

**REPORT AND RECOMMENDATION
OF THE
PRESIDENT
TO THE
BOARD OF DIRECTORS
ON A
PROPOSED LOAN
TO THE
PEOPLE'S REPUBLIC OF BANGLADESH
FOR THE
SECOND PRIMARY EDUCATION DEVELOPMENT PROGRAM
(Sector Loan)**

October 2003

CURRENCY EQUIVALENTS

(as of 30 September 2003)

Currency Unit	–	taka (Tk)
Tk1.00	=	\$0.017
\$1.00	=	Tk58.35

ABBREVIATIONS

ADB	–	Asian Development Bank
AEO	–	Assistant Education Officer
AOP	–	Annual Operation Plan
AUEO	–	Assistant Upazila (Subdistrict) Education Officer/Office
BANBEIS	–	Bangladesh Bureau for Educational Information and Statistics
CHT	–	Chittagong Hill Tracts
DG	–	Director General
DPE	–	Directorate of Primary Education
DPEO	–	District Primary Education Officer/Office
EFA	–	Education for All
GER	–	gross enrollment ratio
GNP	–	gross national product
GPS	–	government primary school
ICB	–	international competitive bidding
LCB	–	local competitive bidding
M&E	–	monitoring and evaluation
MDG	–	Millennium Development Goal
MOPME	–	Ministry of Primary and Mass Education
MTR	–	midterm review
NAPE	–	National Academy for Primary Education
NCTB	–	National Curriculum and Textbook Board
NER	–	net enrollment ratio
NGO	–	nongovernment organization
PCU	–	program coordination unit
PEDP	–	Primary Education Development Program
PSC	–	program steering committee
PSQL	–	Primary School Quality Level
PTI	–	Primary Education Teacher Training Institute
RNGPS	–	registered nongovernment primary school
SLIP	–	school level improvement plan
SMC	–	school management committee
SOE	–	statement of expenditures
SWAP	–	sectorwide approach program
TST	–	technical support team
UEO	–	Upazila (Subdistrict) Education Officer/Office
UPEP	–	Upazila (Subdistrict) Primary Education Plan
URC	–	Upazila (Subdistrict) Resource Center

NOTES

- (i) The fiscal year (FY) of the Government ends on 30 June. FY before a calendar year denotes the year in which the fiscal year ends; e.g. FY2003 ends on 30 June 2003.
- (ii) In this report, "\$" refers to US dollars.

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LOAN AND PROJECT SUMMARY

Borrower	People's Republic of Bangladesh
Classification	Poverty classification: Poverty Intervention Thematic: Human development, gender and development
Environment Assessment	Environmental Category: C Environment impact was reviewed and no adverse effects were identified.
Description	<p>This sector loan has been designed to support the Government's Second Primary Education Development Program (PEDP II) during 2003–2009. PEDP II was prepared in consultation with stakeholders through a Government-led participatory process. Results from an in-depth evaluation of the First Primary Education Development Program (PEDP I) were incorporated as well as lessons learned from other sectorwide approach programs (SWAPs) in Bangladesh and in the region. PEDP II is an integrated and coordinated program covering the formal primary education subsector. PEDP II will focus on improving the quality of education in primary schools; it will strengthen policy, and organizational and institutional development necessary to support coordination, subsector planning, management, monitoring and evaluation. PEDP II includes a comprehensive policy and institutional reform framework, a common set of key performance indicators, and a common implementation framework for support from the Government and its development partners. PEDP II has been designed to be a catalyst in achieving holistic, sectorwide planning in the education sector in the long term. PEDP II will support the Government's Education for All (EFA) plans, achievement of the Millennium Development Goals (MDGs), and the poverty reduction agenda.</p>
Rationale	<p>Bangladesh has one of the largest primary education systems in the world. In the year 2001, 17.7 million students were enrolled in over 78,000 primary-level institutions and were taught by more than 320,000 teachers. This represented a 30.8% increase in formal primary education enrollments from the level in 1991. In 2001, the gross enrollment ratio was 97.5% and girls' enrollment was slightly higher than boys'. The overall net enrollment ratio was about 81%.</p> <p>While access to primary education has been provided, its quality has stagnated. There are several reasons for the poor performance. The overall pupil-teacher ratio is about 55:1, but is 67:1 in Government primary schools (GPS). With the double shift system operating in 90% of primary schools, the pupils-in-class-to-teacher ratio is less than 30:1. However, the double shift system reduces the number of contact hours between pupils and teachers. Contact hours in Bangladesh are approximately 30% below the international average. The dropout rate is high, averaging 33%, due partly to the dire poverty experienced by many families and partly to the perception of many parents and children that schooling is of little value. Average attendance rates are low at 61% overall. Girls' attendance is a little better than boys'.</p> <p>These constraints mean that many children do not receive an adequate</p>

primary education. Indeed, the current completion rate is estimated at only 67%, while no more than 64% of children starting grade 1 reach grade 5 at the expected time. The average time to complete 5 years of primary education is approximately 6.5 years, reflecting low internal efficiency and indicating a significant wastage of scarce resources. Many children—perhaps the majority—and even those “successfully” completing grade 5, do not attain acceptable standards of literacy and numeracy, and many lapse into illiteracy once they leave school. Only 5% of grade 5 pupils attain the standards required for the primary scholarship examination.

Objective

The overall goal is to reduce poverty through universal primary education and contribute to sustainable socioeconomic development and equity in Bangladesh society as envisaged in the MDGs. The specific objective is to provide quality primary education to all eligible children in Bangladesh.

Cost Estimates

The total cost is estimated at \$1.815 billion equivalent, of which \$200 million equivalent (11%) is foreign exchange cost, and \$1.615 billion equivalent (89%) is local currency.

Financing Plan

(\$ million)				
Source	Foreign Exchange	Local Currency	Total	Percent
ADB	31	69	100	5.5
IDA	46	104	150	8.3
DFID	46	104	150	8.3
EC	31	69	100	5.5
Government of the Netherlands	15	35	50	2.8
NORAD	12	28	40	2.2
Sida	9	20	29	1.6
CIDA	6	14	20	1.1
Government of Japan JICA	1	2	3	0.2
UNICEF/AusAID	4	8	12	0.7
Government of Bangladesh	0	1,161	1,161	63.9
Total	200	1,615	1,815	100.0

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, CIDA = Canadian International Development Agency, DFID = Department for International Development, EC = European Commission, IDA = International Development Association, JICA = Japan International Cooperation Agency, NORAD = Norwegian Agency for Development Cooperation, SIDA = Swedish International Development Cooperation Agency, UNICEF = United Nations Children's Fund.

Source: Asian Development Bank estimates.

Loan Amount and Terms

It is proposed that Asian Development Bank (ADB) provide a loan in various currencies equivalent to Special Drawing Rights (SDR) 72,031,000 from its Special Funds resources. The term of the loan will be 32 years, including a grace period of 8 years, with an interest charge of 1% per annum during the grace period and 1.5% per annum thereafter. ADB will finance 5.5% of the PEDP II costs, comprising \$31

million of the foreign exchange cost, and \$69 million equivalent of the local currency cost. Joint grant cofinancing of \$389 million equivalent (21%) will be provided from the following sources: Department for International Development (DFID), \$150 million equivalent (8.3%); the European Commission (EC), \$100 million equivalent (5.5%); the Government of Netherlands, \$50 million equivalent (2.8%); Norwegian Agency for Development Cooperation (NORAD), \$40 million equivalent (2.2%); Swedish International Development Cooperation Agency (Sida), \$29 million equivalent (1.6%); and Canadian International Development Agency (CIDA), \$20 million equivalent (1.1%). These funds will be administered by ADB and subject to ADB guidelines and procedures for procurement of goods and services and consultant selection. International Development Association (IDA) is considering providing a credit of \$150 million equivalent (or 8.3%) on standard IDA terms. The Government of Japan is considering providing through the Japan International Cooperation Agency (JICA) parallel cofinancing of \$3 million equivalent (0.2%). The United Nations Children's Fund (UNICEF), in partnership with the Australian Agency for International Development (AusAID), is considering providing parallel cofinancing of \$12 million equivalent (0.7%). CIDA is considering providing an additional \$20 million equivalent through budgetary support to the Government. The Government will provide \$1.161 billion equivalent (63.9% of the total cost of PEDP II).

Period of Utilization	Until 30 June 2010
Estimated Project Completion Date	31 December 2009
Executing Agency	The Directorate of Primary Education (DPE), acting under the overall supervision of the Ministry of Primary and Mass Education (MOPME), will be the Executing Agency (EA).
Implementation Arrangements	MOPME will establish a program steering committee, headed by Secretary MOPME, to oversee the work of DPE and implementation of PEDP II. A program coordination unit (PCU) will be established to support DPE in coordinating, implementing, and monitoring the PEDP II through DPE line divisions with the support of technical support teams (TSTs). At the regional level, divisions and districts will have key supervisory and support roles in implementing PEDP II. However, increasingly during implementation, functional authority and responsibility will devolve to the Upazila (subdistrict) and school levels. This shift in the locus of control and accountability will help speed up the development process and improve governance. Support and expertise for this purpose will be provided during PEDP II implementation. In addition, ADB, as the lead agency, will establish a PEDP II Liaison Unit (PLU) within the Bangladesh Resident Mission to exclusively administer the implementation of the PEDP II, and to facilitate close liaison with the EA, its PCU, and development partners.
Procurement	Procurement of goods and services under international competitive bidding (ICB) will be financed from the ADB loan and cofinanced grant

funds administered by ADB. Procurement will follow ADB's *Guidelines for Procurement*. IDA guidelines will apply to internationally procured items to be financed by IDA. Local procurement will follow the Government's new Public Procurement Regulations acceptable to ADB. Under PEDP II, civil works contracts are small and unlikely to attract the interest of international contractors. They will therefore be awarded on the basis of local competitive bidding (LCB) procedures acceptable to ADB.

Consulting Services All international and associated domestic consultants will be financed from the ADB loan and cofinanced grant funds administered by ADB, and will be selected in accordance with ADB's *Guidelines on the Use of Consultants*. Other arrangements satisfactory to ADB will be applied in engaging domestic consultants. A total input of about 700 person-months of international and over 1,000 person-months of domestic consulting services will be provided.

Benefits and Beneficiaries Key improvements will include a reduced pupil-teacher ratio, more quality textbooks and supplemental materials, better physical facilities, more pupil-teacher contact hours for teaching and learning activities, and quality initial and in-service training programs for teachers and head teachers, appropriate for the teaching and learning of basic competencies, especially literacy and numeracy, and other foundation concepts that underpin learning in everyday life, and later in secondary and higher education. However, none of these improvements will be sustainable unless and until system capacity and efficiency are enhanced. The long-term crosscutting benefits of the comprehensive sector program approach adopted will be improved organizational and institutional development and human resource development strategies, and the provision of additional financial and other resources. These benefits will ensure greater long-term sustainability of primary education services, in both technical and financial terms. Ensuring that these improvements reach beyond the urban areas to the farthest regions of Bangladesh will help overcome the barriers caused by remoteness and geography. Another crosscutting benefit of the sector program approach will be the rapid reduction of stand-alone project implementation units, which currently tend to remove key education staff from their regular positions, result in off-budget resource management, and distort staff performance reward and incentives systems. Harmonized requirements and procedures of development partners of PEDP II in financial management, reporting, procurement, audits, monitoring and evaluation, and progress review missions, will result to reduced transaction costs of the Government and development partners, improved coordination between all parties, and strengthened joint participation of MOPME, DPE, and stakeholders of other levels in primary education annual planning.

Overall, the estimated immediate beneficiaries of PEDP II are (i) about 16 million pupils in about 65,000 primary schools under the MOPME (ii) 35,000 new primary school teachers who will receive initial training and (iii) all 40,000 existing untrained primary school teachers who will receive initial training. In addition, the target group of in-service training

includes all 320,000 existing trained primary school teachers and head teachers, including primary school teachers in schools under the Ministry of Education (MOE) administration, who will receive in-service training through several stages during PEDP II. Over 17 million pupils in about 78,000 primary schools will benefit from the in-service training of their teachers.

The Program will put emphasis on improving completion rates, which are low for both boys and girls. PEDP II includes cross-cutting gender strategies in all components, and will assist the government to meet its quota of 60% female teachers in primary schools. Gender equality training will be included in teacher training.

The Government is implementing within the PEDP II framework an extensive stipend program for primary education targeting poor children. In addition, PEDP II has specific priority interventions to increase access to primary education by poor, disadvantaged, indigenous, and refugee children to enhance their basic competencies and chances for secondary school education or vocational training and employment opportunities. By the end of PEDP II, enrollment of poor children is expected to increase by 2.7 million–3.2 million poor students, and 67–76% (compared with 55% in FY2001/02) of total PEDP II expenditure is expected to have been targeted to the poor.

Risks and Assumptions

To avoid the risks and problems associated with coordination and implementation of numerous separate project interventions, and the consequent lack of impact of such interventions on quality improvement, the design of PEDP II is based on a comprehensive sectorwide program approach acknowledging that improvement of quality at classroom level cannot be achieved without improvement at the systemic level. The implementation of a sectorwide approach embodied in the PEDP II also entails significant risks. Risks have been analyzed, together with lessons learned from previous interventions, including sectorwide program approaches, and a detailed risk mitigation plan has been developed as part of PEDP II design. Organizational development, institutional reform, and capacity building will be supported for efficient implementation of the program approach. While the Government is committed to the sectorwide approach, there is the risk that a future government would reverse policy decision on this commitment. However, this risk is not considered high, since the sector approach and program modalities are very much linked with wider long-term development frameworks of Bangladesh, such as the poverty reduction strategy and medium-term expenditure framework.

Financial sustainability was confirmed by (i) reviewing the general adequacy of the existing revenue expenditure budget allocation to support the recurrent cost of delivering public primary education services, and (ii) analyzing the implications of the recurring cost of PEDP II investments. The possibility of corruption has also been addressed. PEDP II includes measures to ensure better governance and efficiency in system performance, and transparency in financial and procurement management.



I. THE PROPOSAL

1. I submit for your approval the following report and recommendation on a proposed loan to the People's Republic of Bangladesh for the Second Primary Education Development Program (PEDP II).

II. RATIONALE: SECTOR PERFORMANCE, PROBLEMS, AND OPPORTUNITIES¹

A. Performance Indicators and Analysis

2. Bangladesh has one of the largest primary education systems in the world. The strong national commitment to education over the past 15 years is evident in the rapid growth in participation and completion rates and strong overall growth in the system of primary education as a whole. In the year 2001, 17.7 million pupils were enrolled in over 78,000 primary-level institutions and taught by more than 320,000 teachers.² This enrollment represented a 30.8% increase in the formal primary education sector over the level in 1991. The gross enrollment ratio rose steadily to reach 97.5% in 2001, girls' enrollment being slightly higher than boys'. Official data suggest an overall net enrollment ratio of about 81%.

3. The overall pupil-to-teacher ratio is about 55:1, but is 67:1 in Government primary schools (GPS). With the double shift system operating in 90% of primary schools, the pupils-in-class-to-teacher ratio is less than 30:1. However, the double shift system reduces the number of contact hours between pupils and teachers. Official data on pupil contact hours in primary education place Bangladesh approximately 30% below the international average of 5,367 hours, and the situation is worse in some areas and schools. The high dropout rate, averaging 33%, results partly from the dire poverty experienced by many families and partly from the perception of many parents and children that schooling is of little value. Reported average attendance rates are low at 61% overall. Girls' attendance is a little better than boys' in both urban and rural areas. Attendance in urban schools is 64.3%, which is significantly higher than the 56.5% reported for rural schools. Children who do attend school regularly go to schools that generally lack physical infrastructure and teaching and learning materials. Most have only three relatively small classrooms with no storage space, and furniture that is unsuitable for use with activity-oriented teaching and learning methods required in primary education.

