% against 26% at appraisal), and government and communities \$9.0 million (19% against 21% at appraisal). A summary of estimated and actual project costs is in Appendix 5.

37. Disbursement records show that, for the first three years, actual disbursements were very slow, largely due to delays in school construction, procurement of school and office furniture, and training provided to primary and secondary teachers. ADB approved the closure of provincial sub-accounts because of the limited financial management capacity of the provincial project implementation units. ADB approved an increased imprest account ceiling up to \$1.2 million in late 2006 to speed up disbursements for civil works and staff development. The ceiling was maintained until loan closing. Sida's assistance to Lao PDR was phased out in 2010 and an agreement was reached to extend the project closing date from December 2008 to December 2010 to enable full disbursement of the savings of \$6.2 million.

38. The initial disbursement was on 7 August 2002 and the final payment on 3 December 2010¹⁸. The loan was closed on 29 December 2010 upon cancellation of SDR352,758 (\$545,301 equivalent). The cancellation amount mainly came from commitment charges and training costs.

E. Project Schedule

39. Actual implementation status versus the original schedule is in Appendix 6. The project was to be implemented over a period of 6.3 years from 5 March 2002 to 30 June 2008. Actual implementation was delayed by about 14 months because the appointments of the project Director, project implementation unit (PIU), provincial project implementation units (PPIUs) were delayed resulting in a delay in the nomination of the bidding committee. Hence, the recruitment of consultants was delayed by about 14 months. Civil works were also delayed because of the introduction of decentralization, making provincial management responsible for procurement. Teacher training programs only started in 2007 due to the many steps required in preparing and testing the training materials for in-service training by consultants under the Sida component.

40. Given the delays during project inception and in consultant recruitment, the government requested a loan extension from 30 June 2008 to 30 June 2010 to achieve the project's objectives and utilize loan savings. ADB approved the loan extension on 27 June 2008.

F. Implementation Arrangements

41. The government was satisfied with the implementation arrangement. The project established a PIU, four PPIUs and 71 district project implementation units (DPIUs). Initially, challenges were encountered relating to procurement and disbursement because PIU staff was not familiar with ADB's procurement and disbursement procedures. The capacity of PPIUs and DPIUs in planning, budgeting, monitoring was rather limited. Intensive support from ADB staff from the Lao PDR Resident Mission (LRM) and local consultants helped to overcome these issues. The capacity of PIU, PPIUs, and DPIUs, supported by the project implementation consultants improved during implementation because (i) there was good coordination between PIU, PPIUs, and DPIUs; (ii) the focus on project outputs and outcomes clearly indicated in annual planning of the project; and (iii) management and implementation units were effective in delivering project outputs and achieving its objectives. The EA coordinated closely with provincial authorities on the preparation of the annual budget and in identifying villages for school construction and rehabilitation, and the training programs for education staff and teachers.

¹⁸ The EA refunded the outstanding balance from the Imprest fund.

42. A project steering committee was established for policy guidance, project coordination and implementation. The committee met twice a year or whenever requested by the PIU, to provide guidance and to review project progress.

G. Conditions and Covenants

43. The status of compliance with the loan covenants is in Appendix 3. Out of 37 covenants, 32 were satisfactory complied with; three were complied with late, and two were partly complied with.

44. Covenants that were complied with late include (i) establishment of PPIUs, and DPIUs due to the introduction of education decentralized management policy; (ii) commencement of operation studies under component 1 because of delayed in recruitment of consultants; (iii) submission of annual operational plan because the limited capacity of provincial and district education officials in planning and budgeting. Submission of audited project account were sometimes delayed because the EA took time for consolidation of project expenditure at district and provincial levels and a shortage staff of State Audit Organization.

45. Covenants that were partly complied with include (i) annual budget for education provided by the government was lower than the target, and (ii) school funds provided by provincial and district authority were insufficient because education sector was not a priority in few poorest provinces.

H. Consultant Recruitment and Procurement

46. Since the project was financed in parallel by ADB and Sida, recruitment of consulting services, and procurement of goods and civil works under the Loan followed ADB's Guidelines on the Recruitment of Consultants and Procurement of Goods and Civil works (1999, as amended from time to time), while recruitment of consultants and procurement of goods under the Grant followed Sida's requirements. Procurements of goods and civil works, except for the first 2 years activities were managed in accordance with the implementation plan.

47. The EA encountered difficulties with the contract packages for school construction in the first two years because the PIU and PPIUs were not familiar with ADB's procurement procedures and the targeted schools were scattered in remote areas. ADB, together with the local consultant, provided annual procurement and refresher training to strengthen the capacity of PIU and PPIUs.

48. **Consultant recruitment.** The terms of reference for the project implementation consultants (211 person months of international and 1,856 person-months of national consulting services) and national contractual staff (822 person-months) were provided in the RRP and PAM, and request for proposal was issued accordingly. Inputs of national consultants and contractual staff increased by 5% to ensure continued support during the two year extension of the loan closing date. The consultants financed under the Loan were recruited using quality-based selection (QBS) method. The recruitment of national contractual staff followed the individual consultant selection method. There were no issues related to recruitment of consulting firm and individual contractual staff.

49. **Procurement of works.** Numerous small civil works were procured, following national competitive bidding (NCB) procedures (ADB's Procurement Guidelines of 1999, as amended from time to time), while school rehabilitation was procured through community-based

procurement contracts. Although the civil works were procured in many small packages, this was most appropriate because (i) the school locations were widely scattered, and (ii) it promoted competitive bidding as it attracted more local contractors. During the inception phase, procurement was delayed because (i) the bidding documents had to be translated from English to Lao, (ii) the procurement bidding committees at provincial level had limited knowledge of bid evaluation, and (iii) most local contractors were not familiar with the preparation of bidding documents and contract requirements.

50. **Procurement of equipment and furniture.** Contract packages for the supply of office furniture, equipment and computers for PES and DEB offices, and school furniture were procured following NCB (ADB's Procurement Guidelines of 1999, as amended from time to time). The PIU was responsible for the procurement of office equipment, computers and furniture and PPIUs for school furniture. Procurement of school furniture in the first phase was delayed as a consequence of delays in school construction. There were no serious issues with the procurement process and procured items had a warranty period of one year.

I. Performance of Consultants, Contractors, and Suppliers

51. **Performance of consultants.** The EA rated the performance of international and local implementing consultants as *satisfactory* as they completed most aspects of the TOR. They also actively supported the PIU team in day to day management of the project and closely coordinated with other departments within MOE. The performance of the two local consortium firms was rated satisfactory, while the international lead consulting firm was rated partly satisfactory because of the lack of support and late payments to its international consultants and its two local consortium firms. As a result, there was a high turnover of team leaders: two team leaders resigned within 26 months and the position was vacant for more than 6 months.

52. **Performance of contractors.** Overall the performance of contractors, except for one, was rated *satisfactory*. One contractor was rated unsatisfactory because it could not complete the work and submitted a forged bank guarantee. This case was immediately reported to Integrity Division for investigation. ADB approved sanctions against the contractor concerned for 7 years and posted this outcome on the relevant websites. The EA engaged another contractor to complete the remaining works. .

53. **Performance of suppliers.** The performance of suppliers was rated *satisfactory*. Suppliers delivered goods on time, despite the fact that schools were geographically scattered. Furniture, office equipment and computers had a warranty period of one year and any defects were immediately followed-up by the suppliers, which mostly operated from established businesses in their respective provinces.

J. Performance of the Borrower and the Executing Agency

54. The performance of the Borrower and the EA were rated as *satisfactory*. The PIU was well integrated with other relevant departments and MOE agencies. Managerial continuity was generally provided, despite a change in the Project Director and Project Manager. These transitions were supervised by the EA's senior management that allowed for continuity and smooth turnover of responsibilities. Thanks to the PIU's and PPIUs' commitment and hard work, all project activities were completed by project closing.

55. At appraisal, the EA capacity for planning, budgeting, monitoring and evaluation was weak. During implementation, a series of training programs were conducted to improve MOE's

management capacity from the central to the district levels. An education management information system (EMIS) is now in place providing data on school enrollment rates, drop out rates, repetition rates and teacher deployment at provincial and district offices. Relevant statistics are recorded in most project schools.

56. Monitoring the education targets and indicators related enrollment rates, drop out and repetition rates were done on annual basis by the Education Statistic Information Center. The updated information was posted on the MOE's website. The PIU and implementation consultants conducted annual survey to measure the project's progress against the indicators and targets, this activity were conducted in the last three years before the project closing. The results were disseminated to provincial and district levels for validation.