4. These shortcomings mean that many children do not receive adequate primary education. Indeed, the current completion rate is estimated at only 67% while no more than 64% of children starting grade 1 will reach grade 5 in the expected time. The average time taken to complete the 5 years of primary education is approximately 6.5 years, reflecting low internal efficiency and significant wastage of scarce resources. Achievement testing and research also suggest that many children, perhaps the majority and even those "successfully" completing grade 5, do not attain acceptable standards of literacy and numeracy, and many lapse into illiteracy once they leave school. Only 5% of grade 5 pupils are able to attain the standard required for the Primary Scholarship Examination. In addition to a declining primary age cohort,

¹ ADB. 2001. *Technical Assistance to Bangladesh for the Primary Education Sector Improvement Project*. Manila. The project preparatory technical assistance (PPTA) assisted the Government in preparing the PEDP II macroplan for the formal primary education (Supplementary Appendixes A and B). Technical assistance (TA) from DFID (Department for International Development), NORAD (Norwegian Agency Development Cooperation), UNICEF (United Nations Children's Fund), European Commission (EC), Government of Netherlands, and World Bank (WB) contributed to the joint preparation process coordinated by the ADB PPTA. ADB led a joint Fact-Finding Mission from 16 February to 2 March 2003, and a joint Appraisal Mission from 27 April to 19 May 2003.

² Government records and PPTA data for school year 2001. These pupil, school, and teacher numbers in para 2 reflect the primary education system as a whole including schools under Ministry of Primary and Mass Education (MOPME), and Madrasah (religious) schools under Ministry of Education (MOE).

the lack of quality in the GPS is perceived to be a major factor in recent declines in enrollment. PEDP II seeks to improve the efficiency and quality of primary education as both a foundation for effective economic development and as a poverty reduction mechanism. The PEDP II framework is in Appendix 1.

B. Analysis of Key Problems and Opportunities

5. The low quality of primary education is one of the gravest development problems facing Bangladesh at the beginning of the 21st century. Government, nongovernment organizations (NGOs), and other agencies of civil society acknowledge the many problems facing the system and challenging all efforts to build a high-quality primary education subsector. Indeed, during 1997–2003, development partners have worked with the Government on a number of projects to alleviate some of the problems. However, focus has been on increasing access rather than improving the quality of education. The analysis of the many problems and challenges, and various government actions being taken to overcome them are in Appendix 2. Summary is in paras. 6–9. Problem and constraints analysis is in Supplementary Appendix C.

1. Access and Equity

6. Demand side problems and constraints—e.g., poverty, direct costs of schooling, opportunity costs, special needs of some children, social and cultural constraints and prejudices—prevent children from going to school or from benefiting fully from the educational services provided by the school. Poor and working children, girls, tribal minorities, disabled children, children in different geographic and educational environments, and refugee children are at particular risk of being marginalized in the formal education system and require specific targeted strategies to achieve equitable enrollment, completion, and attainment. In Bangladesh 40% of the population live below the poverty line, and another 20–30% are close to poverty. Hence, poverty is probably the most important single factor negatively impacting children's participation in schooling. Poverty is widespread in both rural and urban areas, but its greatest relative impact is in the remote regions and tribal communities of the hill tracts.

2. Quality

7. Supply-side constraints encompass aspects of the school and classroom that limit their capacity to offer adequate and quality education to children in the area. In Bangladesh, these constraints include barriers limiting access to schools; short contact hours; inadequate facilities including poorly maintained buildings, and lack of sanitation facilities and safe drinking water; untrained or poorly trained teachers using inappropriate teaching methods; lack of teaching and learning resources; teacher absenteeism, etc. Many children begin their schooling in satellite schools that occupy rented premises and where untrained and poorly qualified members of the community teach without the aid of any resources, except perhaps textbooks. Even the majority of the children who live close to a GPS often find that their schools lack classrooms, teaching and learning resources, and facilities. The lack of classrooms and teachers means that the majority of schools work on a “shift” system, with classes 1 and 2 attending in the morning and classes 3, 4, and 5 in the afternoon. Contact hours are thereby reduced at each level. Hence teachers do not have enough space and time to teach effectively and provide pupils with individual attention to solve learning difficulties and provide remedial help.

8. Many teachers, even in the GPS, and a larger proportion of those in other types of schools are untrained; those that have been trained, have been poorly trained. The lack of teacher quality can be traced back to a low standard of preservice or initial teacher training, and a similarly low standard of in-service training and professional development. These problems, in

turn, have their root cause in the poor quality of the primary education teacher training institutes (PTIs), the lack of resources at Upazila (subdistrict) level, lack of effective monitoring and teacher supervision resulting in teacher absenteeism, and lack of leadership from the National Academy for Primary Education (NAPE) and the National Curriculum and Textbook Board (NCTB). The majority of primary teachers are men (about 62%) and so schools lack the caring ethos that is typical of primary schools staffed by female teachers and which is regarded as most suitable for young children. In brief, the school does not offer an environment that facilitates and encourages good learning. The enormity of this problem is evident, given that primary education is the foundation on which all other schooling and education is based.

3. Systemic Problems

9. Institutional constraints are policies and administrative arrangements that prevent children from attending school or performing at an acceptable level and limit the capacity of the school to provide effective education. Some examples are the double shift system, weak organizational capacity throughout the Directorate of Primary Education (DPE), an organizational culture that does not properly value primary education, the overly centralized management and decision making, staffing policies—especially the policy of frequent transfers—that lead to discontinuity and inefficiency, inadequate funding arrangements, inability to make the most effective use of available funds, and lack of linkages between the formal and subformal sectors. All these problems are evident in Bangladesh, and all are reflected in the lack of quality in primary education now available to children throughout the country. The overriding view is that bringing together the Government and all major partners and stakeholders under a common framework and comprehensive program, including institutional reforms, in primary education will better support (i) sector development led and managed by the Government; (ii) a comprehensive sector policy reform framework; (iii) rationalized sector targets that are appropriately integrated into the Government's Medium-Term Expenditure Framework (MTEF); and (iv) more cost-effective use of available sector resources, including balancing the recurrent budget in favor of nonsalary expenditure, which is essential for sustainable improvement of the quality of primary education as a whole.

III. THE PROPOSED SUPPORT TO THE PEDP II

10. The strategy of the Asian Development Bank (ADB) in Bangladesh focuses on human development through basic education as part of the overall poverty reduction strategy. The operational strategy for the education sector aims to (i) increase equitable access to basic education, particularly for girls and disadvantaged groups; (ii) improve educational quality and system efficiency, particularly in teacher training; (iii) strengthen the institutional capacity to deliver basic and secondary education; and (iv) support decentralization and community involvement in education.

11. At the Government's request, ADB has played the lead role in helping the Ministry of Primary and Mass Education (MOPME) prepare for PEDP II. Development partners and other stakeholders have been working with the Government and ADB to arrive at a jointly designed and agreed upon PEDP II macro plan for primary education, consisting of a policy and reform framework, strategies, program, and an investment plan for 2003–2009, including subsector performance indicators, priorities for investments, and capacity building. This plan builds heavily on lessons learned during PEDP I, and from recent ADB-funded projects in primary education. A summary is in Appendix 3. Lessons learned from a sectorwide program approach (SWAP) applied currently in the health sector in Bangladesh have been incorporated in the PEDP II

design as well as lessons learned from Pakistan's Social Action Program³. Details are in Supplementary Appendix D.

12. Compared with PEDP I, PEDP II is a more integrated and coordinated subsector program. PEDP II will focus on improving the quality of primary education and will promote organizational and institutional development necessary to support coordination, subsector planning, management, and monitoring to ensure efficient improvement of quality. PEDP II includes a common set of key performance indicators and a common framework for support from the Government and development partners. PEDP II interventions will be supported by a comprehensive policy and institutional reform framework (Appendix 4). The framework has also wider sectoral linkages with secondary education, such as restructuring and organizational development of the institutions dealing with both primary and secondary education. PEDP II has been designed to be a catalyst for achieving holistic, sectorwide planning in the whole education sector in the long term.

13. While at the systemic level PEDP II will focus on formal primary education where the vast majority of the children are enrolled, it will also promote Government's Education for All (EFA), achievement of Millennium Development Goals (MDGs), and the poverty reduction agenda. PEDP II promotes common learning standards for all types of primary schools, in Government schools and NGO schools. This approach will assist the Government in harmonizing the development and quality improvement of the various subsystems and promote better primary education across the country.

14. ADB's sector loan modality is considered the most appropriate method of financing PEDP II.⁴ ADB's sector loan criteria have been met. The Government has prepared and endorsed, jointly with development partners and in consultation with other stakeholders, a comprehensive PEDP II macro plan to meet the priority needs of the subsector. The capability of sector institutions will be supported to implement the plan. Government's policies for the sector will be further strengthened. The ADB sector loan, together with support from other development partners, will assist the Government in implementing PEDP II. PEDP II, and the ADB sector loan are in line with ADB's education policy and country strategy.

A. Objectives

15. PEDP II will assist the Government to promote EFA and its poverty reduction agenda, which are linked with the MDGs. PEDP II has an overall goal of reducing poverty through universal primary education and contributing to sustainable socioeconomic development and equity in Bangladesh society as envisaged in the MDGs. The specific objective is to provide quality primary education to all eligible children in Bangladesh.

B. Components and Outcomes

16. PEDP II has four components: (i) quality improvement through organizational development and capacity building, (ii) quality improvement in schools and classrooms, (iii) quality improvement through infrastructure development, and (iv) improving and supporting equitable access to quality schooling.

17. Implementation will encompass development activities at central Government level, as well as at school community, Upazila and district levels in all 64 districts of the country. The

³ ADB. 2001. *Project Performance Audit Report on the Social Action Program (Sector) Project*. Manila.

⁴ The concept "program" is used instead of "project" to emphasize the sectorwide program approach of PEDP II, and because it encompasses all external support to PEDP II.

rationale and outline of the components are in paras. 18–37. A detailed description of the components is in Supplementary Appendix E.

1. Quality Improvement through Organizational Development and Capacity Building

18. PEDP I established the absolute importance of policy development, institutional and organizational reform, and capacity building if interventions implemented through any development program are to be sustainable in the longer term. PEDP I has also shown the necessity of institutionalizing development programs within the organizational and administrative framework of MOPME and DPE. Only in this way can the formal system gain full ownership of the changes and reforms that are offered through the development programs. As a result of these experiences and lessons, PEDP II places the highest priority on capacity building and systemic reform and has determined that capacity building should preferably precede, may occur concurrently with, but should never follow, interventions aimed at quality improvement. The interventions in the component have been designed to meet the increasing operational demands that come with a shift in focus from access to quality improvement and to ensure the necessary level of institutional support for development programs.

19. A distinctive thrust of PEDP II is to increase authority and accountability, including good governance and the need to address fiscal and supervisory irregularities in the subsector. A comprehensive organizational and institutional review and analysis of MOPME, DPE and all primary education institutions at national and all other levels will be completed at an early stage of PEDP II implementation. Organizational and institutional capacity building needs of the institutions will be determined in detail to provide a quality primary education system and to undertake more effectively their present and future roles and functions in primary education policy-making, planning, management, system support, and monitoring. Based on the review and analysis, a time-bound action plan for restructuring and capacity building will be implemented during PEDP II.

20. Fundamental to the process of quality improvement in primary education is the principle of decentralizing and devolving authority and responsibility to middle and local levels of the education system. The initiatives in component 1 are designed to strongly support further decentralization and devolution. PEDP II aims to enhance resources at school level to achieve quality improvement in learning and equitable access. In line with this approach, key outreach and support mechanisms will be developed at the Upazila level. Teachers, head teachers, school management committee (SMC) members, Upazila education officers (UEOs), assistant Upazila education officers (AUEOs), and staff of Upazila Resource Centers (URCs) will be provided training opportunities emphasizing that PEDP II is a unified effort with one set of goals, interventions, and procedures and with one line of management—the regular line running from DPE to division, district, Upazila and school. This means that all interventions to be implemented in the field—especially in schools and Upazilas—need to be in one strand and should be coordinated with other strands at district and higher levels.

21. Additional functions will be assigned to schools and Upazilas, which will be strengthened through provision of infrastructure, staff training and capacity building. In each Upazila, existing and new AUEOs and the URC staff will be trained to work together as a team to meet these new responsibilities. This enhanced Upazila education team will inspire, train, and support SMCs, head teachers, and teachers in their roles to improve the quality of learning and to provide quality primary education to all children. The enhanced responsibilities at Upazila level will call for professional support and guidance from district level. It is, therefore, essential during the PEDP II period to strengthen the District Primary Education Office by creating a small primary education technical team to lead, train, professionally support, and coordinate the

Upazilas. During PEDP II, this new capacity will be made part of the regular organizational structure for primary education.

2. Quality Improvement in Schools and Classrooms

22. The interventions supported by this component represent the core quality inputs of PEDP II. These interventions reach all parts of the primary school system and will provide positive support for quality improvement at all levels. The complex nature of the education system means that improvements in student learning and outcomes can only arise from improvements elsewhere. The system has to change. The interventions of this component, affecting as they do the schools and classrooms, teachers and head teachers, teaching and learning materials and other resources, the support institutions such as NAPE, NCTB, Primary Education Teacher Training Institutes (PTIs), URCs, and district offices, as well as the communities in which the schools are located—provide the framework and substance for those changes.

23. PEDP I has demonstrated that quality improvement in Bangladesh's primary schools will require many coordinated interventions, including greater responsiveness to classroom circumstances and the learning environment. Indeed, improving the learning environment in schools to provide the foundation for an improved quality of teaching and learning is a key objective of PEDP II. The interventions under this component are designed to ensure that all schools meet the primary school quality level (PSQL) criteria: schooling in classrooms that are not overcrowded, suitable staff-student ratios, regular attendance by teachers, one teacher for each class or section, and sufficient contact hours to allow quality teaching and learning to take place.

24. Both NCTB and NAPE have key responsibilities in providing primary education and therefore must play a key role in quality improvement. Both organizations will undergo organizational reform and capacity building to develop the resources and skills necessary to properly meet their obligations and responsibilities. Academic and technical support will strengthen the Primary Curriculum Wing of NCTB and improve primary education through the provision of quality textbooks and materials appropriate to particular grade levels, curriculum development and evaluation, and testing and assessment. NCTB will be supported in its efforts to promote continuous school-based assessment as an aid to better teaching and improved learning.

25. Despite many constraints, not the least of them the discontinuity of its professional staff, NAPE's mandate to offer a model of capacity building for teacher education and improvement of quality in the education system remains a valid one. NAPE will be invested with authority as an autonomous body and provided with a stable staff of well-prepared specialists to fulfill its mission as an apex institution. In turn, systemic reform, capacity building, and organizational reform of NAPE will be supported to enhance its role of setting standards for teacher education and engaging in training to effectively and efficiently deliver primary education nationwide.

26. However, little of the organizational reform will have much positive impact on children if they are denied the essential tools for learning, in particular literacy. Hence, a basic package of teaching aids and core and supplementary reading and learning materials will be provided to all GPS, registered nongovernment primary schools (RNGPS), and community schools, including satellite schools. Teachers will be provided with texts, relevant curriculum documents, teachers' guides, aids, and equipment necessary for each class and subject taught. Furthermore, support will be given to ensure that pupils continue to have free texts for every subject and that the texts are available from the first day of the school year.

27. The performance of teachers is seen as the most important element in a quality education system. Support will be provided for ensuring appropriate minimum criteria for recruiting trainee teachers, an appropriate minimum level of standards for training teachers, and a registration system for trained teachers. An appropriate balance between initial teacher training and in-service training will be emphasized. Support will be provided to improve initial teacher training to include both theory and practice and involve regular periods of supervised practicum in schools. To achieve this will require an improved system of initial teacher training, together with a program of extension, upgrading, and refurbishment of the existing PTIs to expand the capacity to meet immediate teacher supply targets and the longer-term targets required by EFA policy.