K. Performance of the Asian Development Bank

57. The overall performance of ADB is rated *satisfactory*. The Lao People's Democratic Republic Resident Mission (LRM) has built strong coordination and cooperation with MOE, PIU and PPIUs. Implementation problems related to the tendering process, revising project costs, and delays in disbursement of counterpart funding for training and school rehabilitation were proactively addressed and solved. LRM assisted the EA in conducting annual workshops to identify achievements and constraints against the annual plan, and provided capacity building for PIU staff (also for other ADB financed projects) on recruitment of consulting services, procurement and disbursement. The EA highly appreciated ADB's active involvement in project management and administration, which helped to expedite project implementation.

III. EVALUATION OF PERFORMANCE

A. Relevance

58. The project is rated as "*highly relevant*". At approval in 2001, the project was aligned with ADB's CSP 2001-2005 (footnote 3) focusing on growth through basic education (primary education) and remained relevant to the Six National Socio Economic Development Plan 2006-2010 (footnote 5) supporting education development in remote and ethnic areas to achieve the EFA and MDGs. The project objectives supported MOE's education strategy to improve access, quality and management of primary education. It was also relevant to ADB's Country Strategy and Program 2006-2010¹⁹ focusing its support for economic growth through basic education (primary and secondary education) as a precursor to sustainable development.

59. All project objectives envisaged at the appraisal were achieved upon completion. The project design proved to have sufficient flexibility to enable the EA to quickly modify the implementation to align with national education reforms focusing on quality improvement in learning and teaching and expand access in remote and ethnic areas. The design was adjusted to the province and district economic development zones, and the readiness of targeted communities. As demonstrated during implementation, engagement of communities to upgrade schools reduced construction costs, and strengthened community ownership in school operation and maintenance. It also aligned with MOE's innovative approach of introducing a student centered learning approach which resulted in a major improvement in the relevance of teaching and the motivation of teachers and students.

¹⁹ ADB. 2006. *Lao PDR Country Strategy and Program 2006-2010*. Manila.

60. In June 2008, ADB approved a major change in scope to reflect the need to strengthen the management capacity of district education officials, to reflect the increase in price of construction materials, and increase the subsistence allowances for education officials and teachers. The changes included rehabilitation of 88 classrooms, and training on management and leadership to district education officials and school principals.

61. Sida also approved a major change in scope to utilize the savings from the US dollar depreciation against SEK including the development of a curriculum and implementation of the education bachelor degree, stipend for teacher trainees in remote areas, training for senior education management, and procurement of additional books for teacher training institutions.

B. Effectiveness in Achieving Outcome

62. The project is rated “*effective*”. The outcome envisaged at appraisal has been fully achieved. Increasing teachers’ salary and incentive packages contributed to increased teachers’ motivation and their retention and at the same time encouraged secondary graduates to enroll in TEIs.

63. The introduction of the student centered learning method (footnote 8) has contributed to increasing students’ motivation because they allowed learning in different ways such as working in group, formulating questions of their own, addressing their ideas and brainstorming during classes. This encouraged students coming to school and actively participating in their classes. Teachers could easily monitor and assess individual student’s performance throughout the year and remedial actions could be applied when required. Equally important was that teachers adopted a more pro-active approach and parents encouraged their children. The new strategy contributed to a reduction in repetition rates to 14.2% in 2009/2010 down from 18.3 % in 2005/2006, while attendance rates increased to 79.0% from 72.4% in the same period.

64. The education management capacity of MOE, PES and DEB was substantially improved. The roles and responsibilities of management from the central to the district level were identified in accordance with the decentralized management policy. At project completion, all district and provincial education offices were able to prepare their plans in a timely manner.

C. Efficiency in Achieving Outcome and Outputs

65. The project is rated as “*efficient*” in achieving outcome and outputs, despite increased costs of for civil works and of the government’s training allowances. The project has exceeded many of its outputs (see paragraphs 11 to 31). In addition, the project also provided core textbooks to all schools in the project’s provinces, which was not originally included in the project design.

66. Communities, instead of private contractors, were involved in the upgrading and renovation of existing schools, which reduced construction cost by between 25% -30%, and contributed to increased community ownership of school maintenance.

67. When the project was approved in 2001, an economic internal rate of return (EIRR) for a primary education project was not required because the project activities did not generate direct income. At completion, the project’s achievement has contributed to the increase of national enrollment rates and reduction of repetition rates of primary education which move forwards to achieve the MDG’s targets by 2015.

D. Preliminary Assessment of Sustainability

68. Project achievements are likely to be “*sustainable*” as demonstrated by (i) renovated and newly built schools are designed to have a lifespan of about 20 years and maintenance is assured through community participation; (ii) parents and communities having increased awareness of the importance of education, which will also encourage enrollment in secondary education; (iii) the curriculum and materials for TUP and in-service teacher training have now been adopted nationwide and have been implemented under the Education for All program;²⁰ and (iv) capacity building for provincial and district staff has continued under ongoing and subsequent projects.

E. Impact

69. There are four performance indicators under impact/goals: (i) an increased number of children enter primary education and a reduction in repetition rates; (ii) an increased number of students remain in school up to grade 5; (iii) a reduction in a gender and ethnicity gaps in primary education; and (iv) an increased number of students reaching at least grade 3 literary and numeracy standards.

70. Although some indicators and targets were revised to reflect local circumstances, timeframe and loan savings, the project impact and outcomes remained. The project has substantially contributed to achieving Lao PDR objectives for attaining universal education and education for all. The expansion of education facilities accounted for an increase of 58,000 students in remote areas, which resulted in an increase in the national enrollment rate to 92.7% in 2009/2010 from 83.9% in 2005/2006. It also had an indirect impact on poverty as those children are able to read, write and undertake basic numeracy skills and help parents to improve their economic activities. The project also helped change teaching methodologies from teacher-to student-centered approach, thereby creating a better learning environment in which to improve student performance and reduce the drop-out rate. Statistics from the Ministry of Education show that the project helped in reducing the national drop-out rate to 6.8% in 2009/2010 from 9.4% in 2005/2006.

71. Increased communities’ awareness of the importance of education encouraged parents to support girls, especially ethnic girls’ attendance, and led to a gender parity index in primary education of 0.98.

72. At appraisal, environmental and resettlement implications were not expected to be significant and no adverse impacts were anticipated. During the implementation, schools were located in the state land only. Thus, school construction and rehabilitation did not involve any resettlement and land acquisition.

IV. OVERALL ASSESSMENT AND RECOMMENDATIONS

A. Overall Assessment

73. The overall assessment of the project was rated *successful* as the project achieved most of its principal objectives of improved relevance, quality and efficiency, expanded access to

²⁰ Education for All Program is financed by the Fast Track Initiative Catalytic Fund, World Bank, Australian International Development Agency. Primary Education Projects financed by INGOs.

primary education, and strengthened management capacity (Appendix 8). All project indicators and targets, except for training for community participation were achieved or exceeded. The project provided an opportunity for additional benefits 58,000 children living in 426 remote and ethnic areas, who gained access to education, which has contributed to the higher national enrollment rate.

74. The project introduced student centered learning and provided training to upgrade teachers' knowledge and skills resulting in an increased national promotion rate by 1.3% per year since 2005/2006. The project helped MOE to successfully introduce decentralized education management. The project also supported provincial and district education offices, which are now competent in preparing annual plans and budgets, showing key performance indicators, constraints and related inputs. The project also helped provincial and district offices to build partnerships between schools and their communities, helping them to raise enrollment in primary education and encouraging parents to support their children to continue further education at lower secondary levels.

B. Lessons

75. Key lessons learned from the project include the following:

- (i) **Community ownership.** To increase enrollment and sustain school operation and maintenance, community ownership is key. Strong community ownership and increased awareness of children education will improve enrollment in secondary and post secondary education.
- (ii) **Quality of teachers.** Teacher motivation and competency are a key factor in improving the quality of the education systems. Therefore, the provision of in-service training, as well as improved incentives for teachers should be continuously reviewed and adjusted to ensure motivation and retain teachers.
- (iii) **Strengthening institutional capacity.** To improve the effectiveness and efficiency of education management, it is essential to focus on building the capacity of provincial and district education offices during project implementation.
- (iv) **Monitoring and evaluation.** The establishment of a monitoring and evaluation system during project inception is important and it should be maintained until the project completion. Lessons learned and recommendations from the evaluation should be considered in the design of future projects.

C. Recommendations

1. Project Related

76. **Future monitoring.** The project assisted the eight TEIs to establish a teacher education management information management (TEMIS), MOE should continue to support this activity, and monitoring should continue under the new Secondary Education Sector Development Project.