28. Support will be provided for reviewing and improving the incentives and rewards for primary teachers to encourage them to maintain and enhance their professional skills through programs of in-service training and courses for further qualification. Support for existing teachers will ensure regular, preferably annual, professional development or in-service training. Therefore, subcluster training will be strongly supported. The in-service program will continue the earlier initiatives of PEDP I to assist teachers to adopt child-centered methods to improve teaching quality and pupil learning. Texts, teachers' guides, aids, and equipment for each grade level and subject taught will be provided. Teacher supervision in the field, in coordination with the in-service training provided, will be important for quality improvement and will be strengthened, drawing lessons from PEDP I projects and also from successful NGO projects.

29. The quality and authority of head teachers are strong indicators of quality schools. To achieve and maintain the proposed quality standards under PEDP II, head teachers will be trained in school management, teacher support and supervision, community mobilization and participation, and in other areas necessary to facilitate and support quality teaching and learning in all grades and classes. SMCs and PTIs will play a significant role in community mobilization, with support from head teachers. Support will be provided for improving selection and promotion of well-qualified candidates, including qualified female teachers, for head teacher positions as well as for the reviewing the need to provide them with adequate rewards and incentives.

30. The original intention for the URCs was to establish institutions at the Upazila level for in-service training of primary teachers. However, only about 20% of the planned purpose-built URCs were constructed under the various PEDP I projects. Under PEDP II, the URC building and implementation program will be completed to provide the necessary sites for the in-service teacher training activities and to suggest modifications to their role and the ways in which they may be used, based on the recommendations of the organizational and institutional analysis. There is sufficient evidence to pursue further under PEDP II the original plan for URCs, but with an improved concept of how to develop them as key outreach and support mechanisms for teachers' continuous professional development.

31. Emphasis will be given to the role of the community in increasing the quality of primary education. The community will be mobilized to increase public and community awareness of its role in supporting, monitoring, and advocating quality standards and improvements in their schools. Importance will continue to be attached to the role of the SMCs as a planning and support mechanism for the schools. Communities will be encouraged to participate with SMCs in developing school level improvement plans (SLIPs). Experience gained by NGOs in successful community mobilization will be utilized.

3. Quality Improvement through Infrastructure Development

32. To meet the demand for higher quality teaching and learning, existing infrastructure will be improved. New infrastructure, facilities, furnishings, and equipment as necessary will be provided in Government education offices, PTIs, URCs, and schools. The importance of the appropriate type of construction and facilities for schools will be stressed in line with PSQL requirements. Planning and implementing maintenance on a routine cyclical basis will be supported to ensure the longevity of the existing infrastructure, facilities, and equipment. PEDP II offers an opportunity to provide the required infrastructure to facilitate the shifts in teaching and learning styles that are necessary if Bangladesh is to overcome the achievement deficit that is so apparent. In constructing new classrooms, priority will be given to remote areas, underserved areas, and areas of indigenous people. The component brings together all the interventions in other components to improve physical infrastructure, including the provision of separate latrines for girls and boys, water supply, boundary walls, and basic furniture (chairs, tables, blackboards, etc.). It does not include the provision of equipment such as computer workstations, communications equipment, which are provided under the appropriate components.

4. Improving and Supporting Equitable Access to Quality Schooling

33. Bangladesh has long recognized, in both constitution and policy, the right of each child to education. The gains made over the past decade in the effort to ensure universal primary education are highly commended internationally. However, several million more children are unable to access or to successfully participate in and complete primary education. The ultimate success of education as a key part of the strategies to reduce poverty and build a cohesive and equitable society will ultimately be reflected in the extent to which marginalized children and groups within the community are able to participate fully in all spheres of society and economic life. Their participation in formal primary education is a crucial first step on this pathway. But, for this to happen, there must be a supportive policy and institutional environment at the highest levels of the education system.

34. Support under this component seeks to rapidly and significantly enhance the institutional capacity of DPE at central and other levels to meet the needs of children with special requirements to access, enjoy, and complete primary education through the formal sector. Support will be provided for policy reforms and interventions that will reduce the demand-side and supply-side constraints that prevent millions of children from accessing and participating fully and successfully in formal primary education. Supplementary Appendix F presents a summary of the Government's stipend programs. The Stipend Program for Primary Education is a key intervention within the PEDP II framework for overcoming the poverty barrier to education access. During PEDP II, the criteria for eligibility for various funds available under the PEDP II framework, including criteria for eligibility for stipends under the Stipend Program, and its gender implications, will be reviewed, and adjusted as necessary.

35. PEDP II will also support the implementation of the Rangamati Declaration of Education pertaining to primary education in Chittagong Hill Tracts (CHT) area and areas with indigenous people. MOPME will collaborate with the Ministry of Chittagong Hill Tracts Affairs in implementing PEDP II in the CHT area. Flexibility in the criteria for recruiting teachers, especially female teachers, applied elsewhere in the country will be adopted. Also flexibility in recruiting teachers from indigenous people, as well as supplementary learning materials in the local language will be included in PEDP II. Appendix 5 includes the summary poverty reduction and social analysis. Gender strategy is in Supplementary Appendix G. An Indigenous People's Development Framework is in Supplementary Appendix H.

36. An estimated 1.6 million children in Bangladesh have some form of disability. About 60% of them could attend primary school with little or no adaptations, and 20 % could attend a formal primary school with some adaptations. PEDP II proposes to establish posts in special needs education within the Policy and Operations Division of DPE, as well as new posts for one special needs education advisor in each district. A task force will be established to devise strategies for mainstreaming children with special needs into primary schools. Annual events will be planned and implemented at the school level during Education Week to raise awareness of good health for good education, provide referral services for children with special needs, and facilitate early detection and inclusion of children with disabilities. PEDP II will also provide support for training teachers and head teachers of children with special needs, encourage additional pedagogical support at the school level for these children, and promote the role of the community in meeting the needs of these children.

37. Access to quality formal primary education will be improved and supported by creating a fund to provide innovation grants to support practical and creative ways to enhance the quality of education for working children and those living in poverty, especially those in urban areas; for children with disabilities; and for children from minority communities. This flexible pool of funding will finance innovative programs based on collaboration between communities, government, and civil society. Grants will be awarded for new proposals, or for continuing and expanding existing innovations. Under this component, facilitation and support for innovative pilots emphasizing a shift from social mobilization to deeper social development will be very important for the PEDP II strategy. Details of various school-level grants in PEDP II are in Supplementary Appendix I.

C. Special Features

38. PEDP II is a comprehensive program; the first such program in primary education in Bangladesh. The PEDP II approach is essentially a systems approach that covers the entire subsector. ADB as the lead development partner will use its sector loan modality to bring together resources from major development partners through joint cofinancing arrangements and thus adopt a much broader development perspective than might have been possible by acting alone through a conventional project mode of working. PEDP II includes design features that emphasize gender and social development as crosscutting dimensions in its components. Special task forces and advisory committees will be established to assist in preparing and implementing actions plans for gender, vulnerable groups, and indigenous people. PEDP II is also unique in the Bangladesh context in that while being fundamentally pro-poor and pro-disadvantaged children, it is also national in its vision. PEDP II seeks to create the environment for nationwide improvement in primary education. The broad program perspective does carry special responsibilities. ADB, having led the PEDP II planning process will now lead in ensuring that the program implementation arrangements are user-friendly while meeting standards for good governance and financial management. PEDP II will improve on the previous fragmented projectized approach of PEDP I by bringing the Government and development partners together under one coherent program. The transaction costs of both the Government and development partners are reduced and efficiency of the coordination increased through harmonized requirements and procedures of development partners in financial management, reporting, procurement, audits, monitoring and evaluation, and progress review missions. This partnership of the Government and its development partners is a powerful impetus for reform.

D. Cost Estimates

39. The total cost of PEDP II is estimated at \$1.815 billion equivalent, of which \$200 million (11%) equivalent comprises foreign exchange, and \$1.615 billion (89%) equivalent comprises

local currency. Table 1 summarizes the costs. Detailed cost estimates are presented in Appendix 6. Further details are in Supplementary Appendix J.

Table 1: Cost Estimates
(\$ million)

Component^a	Foreign Exchange^c	Local Currency^c	Total Cost^c
Quality Improvement Through Organizational Development and Capacity Building	13	37	50
Quality Improvement in Schools and Classrooms	134	377	511
Quality Improvement Through Infrastructure Development	31	304	335
Improving and Supporting Equitable Access to Quality Schooling	3	888	891
Estimated Costs of Program Management, Monitoring and Evaluation	14	9	23
Subtotal	195	1,615	1,810
Interest on Loan/Credit ^b	5	0	5
Total	200	1,615	1,815
Percentage Share	11	89	100

^a Government contribution includes an allocation for project taxes, customs and duties estimated at \$34.31 million

^b Related to ADB loan and IDA (International Development Association) credit financing.

^c Each line item (except for Stipend Program) includes physical contingencies and price escalation, estimated at 5% of the base costs for the capital investment and at 2.5% of the foreign and local costs respectively.

Source: Asian Development Bank estimates.

E. Financing Plan

40. The total cost of PEDP II is estimated at \$1.815 billion, of which \$1.161 billion is the Government contribution (64% of the total cost) and \$654 million equivalent will be provided by the development partners (36%). The financing plan is summarized in Table 2. Based on a review of historical financing trends, macroeconomic forecasts of the International Monetary Fund (IMF) and the Government, and priorities as outlined in the Government's National Poverty Reduction Strategy and Medium Term Expenditure Framework (MTEF), it is estimated that Government counterpart financing can be made available in the order of \$1.1–1.2 billion (inclusive of the Government's stipend program) for the six-year PEDP II period.

41. It is proposed that ADB provide a loan of \$100 million equivalent from its Special Funds resources. The term of the loan will be 32 years, including a grace period of 8 years, with an interest charge of 1% per annum during the grace period and 1.5% per annum thereafter. ADB will finance 5.5% of the PEDP II costs, comprising \$31 million of the foreign exchange cost, and \$69 million of the local currency cost. Joint grant cofinancing of \$389 million equivalent (21%) will be provided from the following sources: Department for International Development (DFID), \$150 million equivalent (8.3%); the European Commission (EC), \$100 million equivalent (5.5%); Government of the Netherlands, \$50 million equivalent (2.8%); Norwegian Agency for Development Cooperation (NORAD), \$40 million equivalent (2.2%); Swedish International Development Cooperation Agency (Sida), \$29 million equivalent (1.6%); and Canadian International Development Agency (CIDA), \$20 million equivalent (1.1%). These funds will be administered by ADB and subject to ADB guidelines and procedures for procuring goods and services and selecting consultants. The International Development Association (IDA) is considering providing a credit of \$150 million equivalent (or 8.3%) on standard IDA terms. The

Government of Japan is considering providing through the Japan International Cooperation Agency (JICA) parallel cofinancing of \$3 million equivalent (0.2%). The United Nations Children's Fund (UNICEF), in partnership with Australian Agency for International Development (AusAID), is considering providing parallel cofinancing of \$12 million equivalent (0.7%). CIDA is considering providing an additional \$20 million equivalent through budgetary support to the Government.

Table 2: Financing Plan
(\$ million)

Source	Foreign Exchange	Local Currency	Total Cost	Percent
ADB	31	69	100	5.5
IDA ^a	46	104	150	8.3
DFID ^a	46	104	150	8.3
EC ^a	31	69	100	5.5
Netherlands ^a	15	35	50	2.8
NORAD ^a	12	28	40	2.2
Sida ^a	9	20	29	1.6
CIDA ^a	6	14	20	1.1
Government of Japan (JICA) ^a	1	2	3	0.2
UNICEF/AusAID ^a	4	8	12	0.7
Government of Bangladesh ^b	0	1,161	1,161	63.9
Total	200	1,615	1,815	100.0

ADB = Asian Development Bank, AusAID = Australian Agency for International Development, CIDA = Canadian International Development Agency, DFID = Department for International Development, EC = European Commission, IDA = International Development Association, JICA = Japan International Cooperation Agency, NORAD = Norwegian Agency for Development Cooperation, Sida = Swedish International Development Cooperation Agency, UNICEF = United Nations Children's Fund.

^a Amounts for IDA, DFID, EC, Netherlands, NORAD, Sida, CIDA, Government of Japan (JICA), and UNICEF/AusAID are indicative and subject to final confirmation. All aid agencies are joint cofinanciers with ADB, except for IDA, Government of Japan (JICA), and UNICEF/AusAID. CIDA provides \$20 million as joint cofinancing with ADB, and is considering providing another \$20 million through budgetary support to the Government.

^b Government contribution includes an allocation for project taxes, customs, and duties estimated at \$34.31 million. Source: Asian Development Bank estimates.

F. Coordination, Management, and Implementation Arrangements

42. The scale and coverage of PEDP II will require a strong coordination and management structure, and an effective strategy to maintain coordination and synergy between PEDP II components and various levels of the primary education system, and support sustainability and institutionalization of interventions and reforms. It is imperative, therefore, that a dedicated organizational unit supports the executing agency (EA) in keeping close track of, and control over, the many activities until they can be more fully absorbed into the Government's organizational structures and institutionalized as part of routine service delivery. The organizational structure designed for managing PEDP II will encourage and provide for a holistic, cohesive, and integrated subsector approach in which the whole plan—its goals, strategies, and outcomes—will be kept in view and not just the specifics of separate elements. As PEDP II gains momentum, adjustments will be inevitable to respond to shifting conditions, new insights, and unforeseen events. While many issues can, and should be dealt with at the lower levels of Upazilas and districts, central guidance, oversight, and decision making will be required to ensure that PEDP II focus and integrity are maintained.

43. A central process of continual review will be instituted so that lessons derived through monitoring and evaluation (M&E) are reflected in continuing changes to PEDP II plans and implementation. This is particularly important since PEDP II represents a shift of focus from

access and participation to quality improvement, with emphasis on student achievement and quality of outcomes. This means that the primary sector cannot continue doing simply more of the same, but must incorporate new dimensions, inputs, and processes not currently offered or supported. Consequently, assistance will be needed to both develop and transform services and their delivery. Through MOPME and DPE, PEDP II creates the opportunity for the government to review current operational systems and procedures and to institutionalize “best practice.” Through sectorwide program financing and decentralized implementation with increased authority comes the need for increased responsibility for product and proper use of resources. Effective monitoring will ensure objective, transparent tracking and reporting of education investment activities and will provide the EA with timely information for efficiently planning and managing of primary education at various levels. It also strengthens professionalism and accountability of primary education institutions. By strengthening the M&E strategy, PEDP II will support a mechanism that allows for and guides adjustment and change, gives warning of likely failure or success, and uncovers both weaknesses and strengths.

1. Program Management

44. DPE, acting under the overall guidance of MOPME, will be the EA and will integrate the PEDP II activities to the extent possible within its regular administrative structure. The EA will be accountable for making program implementation adhere to Government and ADB procedures and guidelines,⁵ as well as for overall transparency and accountability in using PEDP II funds. MOPME will establish a program steering committee (PSC) to oversee the work of DPE and the program coordination unit (PCU), and the implementation of PEDP II. The PSC will consist of senior-level representatives from Ministry of Education (MOE), Economic Relations Division (ERD), NAPE, Planning Commission, Finance Division, DPE, Implementation Monitoring and Evaluation Division, Ministry of Women and Children Affairs, Ministry of Chittagong Hill Tracts Affairs, Ministry of Establishment, Public Service Commission, Local Government Division, Ministry of Social Welfare, as well as adequate representation from districts and Upazilas. The PSC may co-opt other members as necessary. The secretary MOPME will chair the PSC, and the director general (DG) of DPE will act as member secretary. The PSC will meet whenever necessary but, in any case, not less than once every quarter. It will (i) approve the annual progress report, annual operation plans, as well as the supporting budgets; (ii) provide overall policy and operational guidance in implementing the PEDP II and decide on corrective action if needed; (iii) undertake interministerial coordination essential to achieve the reforms under PEDP II; and (iv) resolve issues and conflicts that may emerge during PEDP II implementation.

45. The DG of DPE will be the program director. A PCU comprising international and domestic consultants will be established under the DG to assist DPE in coordination of the support for the PEDP II from the Government and from the development partners. The PCU will be responsible for the day-to-day coordination of PEDP II, and M&E of progress in implementing it through line divisions of DPE with the support of technical support teams (TSTs) also comprising international and domestic consultants. More specifically, the PCU will help DPE (i) prepare the 3-year program implementation plans; (ii) prepare the annual operational plans; (iii) coordinate procurement activities; (iv) prepare and maintain financial records, accounts, and statements; (v) prepare all consolidated progress reports, including the midterm review report, as well as the program completion report; (vi) organize M&E activities; (vii) coordinate the work of the TSTs; (viii) liaise on program implementation matters with ADB; and (ix) review the M&E report prepared by the Monitoring and Evaluation Division of DPE for annual review missions. The organization structure for PEDP II at DPE is presented in Appendix 7. Since the structure

⁵ ADB rules and regulations apply to the administration of the major part of PEDP II external funds (i.e., ADB loan and grant funds under ADB administration, provided as joint cofinancing). For parallel cofinancing within the PEDP II framework, rules and regulations of the parallel financiers apply.

has been designed specifically to facilitate transition from a project approach to a sectorwide program approach in primary education, the structure will be jointly reviewed and fine-tuned as necessary in the light of the needs of the transition process. ADB will establish a PEDP II Liaison Unit (PLU) within the Bangladesh Resident Mission to exclusively administer the implementation of the PEDP II, and to facilitate close liaison with the EA and its PCU, and the PEDP II development partners. ADB will assign adequate staff to the PLU.

46. Implementation within each PEDP II component will be under the leadership and coordination of DPE line directors. The TSTs will relate to each of the main PEDP II components. It is important that support from TSTs be closely interlinked. Each line director and his/her staff will, with the support of TSTs, manage, guide, direct, facilitate, and supervise the specific interventions undertaken within the component. At the regional level, divisions and districts will have key supervisory and support roles in implementing PEDP II. However, increasingly throughout implementation, functional authority and responsibility will devolve to the Upazila and schools. This shift in the locus of control and accountability will help speed up the development process and improve governance. Decentralizing the planning and management functions to the Upazila level will be supported by a strategy of developing and institutionalizing an interactive bottom-up process, articulated through the school and Upazila improvement plans, so that the Upazila education office becomes the focal point for primary education planning and management as well as M&E. The organogram of primary education is in Supplementary Appendix K.

2. Implementation Period

47. The PEDP II will be implemented for 6 years from January 2004 to December 2009. The implementation schedule is shown in Appendix 8. A phased transition period, starting from July 2003 (i.e. beginning of the government fiscal year 2003/2004), is being implemented by MOPME, DPE and development partners to ensure a smooth transition from PEDP I projects into PEDP II as a subsector program.

3. Subprogram Selection and Processing⁶

48. Support to PEDP II is based on a sector loan modality. Sector loans may finance the sector investment needs in a specified geographic area (area slice) or may support the whole sector in the developing member country (DMC) over a specified period (time slice), or both.⁷ In case of support to PEDP II, it is considered appropriate to designate each Annual Operation Plan (AOP) as a subprogram (time slice). This is important to enhance the PEDP II program approach and strategies for primary education sector, and to support the Government's role in sectorwide operational planning and implementation. To facilitate PEDP II implementation, the Government, aided by the PCU, will prepare and submit to ADB and PEDP II development partners 3 months before the start of each fiscal year (by 1 April) an AOP for the coming year. The AOP will meet the following criteria: (i) it is prepared in consultation with and data collected from stakeholders of PEDP II at various levels of the system; (ii) it includes fully costed activities for each output, linked with performance targets of PEDP II; (iii) it includes details of how PEDP II activities are to be integrated into Government structure and ongoing activities at DPE, division, district, Upazila, and school levels; (iv) it allocates adequate resources and counterpart funding in the Government recurrent budget for PEDP II; and (v) it is in line with the 3-year implementation plan prepared for PEDP II. The AOP for the first year will be finalized at inception of PEDP II.

⁶ The concept "subprogram" instead of "subproject" is used to emphasize the sectorwide program approach of PEDP II (footnote 4).

⁷ Sector Lending. *Operations Manual*, Section 5, para. 3.

4. Procurement

49. Following the Country Procurement Assessment, the Government established a Central Procurement Technical Unit under Implementation, Monitoring, and Evaluation Division of the Ministry of Planning. The unit's mandate is to manage the public sector procurement reform program; prepare and issue public procurement regulations; introduce in all public procurement standard bidding documents for goods, works, and professional services; revise the delegation of powers and the procurement approval process; publish contract awards; introduce appeal procedures and a code of ethics for procurement staff; and establish regular training programs to develop the required human resources. The procurement reform has been designed to support decentralized procurement and is highly relevant to the needs of PEDP II. The implementation of local procurement through local competitive bidding (LCB) for PEDP II will take into account the recommendations of the current Government procurement reform, and follow the new *Public Procurement Regulations 2003*. Intensive training for undertaking procurement and other capacity-building interventions will be provided in PEDP II for DPE and other levels. Training will be synchronized and coordinated with the training provided under procurement reform. The PCU, working closely with functional DPE divisions, will be responsible for coordinating procurement under the guidance and supervision of the PSC. Line divisions of DPE and districts will undertake local procurement. Procedures, manuals, and systems for monitoring procurement will be established. Before any procurement starts, the EA will submit to ADB for approval a list or lists of the goods to be procured, grouping of the goods, and the proposed number and scope of civil works to be awarded. Indicative procurement packages to be financed under PEDP II are presented in Appendix 9. Details of the procurement reform are in Supplementary Appendix L.

a. Civil Works

50. Civil works will focus on constructing, or rehabilitating, as applicable, 30,000 classrooms to (i) have the capacity to accommodate the projected increase in enrollment; (ii) facilitate the use of student-centered and activity-based methods most suitable for young children and for developing basic competencies; and (iii) increase the proportion of schools operating on a single shift, with the associated increase in contact hours. Other construction will provide for increased capacity and enhanced quality of the teaching and learning environment at PTIs, as well as for greater capacity at the district and Upazila levels. Without exception, the concern in providing for civil works is to support other measures designed to improve quality in system operation, service delivery, teacher performance, and student attainment. PEDP II civil works contracts will not exceed \$500,000. They are unlikely to attract the interest of international contractors and will therefore be awarded by LCB procedures as described in *Public Procurement Regulations 2003*, and acceptable to ADB. Civil works contracts below the statement of expenditure limit of \$100,000 will be permitted only on a case-by-case basis. The Government will submit, through the PCU, details on the number and scope of civil works for ADB approval, before withdrawing for any expenditure for civil works. Efforts will be made to limit the number of contracts, engage larger professional contractors, and award contracts to prequalified contractors to be managed by the Local Government Engineering Department (LGED) in accordance with *Public Procurement Regulations 2003*. All construction will be located on land owned by the Government. The Government has assured that no resettlement of people will be involved. The Government has also assured that all contractors will comply with applicable labor legislation, including that on child labor.

b. Equipment and Materials

51. Vehicles, computers and accessories, and weighing scales will be procured through international competitive bidding (ICB) for packages above \$500,000 and international shopping

(IS) for packages below \$500,000, financed from the ADB loan and cofinanced grant funds administered by ADB, in accordance with ADB's *Guidelines for Procurement*. NCTB will procure printing paper through ICB, with IDA financing in accordance with IDA's *Guidelines for Procurement*. Office and school furniture, printing and binding of books, and miscellaneous office equipment will be procured through LCB procedures for packages between \$100,000 and a \$500,000, financed from the common pool of funds managed by the EA and supervised by ADB, in accordance with *Public Procurement Regulations 2003*. To ensure economy and efficiency, goods of similar nature will be grouped into packages under one or more bids and the PCU will coordinate and support DPE in undertaking central procurement. Contracts will be awarded on the basis of a least-cost combination of packages.

5. Consulting Services

52. All international and associated domestic consultants will be financed from the ADB loan and cofinanced grant funds administered by ADB, and will be selected and engaged in accordance with ADB's *Guidelines on the Use of Consultants*, and other arrangements satisfactory to ADB for engaging domestic consultants. Since the organization structure of the PEDP II is expected to be adjusted during implementation due to transition from a project approach to a sectorwide program approach in primary education, the role of the PCU within the structure and the terms of reference for PCU consultants should be adjusted accordingly. In addition, given the importance of PCU in assisting DPE in coordination of PEDP II and quality improvement of primary education, it is of utmost importance that best consultants available will be selected for the PCU. Therefore, quality-based selection method will be used for selection of consultants for the PCU. Quality- and cost-based selection method will be used for TSTs. For small consulting services contracts for supervision of civil works and for M&E, domestic consultants will be selected in accordance with *Public Procurement Regulations 2003*. A total of about 700 person-months of international and over 1,000 person-months of domestic consultants will be provided to help implement PEDP II activities through long- and short-term contracts. With regard to the number of individual consultants and the number of person-months, the aim is to ensure quality inputs while maintaining flexibility and responsiveness to emerging needs. Indicative contract packages of consulting services are in Supplementary Appendix M. Outline terms of reference for consultants are in Supplementary Appendix N.

6. Advance Action

53. Given the need to have the PCU operating after loan effectiveness, ADB has approved advance action for recruiting consultants for the PCU and for procuring office equipment and vehicles for the PCU and DPE offices. The Government has been advised that such advance action does not commit ADB to finance the PEDP II. ADB will, as requested by the Government and on behalf of the EA, directly shortlist consultancy firms, invite proposals, and evaluate and rank them for the PCU consultants (consultancy package A). The EA will negotiate the contract.

7. Disbursement Arrangements

54. Based on arrangements in bilateral agreements between the grant cofinanciers and ADB, the grant cofinanciers will disburse their funds to ADB for administration as jointly cofinanced funds. For ADB loan funds and ADB-administered jointly cofinanced funds, the proceeds will be advanced to the Borrower and deposited in dollar imprest accounts. For IDA funds, the credit proceeds will be advanced to the dollar special account. The dollar imprest accounts and the dollar special account will be held in a commercial bank nominated by the Finance Division of the Ministry of Finance, and acceptable to ADB and IDA. The Borrower can then transfer funds from the imprest/special accounts and convert the dollars into the common pool taka account as needed. To pay contractors, suppliers, and other beneficiaries, the EA will

pay with two checks: one from the common pool taka account for the externally financed portion and the other from the Government's Treasury account.

55. On a quarterly basis or earlier, the EA can apply to ADB for liquidation/replenishment of the imprest/special accounts. The withdrawal application must include a statement of expenditures (SOE). One common SOE format agreed upon by the ADB, joint cofinanciers and the IDA, will be used to harmonize financial reporting. ADB will review the withdrawal applications and will approve eligible expenditures to replenish the imprest accounts. Acting on ADB's advice, IDA will transmit the funds requested by the EA. SOE procedures will apply for individual payments of less than \$100,000. Operations of the dollar imprest and special accounts will be in accordance with ADB's and IDA's loan disbursement handbooks, respectively, and in accordance with the *Disbursement Procedure Manual*. The financing share of each development partner for PEDP II expenditures will be based on the annual allocation agreed upon at the beginning of every fiscal year of the Government. In addition, before a contract is signed, full funding of the contract must be available from the Government and the development partners. A diagram showing fund flows is in Appendix 10. During PEDP II, support will be provided to improve the capacity of DPE and MOPME in financial management and procedures in line with the program approach. Details are in Supplementary Appendix O.

8. Accounting, Financial Auditing, and Reporting

56. DPE, assisted by the PCU, will maintain consistent records, accounts, and related financial statements adequate to identify goods and services financed under PEDP II. DPE, assisted by the PCU, will submit quarterly financial reports to ADB according to ADB's rules and regulations. Only one reporting format and system will be maintained for funds in the common pool, which include funds received from ADB (loan, and grants under ADB administration), and funds from IDA. ADB will share copies of the reports with the development partners which provide grants under ADB administration (joint cofinanciers) and IDA. Independent auditors acceptable to ADB will audit the PEDP II accounts and related financial statements each year in accordance with sound auditing standards. The audited accounts and financial statements and the auditor's report will be submitted to ADB within 6 months after the close of each fiscal year. The annual audit report will include the audit of the imprest and special accounts and SOE, and a separate audit opinion on their use. Additional financial audits will be undertaken through ADB from time to time in accordance with agreed upon rules and regulations.

9. Program Performance, Monitoring, and Evaluation

a. Key Performance Indicators

57. Based on the PEDP II components and objectives, a set of draft key performance indicators for policy, outcomes, systems, and process has been developed (Supplementary Appendix P). The indicators will be finalized at PEDP II inception.

b. Baseline Survey

58. EFA indicators that are suitable for the baseline survey and currently available through the Education Management Information System (EMIS) cell of DPE are presented in Supplementary Appendix Q. In addition, data established by the ADB-funded Primary School Performance Monitoring Project⁸ will be used. Baseline indicators will be finalized at PEDP II inception. The capacity of DPE to plan and lead the process of further gathering and analyzing baseline data and undertake M&E at all levels will be strengthened starting from the PEDP II inception stage. Also the role of communities and SMCs will be emphasized in M&E.

⁸ ADB.2002. *Technical Assistance for Primary School Performance Monitoring*. Manila.

c. External Monitoring and Evaluation

59. When weighting the advantages and disadvantages of arrangements for external M&E of PEDP II, it is important to aim for optimum arrangements that ensure enough independence and external oversight on one hand, and provision for building local capacity for external M&E on the other hand. The best option is to undertake external M&E under the management of the PEDP II Liaison Unit (PLU) to be established under ADB. The PLU will outsource external M&E services, such as studies, formative research on the PEDP II implementation process, and performance audits, as required, from local institutions and the private sector, including NGOs where appropriate. In addition, Implementation, Monitoring and Evaluation Division of the Ministry of Planning will undertake, according to its standard mandate, external M&E. Feedback from beneficiaries, including parents and pupils, will provide important data for external M&E.

d. Program Performance Management System

60. A comprehensive performance management system will be established for PEDP II. The PEDP II common framework, the comprehensive set of verifiable indicators, and the coordinated and integrated M&E procedures and systems to be established by DPE Monitoring and Evaluation Division together with DPE line directors will ensure comprehensive and timely progress reporting. DPE, supported by the PCU, will prepare and submit to ADB quarterly progress reports on PEDP II implementation, within 3 weeks after the end of each quarter, with copies to PEDP II development partners. The progress report will follow a format agreed upon at PEDP II inception.

61. The progress reports will indicate, among other things, (i) progress made against established targets; (ii) problems encountered during the period and remedial actions taken or proposed to resolve the problems; (iii) compliance with loan covenants; and (iv) proposed implementation activities to be undertaken and physical and financial progress expected during the succeeding quarter, including detailed contract awards and disbursement projections. DPE will prepare a program completion report and submit it to ADB and the development partners not later than 3 months after physical completion of the PEDP II. The report will analyze overall progress, achievement of outputs, compliance with the loan covenants, and will include costs.

62. The performance management system will determine whether the inputs delivered for implementing the PEDP II activities have yielded the expected outputs and benefits to the intended beneficiaries. Gender segregated data will be used. The performance management system will include also public expenditure tracking. It will seek to detect any deficiency in and discrepancy between the operational plan and execution in using the resources efficiently, so that timely corrections can be made to update the plans to improve benefits, outcomes, and impact. Information from progress reports, annual reviews, the midterm review (MTR), and from external M&E studies will be also utilized. Impact M&E will provide valuable qualitative data to support improvement of PEDP II during its lifetime.