77. **Covenants.** Covenants relating to the development of a curriculum for TEI and provision for in-service training for primary teachers may need to be revised to better reflect the project's geographical locations and capacity of provincial and district education officials.

78. **Timing of the project performance evaluation report.** Since ADB's assistance in primary education was phased out, and focuses on secondary education, the preparation of the project performance evaluation report should be undertaken at the earliest opportunity, preferably in 2012.

79. **Additional assistance.** Staff development for PIU and PPIUs should be strengthened for key activities including financial management, monitoring and evaluation. Some aspects of curriculum development will require additional adjustments for designing more relevant life skills and recent introduction of teaching English at Grade 3.

2. General

80. The EA should recognize the design and monitoring framework as an ADB requirement, and ADB missions should ensure that monitoring of performance indicators and achievements will be part of the implementing consultants' responsibility and indicated in the project's annual plan.

81. The EA's capacity in planning and financial management, particularly under decentralized project implementation, should be carefully assessed. Prior to the preparation of complex projects covering large geographical areas, capacity building should be provided.

82. The report and recommendation to the President (RRP) and project administration manual (PAM) should be translated into the local language during the project preparatory TA or at least during project inception to facilitate smooth project implementation.

83. The procurement capacity of the EA and provincial implementing agencies should be assessed during project processing. Procurement training for bidding committees, MOE and the provincial authorities should be provided at project start up to comply with ADB's Procurement Guidelines (2010, as amended from time to time).

84. Projects should be delegated to LRM at an early stage in order to expedite project implementation.

85. The project implementation plan and budget should be integrated in the sector plan and budget to ensure that counterpart funding are adequately and timely allocated to support the project activities.

Project Design and Monitoring Framework

Design Summary	Performance Indicators/Targets	Project Achievements	Monitoring Mechanism	Assumptions/Risks
<p>Goal Achieve universal participation in all geographical areas, among all ethnic groups and both genders in a good quality education, especially in primary education</p>	<ol style="list-style-type: none"> 1. 85% of children enter primary school by 2005, and reduction of the repetition rate by 2% per annum and of the dropout rate by 3% per annum 2. Increasing numbers of students remaining in school to grade 5 in project districts 3. Closing of the gender and ethnicity gaps in primary school enrollment, attendance and completion 4. Increasing number of students reaching at least grade 3 literacy and numeracy, which will contribute to increasing the country's literacy rate to 85% by 2005 	<ol style="list-style-type: none"> 1. National enrollment rate was 92.7% in 2010/2011, reduction of repetition rate was 0.5 % and dropout rate was 0.8 % per annum 2. Survival rate to grade 5 was 71 % in 2010 3. Gender parity index in primary enrollment was 0.98 in 2010/2011 4. Survival rate to grade 3 was 81% in 2010/2011. National literacy rate was 82.5% in 2007. 	<ul style="list-style-type: none"> • MOE Annual Report Review Mission • Project Progress Report 	<p>Assumptions</p> <ul style="list-style-type: none"> • Basic education continues to be government's priority • Most development partners continue their support in basic education
<p>Purpose Improve the relevance, quality, and efficiency of education by integrating the supply of good quality teachers nationwide with increased access to and participation in primary education under the decentralized education management</p>	<p>Quality</p> <ol style="list-style-type: none"> 1. Training in 70 project districts is more available to teachers, is better conducted, and more relevant to their needs 2. Teachers demonstrate improved understanding of the material they teach and use more varied and appropriate teaching methodologies 3. Teachers satisfaction, motivation, competencies, and retention improve 4. Student performance in basic literacy and numeracy improves <p>Access and Participation</p> <ol style="list-style-type: none"> 1. Over 918 classrooms built in order to complete incomplete schools, extend overcrowded schools and construct new schools in 41 	<p>Quality</p> <ol style="list-style-type: none"> 1. Provision trainings to primary and secondary teachers and school principals in 71 project districts. 2. Teacher used teaching aids using local materials. Student-center learning approach being applied 3. Teachers' satisfaction, motivation, and retention have gradually improved since the government revised the salary and incentive packages 4. Overall students' performance in basic and numeracy improved. <p>Access and Participation</p> <ol style="list-style-type: none"> 1. 929 new classrooms built to complete incomplete schools and schools with multi-grade classes and 903 existing classrooms 	<ul style="list-style-type: none"> • MOE/PES statistics • Annual report • Project progress report • Project annual survey report • Review missions <ul style="list-style-type: none"> • Project Progress reports • Review missions 	<p>Assumption</p> <ul style="list-style-type: none"> • MOE allocates fund to improve pre-service training • Development partners continue to finance in-service training <p>Assumption:</p> <ul style="list-style-type: none"> • Provision of school fund for operation will be implemented • Non quota

Design Summary	Performance Indicators/Targets	Project Achievements	Monitoring Mechanism	Assumptions/Risks
	<p>project districts; 826 existing classrooms rehabilitated</p> <p>2. Teachers available on time in new schools and classrooms</p> <p>3. Enrollment in grade 5 increases by an average of 3 percent per year in project districts</p> <p>4. Class repetition in grade 1 decreases by 10 percent over the life of the Project in project districts</p> <p>Management MOE's guideline and action plans for decentralizing education management are prepared and issues</p>	<p>were upgraded in 41 project districts</p> <p>2. Most new classrooms and upgraded classrooms being used. Teachers appointed to teach at new schools</p> <p>3. Survival rate to Grade 5 increase by average 5 percent per year in project districts</p> <p>4. Class repetition in grade 1 decreases by 5 percent over the life of the Project</p> <p>Management Education decentralized management policy and guidelines developed and applied since 2003</p>	<ul style="list-style-type: none"> • MOE/PES statistics • Annual report • Education reform report 	<p>system for deployment teacher implemented</p> <ul style="list-style-type: none"> • Salary and incentive package for teachers continually revise
<p>Outputs A. Improved relevance, quality and efficiency</p> <p>1. Teacher training capacity developed and teacher salaries, incentives, and working conditions improved</p>	<p>Quality</p> <ul style="list-style-type: none"> • Teacher education strategy paper prepared • List of teacher competencies prepared • Training curricula, TTC textbooks, teacher upgrading program (TUP) and pedagogical adviser (PA) materials prepared and published • Teacher training courses certified • 60 persons received master level training, and 10 persons received doctoral degree training • 365 TTC staff trained • Over 80 MOE PA master trainers trained • 60 TTC, 108 TUP trainers, and 473 primary and 144 secondary PAs, and approximately 700 academic teachers trained as trainers • 32 TTC directors and senior staff trained in management 	<p>Quality</p> <ul style="list-style-type: none"> • Teacher strategy and action plan prepared and approved by Prime Minister in 2005 • List of teacher competencies, teachers' title and honorarium prepared • Training curricula, TTC textbooks, TUP program and PA materials published and distributed in 2006 • Teachers training course certified and implemented • 105 education staff received master degree, doctoral degree support was canceled by Sida • 503 TTC staff trained • 94 MOE PA masters trained • 75 TTC, 54 TUP, 271 primary and 198 secondary PAs, and 556 academic teachers trained • 32 TTC directors trained and awarded certificate on management 	<ul style="list-style-type: none"> • Project Progress Reports • Review Missions • Annual workshop 	<p>Risks:</p> <ul style="list-style-type: none"> • Inadequate budget to conduct refresh training to trainers

Design Summary	Performance Indicators/Targets	Project Achievements	Monitoring Mechanism	Assumptions/Risks
<p>2. Training facilities constructed and upgraded</p> <p>3. Provincial and district training delivered</p>	<ul style="list-style-type: none"> • TTCs increasingly managed to make more efficient out of resource including in-service and continuing education Policy recommendations agreed and implemented on the recruitment and deployment of teachers, and linking salaries, benefits, and career paths to training, qualifications, experience, and performance • TTCs facilities and equipment upgraded • Equipment received by 12 secondary PA and 9 network teacher upgrading centers (NTUC) • 65 school cluster resource centers built • Over 2400 unqualified primary teachers trained through TUP • Over 240 primary teachers (mainly under-qualified female teachers) are given additional bridging course to prepare them for upgrading • 9900 primary school teachers received regular in-service training • 3000 secondary school teachers received regular in-service training • Over 500 secondary school principals receive regular in-service training • Approximately 2500 primary principals in project districts receive regular in-service training 	<ul style="list-style-type: none"> • TTC expands its campus in neighbor provinces, provides more courses: English, computer to gain more income for school operation and teachers' incentive • Construction 2 school buildings, 23 staff houses, 22 toilet blocks • Upgrading 21 student dormitory building, 5 school kitchens, and 3 libraries • Reinstallation of water supply system and electricity network to 8TEIs • Provision of equipment to 9 TUC completed in 2006 • Construction of 65 school cluster resources completed in 2007 • 2,405 (1085 female) unqualified primary teachers received TUP training • More than 300 primary teachers were given additional bridging course • 9,891 primary teachers received in-service training • 3,050 (1,256 female) secondary teachers received two weeks in-service training • 1,300 secondary school principals received in-service and management training 1,946 primary school principals received in-service training and school management, and 2,188 school principals trained on data collection and school map 	<ul style="list-style-type: none"> • Project progress report • Review missions • Project progress reports • Review Missions 	<p>Assumptions:</p> <ul style="list-style-type: none"> • TEIs gain addition revenue to be used for maintenance <p>Risks:</p> <ul style="list-style-type: none"> • Inadequate budget to support in-service training and train on the use of new textbooks
<p>B. Expanded access and encouraged participation</p>				