10. Program Review

a. Annual Reviews and Thematic Reviews

63. The Government, ADB, and development partners will jointly review the PEDP II annually. AOPs will be the main focus of annual reviews undertaken jointly by the Government and development partners. The jointly agreed-upon AOP will be the basis for implementing and financing PEDP II in each fiscal year. The annual review will determine compliance with specific loan covenants and whether all required inputs and support functions on the Government side are in place. The review will also evaluate the effectiveness of implementation mechanisms and the efficiency of the organizational development and capacity building for the program

approach, and may result in a decision to continue them or to adjust them. Joint reviews will specifically (i) analyze the results of the previous year, (ii) identify adjustments needed, (iii) assess the impact of the program on poverty reduction, (iv) assess program contributions to the improvement of the quality of primary education, (v) assess implementation performance against agreed-upon indicators in the program framework and adjust indicators as needed, (vi) identify primary education policy issues, and (vii) identify constraints to program implementation. Special attention will be given to (i) the effectiveness of program strategies for promoting greater participation of girls and disadvantaged groups; (ii) progress on key program innovations, and assessing learning outcomes and quality of teaching; and (iii) coordination of interventions within the program, and integration of program activities in the government structure. In addition to AOPs, a detailed 3-year implementation plan (up to the MTR) will be prepared at inception, to reflect the Government's 3-year rolling plan cycle, and will be updated on the basis of an annual planning cycle. Draft versions of the first year AOP, and the 3-year implementation schedule are presented in Supplementary Appendixes R and S.

64. To promote achievement of the key outcomes of PEDP II, up to 25% of the pooled funds will be released on the basis of performance, as measured by milestones that will combine process, system and policy outcome indicators, as reflected in the PEDP II policy matrix and key performance indicators. With at least 75% of pool funds representing predictable financing, funding of key school level objectives of the program will be protected. The aim is to provide incentives for achieving benchmarks in the reforms, and for ensuring that during implementation and annual reviews adequate and consistent attention will be given to policy and institutional reforms which are necessary for achieving sustainable improvement in quality of primary education. Performance-based financing triggers and allocations will be decided during the joint annual reviews, taking into consideration progress in reforms during the AOP under review, and the AOP prepared for the following year. The Government, ADB, and PEDP II development partners will document their agreement on these issues in the review reports. In addition to the joint annual reviews, shorter thematic reviews will be held once a year.

b. Midterm Review

65. The Government, ADB, and other development partners will jointly undertake a MTR at the end of year 3 of PEDP II implementation to assess progress in meeting the long-term vision for primary education in Bangladesh, as presented in the Government's action plan. The MTR will evaluate (i) PEDP II scope, design, and implementation arrangements, and institutional changes; (ii) implementation progress against agreed upon indicators in the AOPs and the 3 years implementation plan; (iii) procurement performance; (iv) PCU effectiveness; (v) performance of consultants; (vi) fund flows and arrangements; (vii) the geographic coverage of Upazila Primary Education Plans (UPEPs) and SLIPs and their operation; (viii) progress in implementing the gender action plan, the vulnerable groups action plan, and the action plan for indigenous peoples; (ix) lessons learned; any (x) other issues agreed upon by the Government, ADB, and other development partners. No later than one month before the MTR, DPE will submit to ADB a comprehensive report covering the above issues. Feedback from civil society on PEDP II implementation will also be sought during MTR. The MTR will recommend changes in program design and implementation arrangements, as necessary.

IV. PROGRAM BENEFITS, IMPACTS, AND RISKS

A. Expected Benefits

66. The PEDP II design focuses on quality improvements that will establish the necessary foundation for a more efficient and effective primary education system. The investment will promote quality improvements in education, the beneficiaries of which will be the new students entering the education system as well as those who are already in the primary education

stream. Quality improvements will include a reduced pupil-teacher ratio, an increase in the number of textbooks and supplemental materials, better physical facilities, and an increase in the number of pupil-teacher contact hours for teaching and learning activities. Key improvements that will contribute to the sustainable development of better quality primary education include the development of high quality initial and in-service training programs for teachers and head teachers. The training programs will ensure greater use of classroom practices that are appropriate for teaching and learning basic competencies, especially literacy and numeracy, and other foundation concepts that underpin learning in everyday life, and later in secondary and higher education. Providing the necessary additional teaching and learning resources will ensure that every school has the basic tools and aids to support the new methodologies. However, none of these improvements will be sustainable without enhanced system capacity and efficiency. The long-term crosscutting benefits of the comprehensive sector approach adopted will be improved organizational and institutional development, and human resource development strategies, and the provision of additional financial and other resources that will ensure greater long-term sustainability of primary education services, both technically and financially. Ensuring that these improvements reach beyond the urban areas to the furthest regions of Bangladesh will help overcome the barriers caused by remoteness and geography. Another crosscutting benefit of the sector approach adopted will be the rapid reduction of stand-alone project implementation units, which currently tend to remove key education staff from their regular positions, result in off-budget resource management, and distort staff performance reward and incentives systems. The program approach of the PEDP II includes harmonized requirements and procedures of development partners for financial management, progress reporting, monitoring and evaluation, local procurement, and review missions. Hence, the approach will reduce transaction costs of the Government and development partners, improve coordination between all parties, and strengthen the participation of MOPME, DPE, and stakeholders in other levels in primary education annual planning. This approach will therefore increase organizational and financial efficiency for enhancing the quality of and access to primary education in a holistic and balanced manner.

67. A balanced, holistic focus is necessary since the past 15 years has seen rapid growth in enrollment ratios, and strong overall quantitative growth in primary education as a whole. PEDP II will promote a balanced development focus by providing resources particularly for improving the quality of primary education and access to it, by: (i) increasing the completion rate; (ii) improving the enrollment ratio for girls and children from poor families; (iii) addressing the needs of the disadvantaged, indigenous, and refugee children, and design specific targeted strategies for equitable enrollment, completion, and attainment; (iv) improving the quality of teacher training at the PTIs, subcluster level, and in URCs increasing facilities for head teacher training; (v) increasing training opportunities for teachers from the RNGPS; (vi) recruiting of teachers, especially female teachers; (vii) introducing instruments and methods for classroom performance and achievement; (viii) strengthening field-level monitoring; (ix) providing adequate infrastructure, sanitation, and water facilities for schools; (x) improving delivery of textbooks and adequate learning materials; (xi) strengthening the resource base of URCs, where emphasis is on Masters degrees or Bachelor degrees in education and teaching experience for instructors and AEOs; (xii) strengthening social mobilization and social development activities to increase enrollment and retention ratio for children from poor households; (xiii) restructuring and strengthening SMCs and Parent Teacher Associations (PTAs) for their active participation in school management and planning; (xiv) increasing accountability of the school system to parents and the community; (xv) establishing education committees at the local government level (Union Parishad and Upazila level).

68. The noted measures, particularly (ii), (iii), and (xii), will improve access to primary education by the poor, disadvantaged, and indigenous people, and will therefore enhance their

basic competencies and chances for secondary school education/vocational training and employment opportunities. While Bangladesh is a largely monoculture society, there is an indigenous people population living largely in CHT and in parts of Sylhet and in northern Bangladesh. Priority in access to education will be given to remote areas; underserved, underschooled areas of CHT; and districts with indigenous people. Poor children are often forced to work as child laborers in hazardous and exploitative forms of employment. With support from PEDP II, these children will be provided with opportunity for primary education. In addition, the targeting of poor children will also be addressed through the Government's extensive stipend program, which has been designed to benefit poor children in particular. A poverty impact assessment was undertaken to assess (i) the degree to which the existing Program (PEDP I) targets poverty and achieves poverty impact; and (ii) the degree to which PEDP II is expected to improve poverty targeting and the additional poverty impact that is expected from its implementation. By the end of PEDP II, enrolment of poor children is expected to increase by 2.7 million to 3.2 million, and 67–76% of total PEDP II expenditure (compared with 55% in FY2001/02) is expected to have been targeted to the poor. Details of the poverty impact analysis are in Appendix 11.

69. Significant progress has been made in gender parity in enrollment; PEDP II will now emphasize improving completion rates, which are low for both boys and girls. To ensure progress in meeting the government quota of 60% female teachers, the proportion of female teachers is planned to reach 50% during PEDP II from the current proportion of 38%. Gender equality training will be included in the subcluster and PTI training. To enhance gender equality in planning and implementing of PEDP II, linkages will be made with the Ministry of Women and Children Affairs at national and local levels.

70. Overall, the estimated immediate beneficiaries of PEDP II are (i) about 16 million pupils in about 65,000 primary schools under the MOPME (ii) 35,000 new primary school teachers who will receive initial training and (iii) all 40,000 existing untrained primary school teachers who will receive initial training. In addition, the target group of in-service training includes all 320,000 existing trained primary school teachers and head teachers, including primary school teachers in schools under MOE administration, who will receive in-service training through several stages during PEDP II. Over 17 million pupils in about 78,000 primary schools will benefit from the in-service training of their teachers.

B. Risk Analysis

71. The design and implementation plan of PEDP II draw heavily from lessons learned from previous interventions in primary education in Bangladesh, and also more widely from experiences from implementing sectorwide approach modality in Bangladesh and the region. To avoid the risks and problems associated with coordination and implementation of numerous separate project interventions, and the consequent lack of impact of such interventions on quality improvement, PEDP II has been designed to have a holistic focus—acknowledging that improved quality at the classroom level cannot be achieved without improvement at the systemic level. Implementing a sectorwide program approach as in PEDP II also entails significant risks. The risks have been analyzed, and a detailed risk mitigation plan has been developed. Organizational development, institutional reform, and capacity building will be supported for efficient implementation of the program approach, based on a comprehensive policy and institutional reform matrix agreed to by all parties for PEDP II. While the Government is committed to a sectorwide program approach, there is a risk that a future Government could reverse policy decision on this commitment. However, this risk is not considered high, since the sectorwide approach and program modalities are very much linked with wider long-term development frameworks of Bangladesh, such as the national poverty reduction strategy, and

the MTEF. These have been agreed upon at high international forums and are being monitored regularly through an international consultative process.

72. There is also a risk that the Government may not be able to allocate adequate financial resources for the Program. Therefore, as part of the risk analysis and preparation of the financial plan, financial sustainability was assessed by (i) reviewing the general adequacy of the revenue expenditure budget allocation to support the recurrent cost of delivering public primary education services, and (ii) analyzing the recurring cost implications of PEDP II investments. The cost of the Government's stipend program is included as a recurring cost, given its policy implications and its recurring nature. Two scenarios have been developed to determine the level of revenue expenditure budget that will be required to support primary education after PEDP II—a base case scenario and a high-growth scenario. Based on broad assumptions, it is estimated that an increase of 83% in the FY2002/03 revenue expenditure budget will be required by FY2008/09 to adequately cover the recurring costs of existing public primary education programs and the recurring cost implications of PEDP II investments. Compared with the existing level of recurrent expenditures paid from the revenue expenditure budget and the development budget, i.e., as incurred in FY2002/03 (according to Government estimates), this represents a real increase of only 6%. Therefore, while apparently substantial, this increase could be phased in by the end of PEDP II, primarily through a shift from the development budget to the revenue expenditure budget. Details of the analysis are in Supplementary Appendix T.

73. Also, the possibility of corruption and financial mismanagement has been addressed. The approved PEDP II policy and institutional reform framework include measures to ensure better governance, efficiency in system performance, and transparency in financial management and procurement. Public expenditure tracking surveys will be undertaken. An action plan for addressing the financial irregularities in the sub-sector will be implemented. Program's environmental impacts were reviewed, and no significant adverse impacts were identified. However, environmental considerations will be incorporated to avoid significant environmental impacts, such as those from water contaminated with arsenic, sanitation facilities, and construction of classrooms.

74. An overall risk management strategy matrix for PEDP II has been prepared, where critical sector policy issues are identified and prioritized. For each critical sector policy issue, a strategy and action plan was prepared for actions to be completed before implementation and actions to be implemented as an integral part of PEDP II. The matrix will be updated as required and used during joint reviews or dialogues between the Government and development partners. The matrix is presented in Supplementary Appendix U.

V. ASSURANCES

A. Specific Assurances

75. In addition to the standard assurances, the Government has the following assurances, which are incorporated in the legal documents:

- (i) Within 6 months of loan effectiveness, the Government will have prepared a devolution plan for gradually decentralizing planning and management of education activities to the districts, Upazilas, and schools; by MTR all action needed to make such devolution operational will be finalized.
- (ii) Within 6 months of loan effectiveness, DPE will have established a full-fledged financial management unit and finalized a financial management manual;

- (iii) Within 9 months of loan effectiveness, MOPME will have prepared a time-bound action plan to address fiscal and supervisory irregularities in the primary education sector.
- (iv) Within 3 months of loan effectiveness, DPE will establish a task force to monitor primary school quality levels; by June 2004, common learning outcome standards for school performance will have been formulated.
- (v) Within 6 months of loan effectiveness, the Government will have finalized and approved an action plan for establishing a primary education cadre, to be fully implemented by 31 December 2005.
- (vi) Within 1 year of loan effectiveness, all vacancies for DPEOs, ADPEOs, UEOs, AUEOs and URCs will be filled; and, by MTR, all professional positions in DPE, NAPE, and NCTB.
- (vii) At the latest by 31 December 2004, DPE will have prepared the first phase of the human resources development and management strategy and plan for primary education including measures to increase recruitment of female teachers and training opportunities for female staff. The plan will have been implemented at the latest 6 months before the MTR.
- (viii) Within 9 months of loan effectiveness, the Government will have prepared a comprehensive organizational analysis of DPE, MOPME, NAPE, and the curriculum wing of NCTB and made recommendations for their restructuring, as well as for the filling of vacancies. Within 12 months of loan effectiveness, the relevant ministries will have approved and started implementing a time-bound action plan reflecting the results of such analysis and the recommendations.
- (ix) At the latest by 30 June 2004, the PEDP II initial and in-service teacher education program will have been developed and introduced; the training program will include gender equality training, training on inclusive education and training on health and sanitation.
- (x) Within 6 months of loan effectiveness, NAPE will have been established as an autonomous body and MOPME will have established a NAC.
- (xi) The Government will take all necessary and appropriate action to enhance inclusive education, including appointment of specialized staff; development of curricula and materials, with due consideration for cultural and ethnic diversity, and gender and disability issues; development of a strategy and action plan for access to primary education for children from tribal communities and areas, as well as the development of a gender action plan and a vulnerable groups action plan; all plans will be in accordance with relevant ADB policies.
- (xii) The design, extension, upgrading, renovation, and operation of facilities under the Program will follow the Government's environmental requirements, ADB's *Environmental Guidelines for Selected Infrastructure Development Projects*, and other relevant ADB requirements and guidelines on the environment. In addition, the Government will ensure the provision of safe drinking water, including measures against arsenic contamination, and adequate sanitation facilities for both students and teachers, particularly the needs of girls and female teachers.
- (xiii) If any of the co-financing cannot be obtained, the Government will take all steps to make arrangements to cover the shortfall, through budget allocation or other arrangements acceptable to the ADB. If no such arrangements can be made, the Government, the ADB and other development partners will agree on how to scale down PEDPII.

B. Conditions for Loan Effectiveness

76. The following are conditions for loan effectiveness.

- (i) The Government will have approved the project proforma, consistent with the Report and Recommendations of the President (RRP) and the Loan Agreement.
- (ii) The Government will have established the PSC
- (iii) The Government will have identified the joint program director.

C. Conditions for Disbursement

77. The Government will meet the following conditions before disbursement under the specified program components or subcomponents.

- (i) No funds for overseas training will be released until a written agreement is signed between MOPME, MOE, and the Ministry of Establishment that those who receive such training will remain in post for at least three years;
- (ii) No funds for construction activities, special needs programs, overseas and national training programs, and the various grant schemes will be released until the selection criteria for eligibility for such activities will have been agreed upon by the Government, ADB, and the development partners.
- (iii) No funds for capacity building for DPE, NAPE, and NCTB will be released until a time-bound action plan for their restructuring will have been agreed upon by the Government and all development partners, and will have been approved by the relevant ministries. Exception is made for teacher training, SMC training, and initial capacity building for DPE.
- (iv) No funds for each AOP will be disbursed until the annual allocation and disbursement targets for such AOP will have been agreed upon.

VI. RECOMMENDATION

78. I am satisfied that the proposed loan would comply with the Articles of Agreement of ADB and acting in the absence of the President, under the provision of Article 35.1 of the Articles of Agreement of ADB, I recommend that the Board approve

- (i) the loan in various currencies equivalent to Special Drawing Rights 72,031,000 to the People's Republic of Bangladesh for the Second Primary Education Development Program (Sector Loan), from ADB's Special Funds resources with an interest charge at the rate of 1% per annum during the grace period and 1.5% per annum thereafter; a term of 32 years, including a grace period of 8 years; and such other terms and conditions as are substantially in accordance with those set forth in the draft Loan Agreement presented to the Board; and
- (ii) the administration by ADB of a grant equivalent to \$150,000,000 to be provided by the Government of the United Kingdom, a grant equivalent to \$100,000,000 to be provided by the European Commission, a grant equivalent to \$50,000,000 to be provided by the Government of the Netherlands, a grant equivalent to \$40,000,000 to be provided by the Government of Norway, a grant equivalent to \$29,000,000 to be provided by the Government of Sweden, and a grant equivalent to \$20,000,000 to be provided by the Government of Canada, all to the People's Republic of Bangladesh for the Second Primary Education Development Program.

John Lintjer
Vice President

9 October 2003

PROGRAM FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
Goal Reduced poverty through universal primary education and sustainable socioeconomic development and equity in Bangladesh' society as envisaged in the Millennium Development Goals (MDG)	Proportion of children awarded stipends and completing grade 5 to increase from the present estimated 40% to 70% Progression rate from class V primary schools to class VI of secondary schools to improve from 75% in 2001 to at least 85% in 2009 (with equal numbers of boys and girls)	Data from stipend implementation unit Data from Ministry of Primary and Mass Education (MOPME), Directorate of Primary Education (DPE), and Bangladesh Bureau for Educational Information and Statistics (BANBEIS)	Stipends result in higher rates of enrollment and completion Government continues to support the Stipend Program. The international economic climate and political support continues the growth of the Bangladesh economy.
Purpose To provide quality primary education to all eligible children in Bangladesh	Current public expenditure on education to increase to at least 2.8% of gross national product (GNP) by 2009 Primary education expenditure per pupil over GNP per head to increase to 10% from 8.2% in 2001 Gross enrollment ratio (GER) to improve to between 106% and 107% in 2009 from to 97.5% in 2001 Net enrollment ratio (NER) to increase from 80% in 2001 to between 87% and 88% in 2009 Student completion rate (grade 5) to increase to 80% from to 68% in 2001 Repetition rates in all grades to decrease by 40% by 2009 compared with 2001 Dropout rates to decrease by 40% by 2009 compared with 2001 Primary school noncompletion rates to decrease to 15% in 2009 from 33% in 2001 Absenteeism from school reduced to 20% in 2009 compared with (estimated) 40% in 2001; absenteeism for girls not to be higher than that of boys.	Data from Education Management Information System (EMIS) and BANBEIS Monitoring and evaluation reports of MOPME and DPE Evaluation studies MOPME budgets Ministry of Finance (MOF) reports Regular normative assessments School records External evaluation studies and reports	Government agrees to increase level of resources to primary education sector. Primary education contributes to poverty reduction. Parent and student perceptions of the value of primary education overcome the perceived opportunities to be gained from working. Parents and society support continued education in Primary schools. The Primary education system will be able to absorb all primary graduates and provide quality education. Development funds from Government and development partners will flow in a timely fashion for all Program components.
Components 1. Quality of primary education improved through organizational development and capacity building a. Enhance the capacity of MOPME and Directorate of Primary Education (DPE) to ensure quality and equitable provision of primary education.	Program Coordination Unit (PCU) in place and operational by Jan 2004 and Technical Support Teams (TST) by July 2004. Institutional and organizational analyses available six months after PCU established.	Management analyses and reports	Budgetary provisions for sustainable operation of the improved primary education system are allocated as required and in time.

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>b. Enhance the capacity of EMIS to support monitoring and evaluation (M&E) functions</p> <p>c. Enhance field-level capacity at divisional, district and Upazila levels</p> <p>d. Enhance and improve the capacity of school organizations and management at the local level</p>	<p>Organizational reform implemented and all vacant/identified posts at all levels agreed upon on a continuing basis by Dec 2009</p> <p>The number of newly trained teachers appointed each year to increase from 12,000 in 2005 to 15,000 by 2009.</p> <p>Starting in 2005, all textbooks and teaching and learning materials available to the students by the first week of the school year</p>	<p>M&E reports, appointment letters, government records, inspection visits, budgets, field reports.</p> <p>Records of National Academy for Primary Education (NAPE), National Curriculum and Textbook Board (NCTB), DPE records.</p> <p>PCU and TST reports.</p>	<p>Consistent educational policies will be promulgated and adhered to.</p> <p>The Government provides adequate political support for organizational, administrative, and budgetary consequences in implementing PEDP II.</p>
<p>2. Improved quality in schools and classrooms</p> <p>a. Improve the physical environment of schools</p> <p>b. Strengthen the Primary Education Curriculum Wing of NCTB</p> <p>c. Provide sufficient textbooks, curriculum guides, and materials to all Bangladesh primary schools</p> <p>d. Enhance the capacity of NAPE to provide academic and technical support for improving primary education</p> <p>e. Enhance the quality of teaching in primary schools through improved recruitment and status of teachers</p> <p>f. Enhance the quality of teaching in primary schools through improved support to teachers for career development</p>	<p>Students' competency-based learning achievements to increase by 50% in 2006 and 75% in 2009 compared with the assessed results in 2002</p> <p>Proportion of class V students entering Primary Scholarship Examination to increase to 50% by 2009 from 20% in 2001 and the proportion of students attaining the pass level to increase to 20% in 2009 from 5% in 2001</p> <p>At least 40% of schools nationally to meet Primary School Quality Level (PSQL) standards and procedures by 2009</p> <p>Number of schools operating single shift systems to increase by 30% over 2002 levels</p> <p>NAPE functioning as an autonomous institution with operating procedures in line with the recommendations of the institutional capacity review.</p> <p>Well-qualified specialist staff in place.</p> <p>Research/learning materials output to increase by 50% by 2009</p> <p>All new teachers trained to Certificate in Education standard before carrying out unsupervised teaching by 2009</p> <p>80% of teachers in all types of schools to have Certificate in Education by 2009</p> <p>A transparent system of teacher incentives open to all teachers in place</p> <p>Recommendations of the Teacher Recruitment and Appointment Review adopted and developed into a human resource development and management strategy and plan.</p> <p>Teacher awards for excellence implemented. All teachers to have a record of professional development</p>	<p>Regular national assessment programs</p> <p>EMIS/BANBEIS data</p> <p>Scholarship exam result sheets</p> <p>Monitoring reports, representative site inspections</p> <p>External M&E unit analyses and reports</p> <p>Annual reviews and evaluations</p> <p>Published research and materials produced</p> <p>Annual reviews and evaluations</p> <p>Published research and materials produced</p> <p>Implementation of recommendations and published plan.</p> <p>Upazila Education Office (AEO) reports and records.</p> <p>Database of excellent Teachers.</p>	<p>Teachers will use effective competency-based and child-centered learning principles.</p> <p>Teachers will be released from undertaking non-school and non-teaching-related official duties.</p> <p>Increased contact hours will result in improved attainment levels.</p> <p>NAPE will become a functioning autonomous organization and trained specialist staff will remain in post for a minimum of 3 years.</p> <p>Capacity of Primary Education Teacher Training Institutes (PTIs) will be improved during the first 2 years of PEDP II.</p> <p>New policy for teacher recruitment and salary improvement will be approved without delay.</p> <p>Teachers without initial teacher training will not continue to be employed in registered nongovernment primary schools (RNGPS).</p> <p>Teacher awards for excellence will be implemented during year 2 of PEDP II.</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
g. Improve the physical and professional capacity of Primary Education Teacher Training Institutes (PTIs) to deliver quality primary teacher training	<p>All vacant PTI instructor posts filled by the end of year 1 of PEDP II</p> <p>Additional new instructors recruited by the end of year 2 of PEDP II</p> <p>Double shift system is discontinued starting in year 1 of PEDP II</p> <p>PTI expansion and renovation program completed by the end of year 3 of PEDP II</p> <p>Enhanced annual budget for PTI superintendents in place</p>	<p>Monitoring and inspection reports</p> <p>Training records</p> <p>Report on single shift completed and recommendations accepted</p>	<p>Existing vacancies will be filled and new instructors recruited.</p> <p>Recommendations of the double shift report will be implemented.</p> <p>Renovation and expansion program will be implemented without delay.</p> <p>Policy and rule changes will be implemented for superintendent annual budget.</p>
h. Improve the quality and delivery of in-service primary teacher training as an extension to the initial teacher training program, through a sequence of career development modules	<p>Nationally agreed PSQL standards for new and in-service teacher training in place by 2005</p> <p>Every teacher to receive 5 days of in-service training on 2 occasions during PEDP II</p> <p>Every teacher to receive 6 days of sub-cluster training each year.</p>	<p>Published PSQL standards used for evaluating teacher performance.</p> <p>Monitoring reports and supervisory visit reports</p> <p>Training records</p>	<p>Upazila Resource Center (URC) building program completed by the end of year 3 of PEDP II.</p> <p>Assistant Upazila Education Officers (AUEOs) and head teachers are sufficiently well-prepared to provide training and supervisory support to required standards</p>
i. Improve the quality of head teachers.	<p>Initial training for all new head teachers to PSQL standards</p> <p>Specialist components for head teachers included in teacher in-service program</p> <p>Increasing numbers of assistant teachers promoted to head teachers.</p>	<p>Published PSQL standards used for evaluating teacher performance</p> <p>Monitoring reports and supervisory visit reports.</p> <p>Training records .</p> <p>Report and recommendations.</p>	<p>URC building program completed by the end of year 3 of PEDP II.</p> <p>AUEOs are sufficiently well prepared to provide training and supervisory support to required standards .</p>
j. Promote URCs to provide and support the delivery of in-service teacher training.	<p>Review of functions and activities of URCs carried out in year 1 of PEDP II</p> <p>URC construction and equipping program completed by the end of year 3 of PEDP II</p> <p>Training of trainers (TOT) program to PSQL standards</p>	<p>Monitoring reports and records</p> <p>Training results and records</p> <p>Monitoring reports and records</p> <p>Training results and records</p>	<p>Recommendations are adopted.</p> <p>There are no delays in the building program.</p>
k. Promote and facilitate greater community participation and support for education improvement in Bangladesh primary schools.	<p>School support funds provided</p> <p>School Management Committee (SMC) training continues.</p> <p>School Level Improvement Plans (SLIPs) developed and used for planning by SMCs.</p> <p>Innovative Schemes Fund used to promote community awareness of the value of education and child health</p>	<p>School Level Improvement Plans (SLIPs) and Upazila Primary Education Plans (UPEPs).</p> <p>Innovative Schemes Fund Committee minutes.</p>	<p>Provision of funding is not delayed.</p>

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>3. Quality improvement through infrastructure development</p> <p>a. Provide improved levels of infrastructure, facilities and equipment to encourage and facilitate improved and equitable access for all children, leading to improved student achievement</p>	<p>30,000 new larger classrooms constructed in disadvantaged and poorer areas by 2009.</p> <p>Improved classroom furniture provided in 19,500 grade 1 & 2 classrooms designed to suit younger children by 2009.</p> <p>Average class sizes reduced to 46 students by 2009.</p> <p>Shift system eliminated and student contact hours increased to average international standards by 2009.</p> <p>Improved toilet facilities and safe drinking water in 37,000 schools by 2009.</p> <p>Renovate, upgrade and extend all PTIs by 2005.</p> <p>Complete the URC building program by 2005.</p>	<p>Monitoring reports</p> <p>EMIS data</p> <p>Evaluation reports</p> <p>DPE records and reports</p> <p>PCU and TST reports</p> <p>SLIPs and UPEPs</p>	<p>Site selection for new classrooms, toilets and safe drinking water will be based on agreed transparent criteria.</p> <p>Development funds from Government and development partners will flow in a timely fashion for all construction activities and procurement of furniture and equipment, and will be implemented without delay.</p> <p>Recommendations from the double shift report will be implemented.</p>
<p>4. Improved access to quality schooling</p> <p>a. Enhance and institutionalize the capacity of DPE at the center and in the districts to meet the needs of children with special requirements</p> <p>b. Reduce demand side and supply side constraints</p>	<p>NER and educational attainment on the basis of ethnicity, location, and gender showing no disparity by 2009.</p> <p>Existing disparity rates between identified districts reduced by 30% from the agreed upon baseline level by 2009</p> <p>At least 10% of primary schools to adopt explicit strategies and actions to provide inclusive education by 2006, and 20% by 2009</p> <p>Children with special needs identified at the beginning of the 2006 school year to have at least 25% participation by 2009</p> <p>Special needs support staff appointed to districts and in place by 2004</p>	<p>Monitoring reports</p> <p>EMIS/BANBEIS data</p> <p>Evaluation reports</p> <p>DPE records and reports</p> <p>PCU and TST reports</p>	<p>Attitudes toward, and support to, marginalized groups and disadvantaged students will improve.</p> <p>Programs and measures of special needs education are appreciated and utilized by the intended beneficiaries.</p> <p>Inclusive education programs will receive support from parents and the schools in the community.</p>
<p>Inputs</p> <p>1. Civil works</p> <p>2. Equipment, including computers, and furniture and transport</p> <p>3. Teaching, training, guides, manuals and supplementary materials</p> <p>4. Program development and studies</p>			

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
5. Professional and staff development 6. Technical assistance and consulting services 7. Staff and salary support 8. Grants and funds			

SUBSECTOR ANALYSIS

1. The report and recommendation of the President (RRP) has briefly outlined demand-side, supply-side and institutional constraints to achieving quality primary education for all children in Bangladesh. These constraints summarize the major issues and challenges that face Bangladesh as it seeks to meet the Education for All (EFA) agenda by 2015. The following discussion examines these issues, focusing on the challenges facing the Government over the next 5–15 years.

A. The Quality Challenge

2. Bangladesh, like many developing countries, has made considerable progress in ensuring that all children have access to primary education through the formal system. Indeed, the data suggest that more than 90% of children do attend primary school for some period of time, although the percentage actually completing all primary grades is much lower - probably close to 50% - although the official data indicate 67% completion. Completion, like participation, is linked to cost and poverty, but it is, at least in part and increasingly as systems and economies develop, linked to the perceived quality of the education that children receive. Parents faced with serious poverty constraints do not wish to use scarce resources on an ineffective education that cannot deliver appropriate rewards to the next generation.

3. Many factors contribute to this real and perceived lack of quality. These include the employment of untrained teachers, the shift or staggered system with its comparatively short school contact hours, lack of support materials for teacher and student use (especially the lack of supplementary reading materials), lack of motivated teachers, a poor physical environment for learning, etc. There is compelling evidence¹ to support these perceptions.