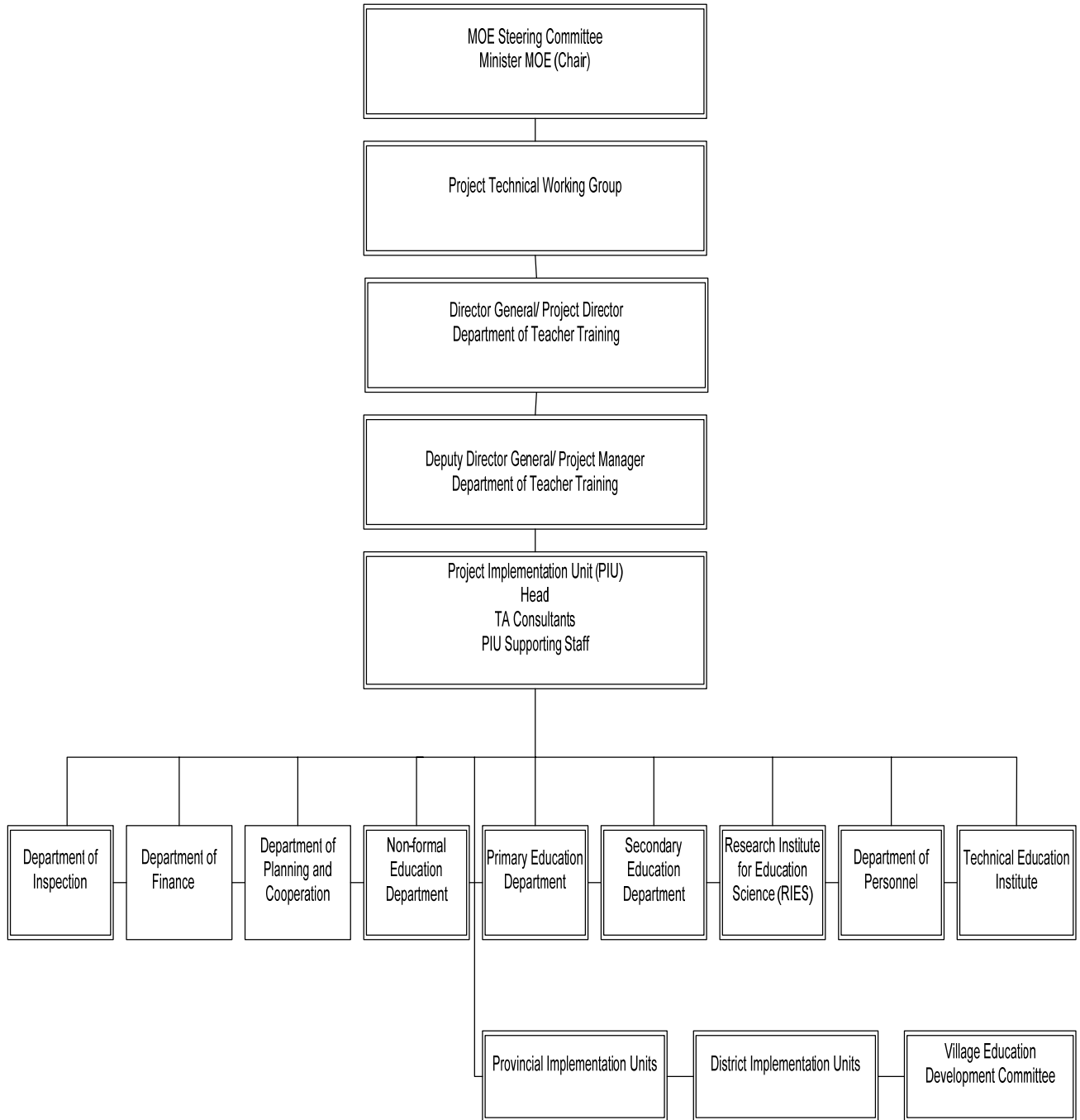
Design Summary	Performance Indicators/Targets	Project Achievements	Monitoring Mechanism	Assumptions/Risks
<p>1. Provision of education facilities</p> <p>2. Community participation in education</p>	<ul style="list-style-type: none"> • An additional 918 new classrooms to be built as part of completion of incomplete schools and construct multi-grade schools in villages without schools • Estimated 826 classrooms rehabilitated • Sufficient teachers recruited from communities or through PES to staff new schools and classrooms and trained under TUP • 10,650 community members trained to support schools • Special programs to encourage learning and participation in implemented at primary schools in project districts • Schools funds received on time by over 2400 primary schools in project districts • Books and materials received on time by schools by over 2400 primary schools in project districts 	<ul style="list-style-type: none"> • Construction of 929 classrooms (235 schools) completed in 2009 • Upgrading 903 existing classrooms (191 schools) completed during 2007-2010 • PES recruited teachers filled in new classrooms and trained teachers to manage multi-grade teaching where needed • 8,527 key village committee received training on school monitoring, operation and maintenance. • Special programs to encourage learning has been introduced in some schools where appropriate • School fund was transformed into in-kind contribution to support teachers and students learning in 2,400 schools in the targeted provinces. • Provision of books and materials to 2,400 schools completed in 2006 • Provision of core textbooks to all school in project provinces completed in 2007 	<ul style="list-style-type: none"> • Project progress reports • Review missions • Annual workshop • Project progress reports • Review missions • MOE/PES statistics 	<p>Assumptions:</p> <ul style="list-style-type: none"> • No land acquisition and resettlement required • No environmental impact occurred <p>Risks:</p> <ul style="list-style-type: none"> • School funds may not be sustained in the poorest communities • No budget for replacement of teaching and learning materials
<p>C. Strengthened Management Capacity</p> <p>1. Strengthening of MOE management capacity</p>	<ul style="list-style-type: none"> • Project implementation unit set up and operated at MOE • Project implementation guidelines agreed and written • Staff and consulting services provided to MOE • Annual activity plans made, approved in a timely manner, and implemented acceptable level • MOE staff trained in monitoring and evaluation 	<ul style="list-style-type: none"> • PIU established within Department of Teacher Training • Project implementation guideline developed and distributed to all level • MOE staff appointed; TA and contractual staff engaged to support PIU • Annual action plan prepared by PIU and approved by Project steering committee and distributed to all level 	<ul style="list-style-type: none"> • Project progress reports • MOE/PES annual report 	

Design Summary	Performance Indicators/Targets	Project Achievements	Monitoring Mechanism	Assumptions/Risks
<p>2. strengthening of PES/DEB management capacity</p>	<ul style="list-style-type: none"> • Project implementation units set up and operating at PES and DEB level • Staff and consulting services provided for PES and DEB • Training provided for PES and DEB staff and community leaders • Annual activity plans made approved in a timely manner, and implemented to acceptable level • PES and DEB staff trained in monitoring and evaluation • Provincial units for construction and development assistance (PUCDAs) strengthened to manage construction programs • School mapping completed in project districts • District construction and training plans made and updated annually • DEB offices built in project districts 	<p>PIU and relevant department staff trained on monitoring and evaluation</p> <ul style="list-style-type: none"> • PPIU and DPIUs established to support the project activities • Local contractual staff recruited to support PPIUs and DPIUs • Trainings on management and financial management, monitoring and evaluation to PES and DEB staff. Community trained on education awareness and monitoring on school construction and maintenance • PES consolidated DEB plans to provincial plan and submitted to provincial authority and PIU in July, 2 months before the fiscal year, September • PES appointed 1-2 PUCDAs to manage the provincial construction program • Education Statistic information center updated the school mapping • DEB updated information related students, number of teachers, and schools provided to PES • 44 DEB offices built 	<ul style="list-style-type: none"> • Project progress reports • Annual workshops • Review missions 	<p>Risks:</p> <ul style="list-style-type: none"> • Frequent movement of PES and DEB staff • Inadequate budget to train PES and DEB staff
<p>Activities</p> <ul style="list-style-type: none"> • Engaged consultants • Prepared TESAP • Prepared school design and drawings • Prepared school construction costing and school mapping • Developed TTC curriculum and materials • Developed in-service curriculum 	<ul style="list-style-type: none"> • Recruitment of consulting services started in June 2002 • Preparation of TESAP started in late 2003 • School design and drawing prepared in late 2003 • Development of curriculum and materials for TTC initiated in early 2004 • In-service curriculum 	<ul style="list-style-type: none"> • Consultants commenced in May 2003 • TESAP approved by Prime Minister in 2005 • School design, drawing and costing prepared in 2003 • Curriculum and materials finalized and implemented in 2005 • The in-service training for primary teachers started in 2005 and training for secondary teachers started in 2007 	<ul style="list-style-type: none"> • Project progress reports • MOE Annual report 	

Design Summary	Performance Indicators/Targets	Project Achievements	Monitoring Mechanism	Assumptions/Risks
and training materials for primary and secondary teachers <ul style="list-style-type: none"> • Prepared training plans • Prepared procurement plan for civil works and goods • Prepared monitoring format and checklist 	and training materials developed in 2004 <ul style="list-style-type: none"> • Training needs assessment in 2003 	<ul style="list-style-type: none"> • Seminar to discuss training needs conducted in 2005 • Procurement of school construction started early 2004 • Monitoring format and checklist for civil works developed in 2004 		
Inputs Financing plan ADB Sida GoL and community	ADB- \$20 million SIDA - \$9.6 million GoL and community - \$8.0 million Civil works - \$6.9 million Equipment and furniture - \$1.8 million Consulting services - \$3.6 million Staff Development - \$4.1 million	ADB - \$ 23.5 million Sida - \$ 15.8 million GoL and community - \$8.9 million Civil works - \$10.5 million Equipment and furniture - \$2.8 m Consulting service - \$4.2 million Staff development - \$3.7 million There was large saving amount of \$9.6 million as a result of fluctuation of US dollar against SDR, and SEK.	<ul style="list-style-type: none"> • ADB mainframe ADB LFIS 	

DEB = District Education Bureau, GOL = Government of Lao PDR, MOE = Ministry of Education, NTUC = Network Teacher Upgrading Center, PES = Provincial Education Services), PIU = Project Implementation Unit, PUCDA = Provincial Unit for Construction and Development Assistance, PPIU = Provincial Project Implementation Unit, Sida = Swedish International Development Cooperation Agency, TTC = Teacher Training College, TUP = Teacher Upgrading Program), TEASP = Teacher Education Strategy and Action Plan.

PROJECT ORGANIZATION STRUCTURE



Status of Compliance with Loan Covenants

Covenant	Reference in Loan Agreement	Status of Compliance
Particular Covenants		
The Borrower shall cause the Project to be carried out with due diligence and efficiency and in conformity with sound administrative, financial engineering, environmental and pedagogical practices	Article IV, Section 4.01	Complied. Internal control was done at Department of Finance, MOE. Disbursement was arranged in accordance with disbursement requirement issued by the Ministry
The Borrower shall perform, or cause to be performed, all obligations set forth in Schedule 6 to the loan agreement in carrying out of the project operation	Article IV, Section 4.01	Late complied PIU, PPIU, DPIU was established to implement the project activities Annual Plan was prepared based on the Project scope and designed indicated in the RRP
The Borrower shall make available, promptly as needed, the funds, facilities, services, land and other resources which are required, in addition to the proceeds of the loan, for the carrying out of the Project and for the operation and maintenance of the Project facilities	Article IV, Section 4.02	Complied Operation and maintenance budget is included in the annual plan. Daily maintenance has done by the community and teachers
The Borrower shall cause competent and qualified consultants and contractors, acceptable to the Borrower and the Bank, to be employed to an extent and upon terms and conditions satisfactory to the Borrower and the Bank	Article IV, Section 4.03	Complied Consultants were recruited based on ADB guideline on Recruitment of Consultants. Selection process was done by the procurement committee and approved by ADB
The Borrower shall carry out in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to the Borrower and the Bank	Article IV, Section 4.03	Complied The EA submitted annual plan and budget to ADB for endorsement.
The Borrower shall ensure that the activities of its departments and agencies with respect to the carrying out of the Project and operation of the Project facilities are conducted and coordinated in accordance with sound administrative policies and procedures	Article IV, Section 4.04	Complied Each department prepared its plan and submitted to PIU to incorporate into the Project annual plan.
The Borrower shall make	Article IV, Section 4.05 (a)	Complied

arrangements satisfactory to the Bank for insurance of the Project facilities to such extent and against such risks and in such amounts as shall be consistent with sound practice		The EA recruited local consultants to monitor the quality and standard of the school construction and reported directly to the Engineer Construction , Design and Management Unit
The Borrower undertakes to insure, or cause to be insured the goods to be imported for the Project and to be financed out of the proceeds of the Loan against hazards incidents to the acquisition, transportation and delivery thereof to the place of use or installation, or for such insurance any indemnity shall be payable in a currency freely usable to replace or repair goods	Article IV. Section 4.05 (b)	Complied All procurement were arranged in accordance with ADB requirements Construction sites were the state land
The Borrower shall maintain, records and accounts adequate to identify the goods and services and other items of expenditures financed out of the proceeds of the Loan, to disclose the use thereof in the Project, to record the progress of the Project and to reflect, in accordance with the consistency maintained sound accounting principles, the operation and financial condition of the agencies of the Borrower responsible for the carrying out of the Project and cooperation of the Project facilities.	Article IV. Section 4.06	Complied The EA's accounting system was in place. The Project operation and expenditures were strictly followed the Borrower's requirements
The Borrower shall (i) maintain separate accounts for the Project, (ii) have accounts and related financial statements audited annually, (iii) furnish to the bank as soon as available but in any event not later than 12 months, (iv) furnish to the Bank such other information concerning such accounts and financial statements and the audit thereof as the Bank shall from time to time reasonably request	Article, Section 4.06	(i), (ii), (iii) and (iv) complied (i) Complied. The Project opened a separate account at Exterior Commercial Bank of LAO PDR (ii) The Project account was annually audited by the State Audit Organization (iii) 2 copies of the Audited Project Account was submitted to ADB by 30 Sep of each year (iv) The EA provided information when required
The Borrower shall enable the Banl, up on the Bank's request, to discuss the Borrower's financial statements for the project and its financial affairs	Article IV, Section 4.06	Complied The EA facilitated the Bank' request to review the Project's procurement related audit of the loan

related to the project from time to time with the Borrower's auditors and shall authorize and require any representative of such auditor to participate in any discussion requested by the Bank		
The Borrower shall furnish to the Bank all such reports and information as the Bank shall reasonably request concerning 9i) the loan, and expenditure of the proceeds and maintenance of the services; (ii) the goods and services and other items of expenditure financed out of the proceeds of the loan; (iii) the Project; (iv) the administration, operations and financial condition of the agencies of the Borrower responsible for carrying of the Project operation; (v) financial and economic conditions in the territory of the Borrower; (vi) any other matters relating to the purposes of the Loan	Article IV. Section 4.07 (a)	Complied (i) Complied (ii) Complied (iii) Complied (iv) Complied (v) Complied (vi) Complied
The Borrower shall enable the Bank's representatives to inspect the project, the goods financed out of the proceeds of the Loan, and any relevant records and documents	Article IV. Section 4.08	Complied
The Borrower shall ensure that the Project facilities are operated, maintained and repaired in accordance with sound administrative, financial engineering, environmental, and maintenance and operational practices	Article IV. Section 4.09	Complied The EA developed guideline and manual for school maintenance
The Borrower undertakes, (i) that, except as the Bank may otherwise agree, if any lien shall be created on any assets of the Borrower as security for any external debt; (ii) the Borrower, in creating or permitting the creation of any such lien, shall make express provision to the effect	Article IV. Section 4.10	Complied (i) Complied (ii) Complied
The paragraph a, this section shall not apply to (i) any lien created on property, at the time of purchase thereof, solely as security for payment of the purchase price of such property;	Article IV, Section 4.10	Complied