- (i) At least 20,000 teachers in government primary schools (about 16%) were untrained as of November 2002, while the majority of those who have a Certificate in Education (C. in Ed.) are, at best, poorly trained. The situation in the satellite, registered nongovernment primary schools (RNGPS) and other schools within the formal sector is even worse.
- (ii) There is a general lack of teaching and learning materials except textbooks and chalkboards. As a result, the resource environment in which teachers and students teach and learn is impoverished, reinforcing a reliance on memory-oriented learning in classes dominated by teacher-directed activity, instead of a shift toward student-centered and activity-based methods that would support the competency-based curriculum.
- (iii) Teachers are poorly paid and go unrewarded for the attainment of higher qualifications and increased responsibility, and, as a result, lack motivation to improve. This low level of motivation reveals itself in lack of punctuality and a high level of absenteeism.
- (iv) By international standards the official school attendance hours are much lower than necessary for effective learning (Table A2). But evidence derived through monitoring studies suggests that the official figures are well in excess of the real

¹ Unless otherwise indicated, data are from official education management information system (EMIS) supplied through the Directorate of Primary Education (DPE).

situation. Teacher and student absenteeism and laxity in school management mean that actual contact hours are probably at least 30% below the levels suggested by official statistics.

Table A2: Primary Education Cycle: Length of Studies and Total Class Hours for Selected Countries

Country	Years of Primary Education	Average Class Hours Per Year	Total Class Hours
Australia	6	1,000	6,000
Bangladesh	5	768	3,840
Belgium	6	850	5,096
Canada	6	1,000	6,000
Egypt	5	908	4,539
Indonesia	6	875	5,244
Malaysia	6	933	5,597
Philippines	6	1,144	6,865
Singapore	6	906	5,434
Sri Lanka	5	874	4,370
Vietnam	5	840	4,200
International Average (67 Countries)	5.9	910	5,367

Source: Second Primary Education Development Program (PEDP II) Macro Plan. January 2003. Dhaka

4. The impact of these highly negative factors is clearly shown in the low completion rates and even more so in the extremely low pass rate (5%) in the annual grade 5 scholarship examinations. Qualitative reports and other research² suggest that many children—perhaps the majority and even those “successfully” completing class 5—do not attain acceptable standards of literacy and numeracy, and many lapse into illiteracy once they leave school.

5. Added to these factors that impact directly on the child at school, are other forces that work against quality improvement on a national scale. These latter forces include the following:

- (i) socioeconomic environment that favors the more economically well-off urban classes and disadvantages the poor and those handicapped through physical and intellectual impairments;
- (ii) diversity of schooling within the formal sector, making it more difficult to adopt and institutionalize better classroom practices across the whole primary school spectrum;
- (iii) competition from the nonformal sector that supports, albeit inadvertently, the decisions of parents to take their children away from the formal sector and put them into employment in the knowledge that their children will be able to achieve literacy and numeracy and graduate at primary level at a nonformal center run by one or other nongovernment organization; and
- (iv) generally weak organizational and institutional framework and structure for delivery of primary education.

6. So, while the challenge to improve the quality of primary education is great in itself, the challenge to overcome the other contributing negative forces is equally so.

² For example: Literacy Profiles of Primary School Children in Bangladesh – Draft Report. ESTEEM. August 2002.

B. The Socioeconomic or “Inclusive Education” Challenge

7. The issue of poverty has been dealt with in great detail within the Government’s Second Primary Education Development Program (PEDP II) Macro Plan. With at least 40% of the population on or below the established poverty line with household income no greater than \$1 per day, and perhaps another 30% living on no more than \$2 per day, the Government has moved to provide substantial income support through the Primary Education Stipend Program (supplementary appendix F) within the PEDP II framework. With payments based on attendance and satisfactory performance, it can be expected that this program will strongly encourage greater numbers of children from the poorest families to attend and complete school. The selection criteria initially targeted the poorest 40% of the enrolled students in rural primary schools. Since then the coverage has been extended to also cover urban schools.

8. Other disadvantaged groups underrepresented in primary schooling include the urban slum dwellers (particularly squatters), the geographically isolated communities, disabled children, and child workers. Contemporary studies also show that tribal children in Bangladesh continue to experience higher incidences of poverty, illiteracy, dropout rates, and disease than the national averages. These are partly the result of years of conflict, but they also represent the result of ongoing ethnic discrimination that places insufficient value on tribal languages and traditions in learning.

9. Clearly, in the context of the Government’s goal of EFA and the specific PEDP II goals, the challenge of providing an “inclusive education” that pays more than lipservice to the “all” aspect of EFA is very important. Full mainstreaming of all primary education age children into formal primary education cannot be expected or demanded within the next 5 years. But changes that can lead to full mainstreaming in the future need to be started as soon as possible. To improve quality without meeting the challenge of ensuring that “all” children are included within the ambit of formal primary education will reduce the impact of universal primary education in helping to eliminate the socioeconomic divisions and disparities within the population, and will undermine the Government’s credibility on a most serious social issue.

C. The Systemic Challenge

10. As in many, if not all developing countries, most of the problems confronting primary educational improvement are created and magnified by organizational and institutional weaknesses. In part, these weaknesses are the result of the rapid growth of the educational system while the organizational and institutional framework of structures, rules, and processes change far more slowly. In part, they are the result of weak planning, vested interest inertia, and active opposition to change.

11. Specifically, the traditional centralized bureaucracy based on a well-educated administrative cadre that has no specific expertise in primary education is a major handicap when channeling resources to areas and activities that have not been traditionally supported. The lack of supplementary teaching and learning materials, and the focus on traditional teaching methods more suited to past curricula are examples of how difficult it is to convince policy makers and system bureaucrats to promote and fund such “innovations.” The tendency for administrators and bureaucrats to regard primary education as of lesser importance and demanding less skill and lower qualifications than secondary and postsecondary education, despite the political rhetoric to the contrary, adds to this indisposition to change and improvement. At a time when pressure on scarce financial resources is ever increasing primary

education loses because no people at the upper echelons are willing to promote its cause and needs.

12. Even within the Directorate of Primary Education (DPE) there is lack of primary teaching expertise within a structure that has left some important functions such as finance and procurement and Education Management Information Systems (EMIS) without proper organizational homes and nearly all functions are in the hands of people who lack the essential skills to meet the demands of their posts. The slow development of effective EMIS and monitoring and evaluation functions means absence of base data on which to pin effective decision making. This makes overall systemic change slow and difficult.

13. The education offices at division, district and Upazila levels are also suffering through lack of human and financial resources. At a time when the Government is promoting the strategy of decentralization and devolution, the lack of resources at those levels is a serious omission and contradiction. Without the resources to implement, and with final authority for decision making clearly centered in Dhaka, the opportunity for regional offices to develop local solutions to local problems is extremely limited.

D. Meeting the Challenges

14. The PEDP II recognizes these challenges and provides strategies to meet them. These strategies include the following:

- (i) adoption of a “quality standards” approach that will guarantee every primary school a basic level and quality of inputs irrespective of location;
- (ii) coordinated, integrated and comprehensive subsector strategy that creates the basis for quality improvement at all levels and in all aspects of the primary education sector. Organizational capacity building, quality improvement in teaching and learning, improved infrastructure and facilities, and inclusive education are all supported by the PEDP II. The synergies between elements are used to create strength and improvement in all;
- (iii) capacity development through improved recruitment and training for all personnel whether administrators or teachers; and
- (iv) decentralization and devolution of appropriate authority, responsibility and decision making to Upazila, school, and community levels, to promote faster response and local solutions to problems and issues.

LESSONS LEARNED AND EXTERNAL ASSISTANCE TO THE PRIMARY EDUCATION

Project Title and Period	Source of Funding	Amount (\$)	Program/Project Objectives	Major Lessons Learned	Lessons Incorporated in PEDP II Design
Primary Education Development Program (PEDP I) 1998/99 – 2002/03 (5 years)	Asian Development Bank (ADB), Islamic Development Bank (IDB), International Development Association (IDA), Department for International Development (DFID), Government of Germany, Norwegian Agency for Development Cooperation (NORAD), United Nations' Children Fund (UNICEF), United States Agency for International Development (USAID)	Govt.: 2.011 billion Aid Agencies: 752 million	95% enrollment reached by 2001 Primary completion rate to 70% by 2001 Extend classroom contact time by eliminating the staggered system. Improve curriculum, learning materials, and teaching aids. Improve quality of teachers through effective teacher training. Improve school management and academic supervision. Strengthen primary education infrastructure by improving management information system (MIS), planning, and implementation. Monitor inputs and process and evaluate outputs. Develop a national research and development capacity. Provide adequate physical facilities	Quality improvement in Bangladesh schools will take a coordinated combination of interventions over time. A program supported by multiple component projects requires flexible and responsive implementation. Harmonizing the support of development partners increases efficiency, national ownership, capacity and coherence. "Projectization" of the primary education system has a negative impact on capacity building, especially on human resource development. The necessity of institutionalizing development programs within the organizational and administrative framework of the Ministry of Primary and Mass Education (MOPME) and Directorate of Primary Education (DPE) and to implement program components through the line structures within the DPE has been clearly identified. The present capacity of DPE and MOPME must be strengthened to manage large programs such as PEDP II and to make them sustainable in the longer term. Financial management capacity within DPE must be strengthened to track, monitor, and coordinate large programs. Auditing and anticorruption systems must be in place to ensure development partner confidence. Frequent changes of key Government officers must be reduced for proper implementation of program components.	The 6-year program has been designed jointly with the Government and the development partners (DPs), under the leadership of the ADB. Components will be jointly funded, and their implementation will be coordinated with support from the program coordination unit (PCU) and Technical Support Teams (TSTs) within DPE line structures. The Second Primary Education Development Program (PEDP II) has been designed as a coordinated and integrated subsector program within the DPE. The PCU is located within the DPE answering to MOPME through the Director General (DG), with a shift in focus from access to quality improvement, to ensure the necessary level of institutional support for development interventions within PEDP II framework. PEDP II places highest priority on capacity building and systemic reform. Substantial inputs have been planned for institutional and human capacity building. TSTs will be located in all sections of DPE for this purpose, and to assist with program implementation. A Finance and Procurement Cell will be implemented within DPE, answering both to the Government and the funding agencies. A thorough analysis of organizational structures and personnel establishment will be carried out, including ways of ensuring predictable and rational personnel management.

Project Title and Period	Source of Funding	Amount (\$)	Program/Project Objectives	Major Lessons Learned	Lessons Incorporated in PEDP II Design
				<p>Management at district and Upazila level must be made effective by providing quality-improvement support to schools.</p> <p>The existing Government decentralized system must be enhanced with greater devolution of decisionmaking, particularly at school levels through funding and support for school management committees (SMCs).</p> <p>Agreed upon targets and indicators must be in place from the beginning of future programs.</p> <p>Sufficient time and resources must be allocated to the collection of core data, especially those pertaining to enrollment and attendance, and should be decentralized as far as possible.</p> <p>Firm evidence of correlations between development interventions and improved outputs (e.g., increased enrollments) must be monitored, both formatively and summatively.</p> <p>Teachers must be given ongoing support for them to benefit from curriculum innovation and training.</p> <p>Quality-improvement inputs, such as training and materials, will not be fully effective until teachers have real opportunities, facilities, incentives, and the professional freedom to apply them in their classes.</p> <p>Classroom practice is resistant to change, being held back, not only by resource constraints and lack of training, but also by the perceived risk attached to innovation and creativity.</p>	<p>Involving communities in management and planning of school education is a cornerstone of the PEDP II design. Communities will receive, through the SMCs, both financial assistance and training, to strengthen their capacity to undertake this role, including School Level Improvement Plans (SLIPs) and Upazila Primary Education Plans (UPEP).</p> <p>Collection of comprehensive base-line data is one of the initial key activities of the PEDP II. Education Management Information System (EMIS) will be developed as a separate unit or division within DPE with expanded data collection, management and analysis capacity to district and Upazila levels.</p> <p>Monitoring and Evaluation (M&E) will be strengthened through both the division of M&E and external M&E. Emphasis will be placed on all forms of evaluation to measure program impact and gains.</p> <p>Improving the learning environment in schools to provide the foundation for improved quality of teaching and learning is a key objective of PEDP II to ensure that all schools meet the Primary School Quality Level (PSQL) criteria.</p> <p>Key outreach and support mechanisms will be developed at the Upazila level for teachers, head teachers, managing committee members of schools, and Upazila education officers (UEOs) and assistant Upazila education officers (AUEOs), and Upazila Resource Centre (URC) staff, working together as a team to meet their responsibilities.</p> <p>PEDP II focuses on providing academic and technical support for strengthening National Academy for Primary Education</p>

Project Title and Period	Source of Funding	Amount (\$)	Program/Project Objectives	Major Lessons Learned	Lessons Incorporated in PEDP II Design
				<p>PEDP I recognized the importance of pupil assessment, at both national and classroom levels. Pupil-assessment practices and procedures that do not constrain innovation should be introduced in classroom practice.</p> <p>Government-supported schools should be rationalized around national standards, and within a robust framework for supervision and inspection.</p> <p>Access and equity must be addressed across the complete system or the divergent provision becomes more entrenched.</p>	<p>National Academy for Primary Education (NAPE), the primary curriculum wing of the National Curriculum and Textbook Board (NCTB), and the improvement of primary education by providing of quality textbooks and supplementary teaching and learning materials, curriculum development and evaluation, and testing and assessment.</p> <p>The excellence of teachers is seen as critical in PEDP II and interventions are included for recruitment, improving initial and in-service training, qualification standards, teacher registration, incentives and rewards and support for teachers to maintain and enhance their professional skills.</p> <p>PEDP II will continue efforts to promote continuous school-based assessment as an aid to better teaching and improved learning, with the national assessment program.</p> <p>PEDP II will meet the demands for higher quality of teaching and learning by improving levels of infrastructure, facilities, furnishings and equipment—including new and better schools, model schools, additional and larger classrooms at existing schools, renovation of existing schools and classrooms, upgrade of Primary Education Teacher Training Institutes (PTIs), completion of the URCs, improved government offices and planned and ongoing maintenance.</p> <p>PEDP II will enhance the institutional capacity of DPE at central and other levels to meet the needs of children with special requirements to access primary education through the formal sector and to reduce the constraints that prevent millions of children from accessing and</p>

Project Title and Period	Source of Funding	Amount (\$)	Program/Project Objectives	Major Lessons Learned	Lessons Incorporated in PEDP II Design
				<p>The mission of primary education for all children should be clarified, together with the relationship between Government-supported and NGO schools, to avoid confusion and discrepancies in quality of provision. Efforts under PEDP I to facilitate the measurement of EFA indicators.</p>	<p>participating fully and successfully in formal primary education.</p> <p>The unclear relationship between Government-supported and NGO schools also contributes to confusion and discrepancies in the quality of provision. These aspects will be addressed in PEDP II.</p>
<p>Second Primary Education Sector Project (SPESP)</p> <p>Effective from December 1997</p> <p>ADB Loan 1521 BAN (SF)</p>	ADB	73.4 million	<p>Create equitable access to schooling for primary age children.</p> <p>Improve the quality of education at primary level.</p> <p>Build strong management capacity of primary education from DPE to Upazila level.</p>	<p>The negative impact on capacity building of "projectization" should be avoided in future programs.</p> <p>All officials in the education system, from DPE to field level, should be involved in implementing activities to provide capacity building for the system.</p> <p>Care must be taken in selecting of international and domestic firms and consultants, both international and national, to ensure the best qualified consultants are employed and thus avoid adverse effects on implementation.</p> <p>Care must be taken to ensure that centralized procurement systems do not provide scope for malpractice, poor services, and low quality of goods.</p> <p>Project Directors should have adequate educational background.</p>	<p>The design of PEDP II as a coordinated and integrated subsector program located within the DPE is not intended to encourage individual aid agency projects.</p> <p>PEDP II will be located within the DPE with clear implementation lines down through divisions, districts, and Upazilas to schools and communities.</p> <p>A standardized procurement system will be designed for all components of PEDP II with external auditing and M&E.</p> <p>Project directors as such will not be used in PEDP II, but professional education officers from within the DPE, assisted by well-qualified consultants, will implement all aspects of the program. The Program will be embedded in the existing DPE structure.</p>

Project Title and Period	Source of Funding	Amount (\$)	Program/Project Objectives	Major Lessons Learned	Lessons Incorporated in PEDP II Design
Primary School Performance Monitoring Project (PSPMP) January 1998–December 2001 TA 2921-BAN	ADB	1.1 million	To develop a model for accurate monitoring at the classroom level of teaching-learning practices and school performance To provide the Government with annual reports on the status of classroom performance To analyze the impact of investment on the status of classroom performance. To develop the local capacity of monitoring classroom performance and thereby improve DPE's information M&E system and EMIS.	The major obstacle in the way of developing capacity-the frequent transfer of professional staff-must be eliminated or minimized. Stakeholders (teachers, school management committee [SMC] members, UEOs, AUEOs etc.) should be utilized in conducting studies, including monitoring, and reports made available to identify strengths and weaknesses and provide remedial measures. Policy planners and decision makers need to be made aware of the significance of research studies and motivated to consult relevant research findings before making policy decisions. The Performance Monitoring Model should be used once every 3 or 4 years to provide accurate information about the classroom performance of teachers and the achievement of pupils, to help identify necessary interventions for developing primary education. A central organization should be instituted to undertake performance monitoring, using the model developed with ADB funding, to ensure institutionalization of performance monitoring, rather than as an ad hoc practice.	The proposed analysis of organizational structures and personnel establishment will address this issue under PEDP II. M&E activities will be developed and implemented down to district and Upazila levels. Research studies have been included in all the M&E functions of PEDP II and resources will be provided to allow research, surveys, and impact studies to be carried out as part of PEDP II evaluation strategies. Training will be provided at all levels on the use and significance of research, and evaluation for policy and planning. Performance monitoring, using a range of techniques and models, including those developed with ADB funding, will be used as part of the M&E initiatives throughout in both the Directorate of M&E and in the external M&E unit.