or (ii) any lien arising in the ordinary course of banking transactions and securing a debt maturing not more than one year after its date		
The Term “ assets of the Borrower” as used in para (a) of this section includes assets of any political subdivision or any agency of the Borrower and assets of any political subdivision, including the Bank of the Lao PDR and any other institution performing the functions of a central bank for the Borrower.	Article IV. Section 4.10	Complied
Economic		
The Borrower shall make available an annual budget for education of at least 12 percent of the Borrower's total expenditures in FY2001/02, and at least 13 percent of the Borrower's total expenditure in FY2003/04, and for the medium term, up to 15 percent by FY2005/06	Schedule 6, para 33	Partly complied The government's expenditure on education for 2008-2009 was 15.4%
Sector		
The Borrower shall ensure that the (i) DTT shall direct and coordinate the development of all teacher training programs and that Curriculum and Materials Development Team comprising staff of DTT, DGE, TDC, NRIES, NUOL, TTCs, PA Master trainers, TUP trainers and PAs shall be established and staffed to the satisfaction of Sida and ADB within three months of the Effective Date, and maintained during the Project. The Borrower shall ensure that (ii) DTT shall produce a teacher strategy paper satisfactory to the Bank and Sida within eighteen months of the Effective date.	Schedule 6, para 7	(i) Complied (ii) Complied (NTEP finalized and presented to the Annual Conference of Education in late July 2004).
The Borrower shall ensure that the Curriculum and Materials Development Team shall undertake a needs assessment survey satisfactory to Sida and ADB. The Borrower shall ensure that the Curriculum and Materials Development Team and TDC shall develop and implement the	Schedule 6, para. 8	Complied (Curriculum and Materials Development Team established. The training assessment was completed. The National Charter of Teacher Competencies was produced.

National Teacher Competencies (NTC) to the satisfaction of Sida and the Bank.		
The Borrower shall ensure that the Curriculum and Materials Development Team shall develop curricula and materials, using the NTC, satisfactory to Sida and the Bank.	Schedule 6, para 9	Curriculum and materials developed under Sida component
The Borrower shall ensure that (a) the DTT, working with DGE, TDC and TTCs, shall develop guidelines for the certification of teachers satisfactory to Sida and the Bank, (b) the National Teacher Education Advisory Board shall formally approve such certification guidelines within two years of the Effective Date, (c) that the TPWG shall include such certification guidelines in its career development framework for teachers, (d) new TTC courses shall be developed in accordance with such certification guidelines, and (e) each PES shall establish a database of certification course implementation and teacher participation, in each case satisfactory to Sida and the Bank.	Schedule 6, para. 10	a) Complied b) Complied c) complied d) Complied e) Complied
Establishment and staffing of the Teacher Policy Working Group (TPWG) consisting of appropriate MOE personnel including staff of the Gender and Ethnic Minorities Education Unit and to be led by the Department of Personnel.	Schedule 6, para. 11	Complied
Participation of existing staff members, including TTC staff, TUP trainers, secondary school PAs based in each Project province, primary school PAs based in each Project district and lower secondary in-service trainers (PAs and TTC staff) and academic teachers in Project activities for the training of trainers including master and doctoral courses, professional development, support for PAs, workshops for PA master trainers, and training of primary school PAs lower secondary in-service trainers, replacement	Schedule 6, para. 12	Complied

PAs, TUP trainers and academic teachers.		
Participation of TTC directors and senior staff in Project activities for management training	Schedule 6, para. 13	Complied
Participation of newly recruited teachers in the Project's pilot models of continuing education and distance learning activities.	Schedule 6, para. 14	Complied
Participation of teachers, principals and trainers, in Project study tours which will be approved in advance by the Bank and Sida	Schedule 6, para. 15	Complied
Within six months of the Effective Date, the operational studies under Component 1 shall commence to the satisfaction of the Bank and Sida	Schedule 6, para. 16	Complied. The EA and Sida took time in recruitment of consultants. Thus, the 6 operational studies conducted in the first and second years of the project implementation
(a) Upgrading of TTC facilities to be conducted in accordance with the recommendations of the related Project preparatory technical assistance report, including adequate water supplies and sanitary arrangements, power supplies, rehabilitation of buildings in poor condition and some construction of additional dormitories and staff housing and (b) strengthening of NTUCs and PA resource centers to be conducted in line with Project recommendations.	Schedule 6, para. 17:	Complied (a) Classrooms, student dormitories, toilet blocks, staff housing, and libraries upgraded. (b) 65 school resource centers built
MOE shall submit the list of Project villages and schools (selected based on criteria acceptable to the Bank) to the Bank for review and approval on the following time schedule: (a) for villages/schools in the twelve Project districts in Phase 1, within six months of the Effective Date, (b) for the villages/schools in the twelve Project districts in Phase 2, no later than three months after the first anniversary of the Effective Date, (c) for the villages/schools in the 37 Project districts in Phase 3, no later than three months after the second anniversary of the Effective Date, and (d) for the villages/schools in	Schedule 6, para 18:	(a) Complied (b) Complied (c) Complied (d) Complied

the nine Project districts in Phase 4, no later than three months after the third anniversary of the Effective Date.		
The Borrower shall ensure that adequate staff, acceptable to the Bank, participate in the Project province and district level training including (a) at the Project province level, TUPs for unqualified primary school teachers, preparatory courses for under qualified trainees, secondary school in-service training programs and secondary school principal training, and (b) at the Project district level, training of primary school teachers, principals and community members.	Schedule 6, para 19:	(a) Complied (b) Complied
Prototype designs. Within six months of the Effective Date, MOE shall submit the size of the prototype of Project schools to the Bank for review and approval.	Schedule 6, para 20:	Complied
District construction plans. Within one year of the Effective Date, MOE shall submit the size of the school construction funds for each Project district to the Bank for review and approval	Schedule 6, para 21	Late complied A model district construction plans with the size of the school construction funds for 8 districts in 4 provinces was developed and formally submitted to ADB for review and approval.
Project construction funds are used for completion of incomplete primary schools, building new primary schools, building additional classrooms for existing complete primary schools and school rehabilitation.	Schedule 6, para 22:	Complied Funds allocated to upgraded and repaired 775 rooms
The Borrower shall ensure: (a) at least 50% of construction and rehabilitation funds allocated to each Project district shall be used for completing incomplete schools, (b) at least 60% of such funds shall be allocated to build permanent structures meeting minimum standards acceptable to the Bank, and (c) it is encouraged that at least 20% and not more than 40% of such funds are used as matching grants to local communities for eligible construction and	Schedule 6, para. 23	(a) Complied (b) Complied (c) complied

rehabilitation		
The Borrower shall ensure that construction and rehabilitation priority plans produced at each DEB level are approved by the applicable PUCDA and that a qualified construction engineer is approved to each Project district and each Project province and makes regular reports to the applicable DEB, PES and PUCDA.	Schedule 6, para 24:	Complied PUCDA manage the procurement process, monitor and supervise the construction
The Borrower shall (a) ensure that at least one trained teacher, or in some exceptional cases, untrained teacher, is appointed to each classroom to be constructed or rehabilitated under the Project at least three months prior to the physical completion of each school/classroom, (b) submit the name and qualification of each appointed teacher to the Bank within one month of appointment for the Bank's review; and (c) pay the salaries of all appointed teachers, including untrained teachers.	Schedule 6, para 25	(a)-(c) Complied
The Borrower shall ensure that Project funds allocated to encourage participation in education shall be used by each Project district to (a) support school operations, including purchase of books, teaching materials an equipment and minor maintenance, but not to supplement teachers' pay, and (b) organize special programs for parents and other community members including to provide basic literacy and to train community members to assist teachers. The Borrower shall ensure that each Project district obtains the approval of the DEB for its proposed use of funds, and reports such use to the DEB on an annual basis, prior to receiving further annual funds.	Schedule 6, para 26	Partly complied (a) students' parent association contribute fund to support the school operation (b) Community were encouraged to participate in education through community training
Participation in the management capacity programs of the Project to support decentralization by staff (a) in the departments of the MOE including DTT, DGE, as	Schedule 6, para 27	Complied MOE, PES and DEB management and key technical staff received various trainings:

well as the DPC and the Department of Finance, and (b) by staff at each Project PES and DEB		education management, planning and budgeting, data collection and analysis, monitoring and evaluation
Environment		
The Borrower shall ensure that environmental and social considerations, including existing laws and regulations of the Borrower and ADB's environmental guidelines, Policy on Involuntary Resettlement, Policy on Indigenous Peoples, and Policy on Gender and Development are implemented in all Project activities.	Schedule 6, para. 34	Complied
Social		
The Borrower shall ensure that the Project's gender and ethnic minority strategy shall be appropriately implemented.	Schedule 6, para. 35	Complied Gender balance is the priority as indicated more than 60% in-service participants are female teachers
Financial		
Without limiting Section 4.06 of the Loan Agreement, the Borrower shall, (a) ensure that the PESs maintain accounts for relevant Project activities meeting the same standards and (b) at the ADB's request, arrange for an independent audit, either local (National Audit Office) or international, to be financed from Loan proceeds.	Schedule 6, para 28	(a) complied (b) complied
The Borrower shall, four months before the start of each fiscal year, submit to ADB an Annual Operational Plan, including proposed financial plans at the central and provincial levels, for the forthcoming fiscal year of the Borrower. The Annual Operational Plan shall include (a) data on the proposed allocations to the education sector, (b) the status of agreed policy framework, (c) fully costed proposed Project activities for each subcomponent, with performance targets, and (d) details of how proposed Project activities are to be integrated into the subsector's ongoing programs. The Annual	Schedule 6, para 30	Late complied Submission of Annual Operation Plan was delayed for 3 months: 2003 and 2004 due to (i) delayed in recruitment of consultants for preparing the plan; (ii) the project team had limited capacity on planning. (a) Complied (b) Complied (c) Complied (d) Complied

Operational Plan shall confirm that the Borrower has allocated adequate resources in its Project implementation and recurrent budget for the Project.		
Other		
Established, Staffed, and Operating PMU/PIU		
Fielding of Consultants The services of consulting services: international, 205 person-months (ADB=74 and Sida=158); domestic, 1671 person-months (ADB=1,512 and Sida=159) are required. Local contract staff will be engaged for a total of 1,014 person-months (ADB=678 and Sida=336)		Complied Contract between MOE and TEAMS (Pvt) Ltd of Sri Lanka was signed on 26 May 2003. Consultant's fieldwork commenced on 16 June 2003. Contract with TEAMS ended in June 2008. MOE signed new contract with existing local firm in July 2008
Establishment of MOE Steering Committee which include representatives of MOF and CPC.	Schedule 6, para. 1	Complied
The Borrower shall ensure that PPIUs and DPIUs in each Project province and district, respectively, shall be established to the satisfaction of ADB.	Schedule 6, para. 4	Complied
Establishment of DPIUs in each of the 70 Project districts: (i) for the twelve Project districts in Phase 1, within six months of the Effective Date; (ii) for the twelve Project districts in Phase 2, no later than three months after the first anniversary of the Effective Date; (iii) for the 37 Project districts in Phase 3, no later than three months after the second anniversary of the Effective Date; and (iv) for the nine Project districts in Phase 4, no later than three months after the third anniversary of the Effective Date.	Schedule 6, para. 5	(i)- (iv) complied
Establishment of DPIUs in each of the 70 Project districts: (i) for the twelve Project districts in Phase 1, within six months of the Effective Date; (ii) for the twelve Project districts in Phase 2, no later than three months after the first anniversary of the Effective Date; (iii) for the 37 Project districts in	Schedule 6, para. 5	(i)- (iv) complied

Phase 3, no later than three months after the second anniversary of the Effective Date; and (iv) for the nine Project districts in Phase 4, no later than three months after the third anniversary of the Effective Date.		
Both PPIUs and DPIUs shall be staffed by existing personnel in PESs and DEBs respectively. Two additional qualified assistants may be provided to each PES and one to each PUCDA in provinces where school construction activities shall be undertaken.	Schedule 6, para. 6	Complied
Submission of Quarterly Reports on the implementation of the Project and submit to the Bank and Sida through DPC within 30 days of the end of each respective quarter.	Schedule 6, para 29	Complied Quarterly progress report often timely submitted. Submission of progress report for Quarter 3 each year were delayed because the EA was busy to prepare their annual implementation plan for the government
Monitoring, supervision and evaluation are to be conducted by each agency involved in the Project activities in accordance with the Bank's Handbook on Benefit Monitoring and Evaluation to ensure that both the implementation activities and their impact are kept under constant review.	Schedule 6, para 31	Complied MOE and PIU developed tools and trained the PES and DEB how to monitor and supervise the project activities, particular for civil works and training
Midterm review after the third year of the Project implementation.	Schedule 6, para 32	Complied Mid term review mission held in November 2005.
All major contract variations will need ADB's prior approval	Schedule 4, para. 2	Complied

Estimated and Actual Project Cost

Item	Appraisal Estimated (\$million)			Actual (\$million)		
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost
A. Base Cost						
1. Civil works	2.856	6.324	9.180	5.275	7.284	12.560
2. Land, tax and duties	0	0.490	0.490	0	3.100	2.800
3. School fund	0	1.150	1.150	0	1.260	1.160
4. Equipment, furniture, vehicle	0.890	1.170	2.060	2.730	1.170	3.900
5. Staff development and training	1.274	7.306	8.580	2.181	5.089	7.270
6. Materials	0.890	0	0.890	2.320	0	2.320
7. Consulting services	3.825	3.825	7.650	9.611	4.119	13.730
8. Studies, monitoring, evaluation	0.190	0.760	0.950	0.256	1.024	1.280
9. Salaries	0.000	0.350	0.340	0	1.570	1.470
10. Maintenance	0	1.990	1.990	0	0.410	0.410
Subtotal (A)	9.925	23.365	33.280	22.373	25.026	46.900
B. Contingencies						
1. Physical	1.256	0.594	1.850	0	0	0
2. Price	1.239	0.531	1.770	0	0	0
Subtotal (B)	2.495	1.125	3.620	0	0	0
C. Interest Charge						
Subtotal C	0.700	0	0.700	0.570	0	0.570
Total	13.120	24.490	37.600	22.943	25.026	47.470

Source: ADB= Asian Development Bank. GOLt = Government of Lao PDR, Sida = Swedish International Development Cooperation Agency

**Summary of Projection and Actual Disbursement
(\$ million)**

Calendar Year	Projection	Actual
2003	1.30	0.42
2004	2.00	1.34
2005	1.50	0.66
2006	4.00	4.19
2007	4.50	3.27
2008	3.69	4.86
2009	6.50	6.62
2010	3.20	2.13



Source: Asian Development Bank Loan Financial Information System.

Actual Implementation versus Original schedule

ORIGINAL SCHEDULE VERSUS ACTUAL IMPLEMENTATION

Activity	2001				2002				2003				2004				2005				2006				2007				2008				2009				2010											
	Pre-Project				Year 1				Year 2				Year 3				Year 4				Year 5				Year 6				Year 7				Year 8				Year 9											
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4								
COMPONENT 1: IMPROVING THE QUALITY OF TEACHING AND LEARNING																																																
A. Building Teacher Training System and Teacher Development Capacity																																																
1 Teacher Education Strategy Development																																																
2 Course Development																																																
3 Training of Trainers																																																
4 TTC Management																																																
5 Operational Studies:																																																
6 Improving Teacher Salaries and Working Conditions																																																
B. Construction and Upgrading of Training Facilities																																																
1 Upgrading of TTC facilities and equipment																																																
2 Equipment for Secondary Pedagogical Adviser Resource Centers and Network Teacher Upgrading Centers																																																
3 Building Primary School Cluster Resources Centers																																																
Activity	2001				2002				2003				2004				2005				2006				2007				2008				2009				2010											
Pre-Project				Year 1				Year 2				Year 3				Year 4				Year 5				Year 6				Year 7				Year 8				Year 9												
1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4					
COMPONENT 2: INCREASING ACCESS TO AND PARTICIPATION IN EDUCATION																																																
A. Expanding Access																																																
1 Training and Making District Plans																																																
2 Monitoring and Supervision of Construction																																																
B. Encouraging Participation in Education																																																
COMPONENT 3: STRENGTHENING MANAGEMENT CAPACITY																																																
1 Technical Assistance in Teacher Education Strategy Development (see Component 1)/Strengthening MOE Management Capacity																																																
2 Teacher Policy Working Group Support (See Component 1)/PES Management Capacity																																																
3 Annual Planning/PES DEB Staff Training																																																
4 Strengthening DEB Management Capacity/DEB Construction																																																

TTC = Teacher Training College
 PES = Provincial Education Service
 DEB = District Education Bureau
 MOE = Ministry of Education

 Original schedule
 Actual implementation

Project Outputs at Appraisal, and Revision

No	Description	Appraisal Unit/room	Revision Unit/ room
1	Upgrade TEI facilities	8	
2	Construct district education offices	55	44
3	Construct cluster resources centers	115	65
4	Construct new schools	1000	918
5	Upgrade existing schools	1400	826
	Training activities	No. of staff	No. of staff
6	Education Staff receive master degree	60	
7	Teacher Training Institute staff trained	365	
8	MOE PA master trainers	80	
9	Primary PAs trained	473	
10	Secondary PAs trained	144	
11	TUP Trainers	108	
12	Unqualified primary teachers trained	2400	
13	Primary teachers received in-service training	1500	9800
14	Secondary teachers received in-service training	3000	
15	Primary school principals received in-service training	2500	
16	Secondary school principals received in-service training	500	
17	School principals trained on school management		
18	Gender awareness to TEIs staff	851	
19	Management training to District education staff	621	
20	Training on financial management to PES, DEB and TEI staff	477	
21	TOT on school mapping and data collection for DEB staff	260	
22	Data collection and entry processing for PES and DEB	260	
23	Management training for PES senior management	146	
24	Procurement training for PPIU and DPIU	66	
25	TOT on community development to PES and DEB staff	339	
26	Training on school construction monitoring, operation and maintenance to community Members	7500	10,663
27	Financial Management for PES, DEB and TEI staff	274	

TEI (Teacher Education Institute); MOE (Ministry of Education); PA (Pedagogical Advisor); TUP (Teacher Upgrading Program); DEB (District Education Bureau); PES (Provincial Education Bureau); TOT (Training of Trainer); DPIU (District Project Implementation Unit); PPIU (Provincial Project Implementation Unit)

Overall Project Assessment

The overall rating of the Second Education Quality Improvement Project is summarized in the table below. This overall rating reflects weighted averages of the individual ratings for four criteria: relevance (20%), effectiveness (30%), efficiency (30%), and sustainability (20%). Individual criterion ratings are in whole numbers from 0 to 3, increasing order of project performance.

Core Criteria	Weighting (%)	Rating Description (value)	Weighted Rating
Relevance	20	Highly Relevant (3)	0.6
Effectiveness	30	Effective (2)	0.6
Efficiency	30	Efficient (2)	0.6
Sustainability	20	Likely (3)	0.6
Overall Assessment	100	Successful	2.4

Summary of Project Civil Works

Description	Appraisal	Revision
Construction of District Education Bureau	55	44
Construction of School Cluster Resource Center	115	65
Construction of new classroom	1000	918
Rehabilitation of existing classroom	1400	826

Economic Analysis

1. The long term goal of the Project was to contribute to poverty reduction in Lao PDR by helping the Government to achieve quality education for all children, while in the medium term the Project's objective was to improve the relevance, quality and efficiency of primary and secondary education, expanding access and improved participation rates for primary schools, and strengthening the institutional capacity of MOE, PESs, DEBs and village administrators to effectively plan and manage the decentralized education system.
2. The Project's three major benefits have been: (i) increased student enrolments, particularly amongst girls and ethnic groups, within project-designated schools as a result of improved school facilities and active engagement with local communities; (ii) greatly improved pedagogical methods as represented by the introduction of Action Learning techniques which has improved learning standards in primary schools across all provinces; and (iii) raised levels of teaching standards as a result of both pre- and in-service teacher training programs.
3. Based on these three benefits the Project's outcome has not only increased net enrolment rates (NER) for grades 1-5, up from 63% in 1990/2000 to 92% in 2008/09, but equally important an increase in the progression rates from primary to lower secondary school where NET rates have risen from 30% in 1990/2000 to approximately 63% in 2008/09. This will over time produce a better educated, more informed workforce capable of coping with the increasing demands of technology, which is now present even amongst rural societies.
4. Given the increase in primary school enrolments and the partially consequential increase in enrolments in lower secondary education, it can be assumed that the Project has made a significant contribution to a more informed labor market. This means that even in remote rural areas served by the Project's schools, there will be a fundamental increase in those able to read, write and undertake basic numeracy skills. Together with the other Project achievements, which saw an increase in the number of girls enrolled in primary schools reach an approximate parity with boys, this encourages and supports Government plans to improve economic productivity, and raise levels of health, safety and environmental protection. Central government ministries as well as provincial and district level administrators can now rely on a better educated and informed society in which to launch and develop relevant socio-economic policies. This particularly relates to programs such as family planning, child care, nutrition, and family health and hygiene which are mainly targeted at women, as well as more general programs such as improved agricultural methods, communications systems and maintenance of roads and electrical supplies.
5. The Project's RRP assumed that population growth would remain at 2.4% per year and on this basis calculated there would be an additional 2,600 government jobs created each year. It assumed economic growth at 5.2% for industrial sector and 12.5% per year for service sector. This would have meant as many as 7,000 new jobs created in public and private sector enterprises. At the same time it was anticipated that without the Project's involvement, non-enrolments in primary education would reach approximately 110,400 students a year. About 50,000 of the 110,400 young children would enter the labor market force each year. A large percentage of dropouts would be girls, who would enter subsistence farming, small household businesses or the widespread informal sector with little or no formal schooling and possessing little literacy or numeracy skills.

6. By the end of the Project in 2010 the situation had changed. Population growth rate fell to 2.1% by 2008. Growth in GDP peaked at 8.1% for 2006 before falling back to 6.5% in 2009, which was still higher than at the start of the Project. It is anticipated to grow to over 7.5% by end of 2010/2011²¹. Industrial production surged by approximately 17% in 2008-2009, while service sector growth expanded by only 4.4% in the same period²². Growth in the industrial sector in particular has meant an increased demand for workers with additional skills, but even basic level workers are expected to have a command of literacy and numeracy. While the size of the informal sector continues to dominate the overall labor market, even there increased familiarity with communications technology and expanded contact with a rising tourism industry means that reading, writing and numeracy is an important skill to acquire. Primary gross enrolment rates, which stood at only 69% in 1995/1996, reached 84.0% by 2005/2006 and achieved 89.2% by 2008/09²³. The Project's contribution to this increase of primary school graduates and its additional support to the increased output of lower secondary schools have made a significant contribution to educational standards within the Lao labor market.

7. The Project's original economic analysis was completed but detailed spreadsheet data was not available to determine the external rate of return. However, based on a sample of 30 primary schools visited during the PCR mission, average enrolments per school were 202 students with average class sizes of 32 students. The Project constructed 929 new classrooms and added a further 903 through refurbishment making a total of 1812 additional classrooms. Assuming the sample class size of 32 students pertains across all Project schools, and then the Project can account for approximately 57,984 additional primary enrolments spread over five grades, meaning an annual output of about 11,597 additional primary students. The UNDP National Human Development Report, Employment and Livelihoods, Lao PDR 2009 suggests a student with grades 1-5 and engaged in formal wage earning employment could have an earning potential of Kip2,218 per hour (US\$0.27). Based on this figure, the additional 11,597 students could have an increased hourly earning potential of Kip25.722 million (US\$3,215) annually since the start of the Project.

8. The Project targeted schools in remote rural districts and relatively few of the schools' outputs would find wage earning employment. Nevertheless, the figures give some insight into the possible external rates of return which the Project was capable of creating. Further assuming that the Project has also made a substantial contribution in the progression rate from primary to lower secondary school, the same UNDP report suggests that a student with grades 1-7 grades would have an earning potential of Kip2,637 (US\$0.33) per hour, it can be claimed that the Project has been responsible for further potential earnings nationwide. Taken as an indicator of potential earning capacity, the figures show that taken overall the Project has been successful in its contributions to the overall economy, to the labor market and in meeting social needs. A further detailed study on rates of return would take time and may be undertaken as part of the program performance evaluation report.

9. With specific reference to poverty impact, the RRP estimated the average poverty line for Lao PDR at Kip19,184 per person month in 1997/1998 prices. Based on the data in para 5 above and assuming an average monthly total of 1,000 hours in the formal wage earning

²¹ ADB. 2009. Country Strategy & Program: Midterm Review, Lao People's Democratic Republic 2007-2011. Vientiane

²² ADB. 2010. Outlook: Macroeconomic Management beyond the Crisis. Manila

²³ Ministry of Education. Education Statistics. <http://www.moe.gov.la> (accessed 5 March 2011).

sector, the Project would have the potential, if it were possible for all students to find wage earning jobs, to make a very significant contribution to raising basic income of students with grades 1-5 to over Kip2.2 million at 2010 prices. After changes in value of the Kip are taken into account, this still raises potential current earning capacity of 11,597 additional grade 1-5 students per year to well above the current accepted poverty line. Accepting that most students will not be able to enter formal wage earning occupations, the indicators still point to the greatly improved standards of literacy and numeracy, and shows that the Project has made an important contribution to lowering the percentage of those in poverty and will assist the Government to reach its Millennium Goal of universal primary education by 2015.