ADB = Asian Development Bank, AUEO = Assistant Upazila Education Officer/Office, DFID = Department for International Development, DG = Director General, DPE = Directorate of Primary Education, EFA = Education for All, EMIS = Education Management Information Systems, IDA = International Development Association, IDB = Islamic Development Bank, M&E = monitoring and evaluation, MIS = management information system, MOPME = Ministry of Primary and Mass Education, NAPE = National Academy for Primary Education, NCTB = National Curriculum and Textbook Board, NGO = nongovernment organization, NORAD = Norwegian Agency for Development Cooperation, PCU = program coordination unit, PEDP I = First Primary Education Development Program, PEDP II = Second Primary Education Development Program, PIU = project implementation unit, PSPMP = Primary School Performance Monitoring Project, PSQL = Primary School Quality Level, PTI = Primary Education Teacher Training Institute, SLIP = School Level Improvement Plan, SMC = school management committee, SPESP = Second Primary Education Sector Project, TOR = terms of reference, TST = technical support team, UEO = Upazila Education Officer/Office, UNICEF = United Nations Children's Fund, UPEP = Upazila Primary Education Plans, URC = Upazila Resource Center, USAID = United States Agency for International Development.

SECOND PRIMARY EDUCATION DEVELOPMENT PROGRAM (PEDP II) POLICY AND INSTITUTIONAL REFORM MATRIX

A. Institutionalize Program Approach	Relationship to Quality Improvement	PEDP II Activity	Assurances/Milestones	Comments
A1. Program Approach	Sustainable quality improvement requires unified management, line of authority, communication and accountability from the Directorate of Primary Education (DPE) to field and school. Capacity is to be strengthened by Government implementation of development programs, not through project implementation units (PIUs, as project structure) bypassing regular management structure.	Implementation is provided through DPE and related primary education agencies; reinforced by institutional analyses to identify weaknesses, restructuring as needed, and capacity building to strengthen technical and management capacity	<p>PEDP II will be implemented through DPE line functions and related primary education agencies. All future international agency resources benefiting government primary schools (GPS), registered nongovernment primary schools (RNGPS), community and satellite schools will be integrated in this PEDP II framework.</p> <p>Detailed first-year implementation plan will be available before negotiations.</p>	The DPE PEDP II management support function and technical support for line directors will be established and adequately staffed in a manner consistent with the institutional assessment. (see D.4)
B. Education Quality and Equity	Relationship to Quality Improvement	PEDP II Activity	Assurances/Milestones	Comments
B.1 Common Learning Outcomes For All Types of Primary level Institutions	<p>Common learning outcomes ensure quality education in all types of primary schools including proprietary, nonformal, and madrasahs, as well as GPS and RNGPS.</p> <p>All primary level students are eligible to enter lower secondary school and all schools should have grade 5 level standards to permit continuation.</p>	Minimum standards are developed for school performance for formal primary education.	<p>Common learning standards will be formulated and widely disseminated within Ministry of Primary and Mass Education (MOPME) and Ministry of Education (MOE), including field offices that have responsibility for registering and monitoring primary schools by June 2004.</p> <p>The standards will also be made public through the mass media.</p>	<p>No new government schools are being established. To achieve Education for All (EFA) goal of universal primary education the Government must depend on other types of schools.</p> <p>GPS are better resourced and teachers better paid than in most other schools. Common standards may encourage community and school operators to improve conditions.</p>
B.2 Equitable Allocation of Resources to Indigenous, Remote, Special Needs, and Poorest Student Groups (includes "baby classes")	<p>The Government's commitment to EFA asserts that "no child is deprived of education for lack of teacher, learning materials and adequate space", ...and that...</p> <p>No child will be subjected to disparities of access..."</p>	<p>Several interventions are included for achieving universal primary education</p> <p>Innovation grant funds are used to support activities initiated by communities or union parishads-initiated activities</p>	<p>The first-year implementation plan will give priority to disadvantaged, poorer areas for all capacity building activities, including civil works.</p> <p>Within 12 months after commencement of PEDP II implementation, the Government will develop a gender action plan as well as a vulnerable groups action plan. The plan will be fully implemented by midterm review.</p>	<p>The stated policy of Government in Primary Education (Compulsory) Act, 1990, is also the Government's Millennium Development Goal (MDG).</p> <p>Community-based "baby classes" with cognitive skills development programs improve primary school learning, especially for children from poor and illiterate families.</p>

C. Governance	Relationship to Quality Improvement	PEDP II Activity	Assurances/Milestones	Comments
C.1 Establish Minimum Standard for Primary School Quality Level (PSQL)	<p>PSQL is pro-poor, ensuring that children from economically impoverished areas and communities have access to a minimum standard of quality education.</p> <p>Minimum standards provide a basis for monitoring and accountability of the primary education system.</p>	<p>PSQL is used to provide a realistic and affordable definition of school quality that will optimize resources to improve learning conditions for the greatest number of children.</p> <p>As basis for internal monitoring at local level, PSQL is included in School management committee (SMC) training and training for school supervision, with Upazila Education Officers and Assistant Upazila Education Officers (UEO/AUEO) assessment as part of internal monitoring and evaluation (M&E)</p>	<p>A quality standards task force (QSTF) that will monitor PSQL will be established within 3 months following effectiveness.</p> <p>Audit of PSQL components will be included as part of the baseline survey of all schools and completed within 6 months of effectiveness.</p>	<p>Policies that improve quality and efficiency of primary school education are a necessary condition for EFA and the fast track initiative (FTI).</p>
C.2 Monitoring of Education System Performance	<p>Effective monitoring ensures objective, transparent tracking and reporting of education investment activities to provide MOPME and DPE with timely information for efficient planning and management of primary education. It also strengthens accountability and professionalism of primary education institutions and enhances objectivity and credibility of MOPME and DPE.</p> <p>An M&E status report for semi-annual supervision, prepared by M&E division of DPE, will serve as input to Government preparation of the annual operations plan(AOP) to be considered during annual supervision mission, thus ensuring that planning is based on evaluative inputs.</p>	<p>DPE's capacity is strengthened to provide monitoring for quality education by establishing an M&E scheme linking schools, Upazila and district offices to education management information system (EMIS) and M&E divisions in collecting, processing, and analyzing of PEDP II data on the key performance indicators (KPIs).</p> <p>An external M&E scheme is developed and implemented to objectively verify monitoring and evaluation of PEDP II, including independent third party audits and formative research, and eventually the whole primary education sub-sector.</p>	<p>Corrupt practices: MOPME will prepare an action plan for addressing fiscal and supervisory irregularities in the primary education system by 9 months after effectiveness.</p> <p>The Government will develop an M&E scheme, which should include a public expenditure tracking system, within 6 months of effectiveness.</p> <p>A program status report prepared by DPE M&E Division for PEDP II semiannual supervision missions is available to the Government and development partners 1 month before the supervision mission.</p>	<p>MOPME supported by external M&E should proactively address issues of fiscal and other forms of corruption and political interference that internal M&E cannot address.</p> <p>Agreed upon key PEDP II targets reached, as shown by the relevant key performance indicators, will be presented in the PEDP II status semiannual and supervision reports.</p> <p>There is a need to identify an institutional base for PEDP II external M&E and agree on terms of reference.</p>
C.3 Transparent Financial and Procurement Management	<p>Transparent financial and procurement management ensures that resources are used efficiently in a transparent and accountable manner and for the purpose intended</p>	<p>Technical support and other resources are made available to help Government develop a financial management and procurement framework for the PEDP II as well as build financial management and procurement capacity at all levels.</p>	<p>An existing financial management function in DPE will be transformed into a full-capacity financial management unit within 6 months of effectiveness. The Government will prepare a PEDP II financial management manual outlining program-specific financial management policy and procedures, within 6 months of effectiveness. The manual will serve as a reference manual for training.</p>	<p>The new Government procurement rules will be applied in PEDP II.</p> <p>The DPE procurement function needs to be adequately staffed and strengthened.</p> <p>Periodic sample surveys should be undertaken to identify the factors that determine the effective use of public and private funds.</p>

D. Primary Education Organization and Structure	Relationship to Quality Improvement	PEDP II Activity	Assurances/Milestones	Comments
D.1 Primary Education Cadre	A professional primary education cadre provides necessary status to the subsector and to teachers and officers in the cadre, thereby attracting and retaining high-caliber personnel.	Setting up a primary education cadre is a major theme within the PEDP II macro plan.	A formal proposal with supporting documentation will be submitted to highest level of Government by July 2003. The Government is to approve the cadre and a time-bound implementation plan within 6 months of effectiveness.	Currently decisions concerning transfer of key personnel in DPE are controlled by MOE. MOPME can initiate the process, but other ministries need to support and approve this initiative.
D.2 Human Resource Development and Management (HRDM) Strategy and Plan	Continuity in jobs and clear criteria for processing transfers, recruitment, deployment, promotion, and extended leave (vacancies) and disciplinary actions is an essential part of human resource management. Inconsistencies and political or personal interference have been identified as serious obstacles to quality improvement.	Extensive technical support and training resources are included in PEDP II. Human resources management plan and its implementation will be part of the process of establishing primary education cadre.	HRDM strategy and plan for primary education is needed. Developing the plan will be an iterative process linked to progress made and action taken in respect of organization, management and institutional analyses and the introduction of a primary education cadre. A first phase of HRDM plan will be prepared and approved within 1 year of effectiveness. The Government will not transfer staff within a period of 3 years of posting or 3 years of receiving PEDP II-assisted training.	The PEDP II joint fact-finding and appraisal missions recommended that those who receive training should remain in post for at least 3 years before being transferred. No overseas training will be authorized until there is agreement on transfer of personnel trained with PEDP II resources.
D.3 Filling Staff Vacancies and Sanctioning Development Posts Included in PEDP I and PEDP II	The first step in capacity building is filling vacant posts and sanctioning post of first Primary Education Development Program (PEDP I) posts that are to expire with completion of PEDP I activities. Sanctioning PEDP II development posts on a phased basis (20% per year beginning year 2) will encourage high-caliber qualified candidates to apply.	Full staffing is necessary for PEDP II implementation by DPE and related agencies.	Within 3 months of effectiveness, the responsible ministries will have approved simplified procedures for filling of vacancies for District Primary Education Officers (DPEOs), Assistant District Primary Education Officers (ADPEOs), UEOs, AUEOs, and Upazila Resource Centers (URCs). All vacancies at district and Upazila levels to be filled within 12 months of effectiveness.	The process of filling vacancies is complex and lengthy. A reason given for vacancies is that there are not enough qualified persons to fill posts by promotion. The Government may consider waiving the time requirement and promoting based on merit. At least 30% of posts must be filled by qualified women.

D. Primary Education Organization and Structure (cont.)	Relationship to Quality Improvement	PEDP II Activity	Assurances/ Milestones	Comments
D.4 Institutional Assessment and Restructuring	The objective is to improve quality and efficiency of primary education through strengthened planning, implementation, and monitoring functions.	Resources are provided to support institutional assessment for NAPE, NCTB, PTIs, and DPE, including field offices, and implementation of agreed upon reforms and improvements in the institutions focusing on the provision of quality primary education; as well as resources to modernize the institutions, including adequate facilities for female officers and staff	The Government's organizational assessment working groups will be mobilized by the secretary of MOPME within 1 month of effectiveness. Reports, including a time-bound implementation plan, will be completed within 6 months of contracting technical assistance and no later than 9 months following effectiveness.	No funds for new capacity-building initiatives for DPE, NAPE and NCTB would be released until a time-bound action plan for restructuring has been approved by the relevant ministries and development partners. The exceptions are teacher and SMC training and relevant training for capacity building for DPE during PEDP II implementation.
D.5 Decentralization: Devolution of Authority to School, Upazila and District Level	Increased authority and accountability, and enhanced resources at school level are essential for improved classroom teaching and learning quality. Adequate support for improving quality and for performance monitoring cannot be provided from a remote central location.	Resources and technical support are provided to schools, UEOs, and DPEOs to enable them to manage devolved authority, responsibility, and finances.	Key organizational functions to be devolved/decentralized to school, Upazila, and district, with authority, responsibility, and accountability to be defined within 6 months of effectiveness. School Level Improvement Plans (SLIPs) developed with AUEOs' assistance for at least 20% of schools by December 2004 and 100% by Mid Term Review (MTR). Upazila primary education plan (UPEP) approved in 20% of Upazilas by December 2004 and 100% by MTR.	The Government will address the issue of "negative" external intervention in conduct of work at Upazila level. The proposed four-person technical assistance teams or equivalent support needs to be available at district level to assist Upazila and schools. School improvement funds cannot be released to schools that have not completed a SMC/Parent approved SLIP.
D.6 Status of the National Academy for Primary Education (NAPE) as an Autonomous Apex Agency for Quality Standards	NAPE is the institution charged with quality in PTIs and Upazila training and, indirectly, the quality of teaching and learning in schools. Mechanisms such as the Teacher Registration Board (TRB) will help ensure qualifications of teachers in classrooms.	Resources and technical support are provided for NAPE to become an autonomous apex educational institution with a clear mission statement and goals. NAPE buildings will be renovated and extended with upgraded facilities.	Decision of the Government concerning NAPE autonomy will be completed by June 2004. This report will include a decision concerning TRB, with consideration of TRB developments in MOE.	Consideration of the Autonomy of NAPE was part of the Norwegian Agency for Development Cooperation (NORAD) funded project and was agreed to by the Government in 1997. TRB is not included in Governments' Program Concept Paper (PCP). Any assessment of NAPE will also address the question of increased authority for Primary Education Teacher Training Institute (PTI) superintendents.

D. Primary Education Organization and Structure (cont.)	Relationship to Quality Improvement	PEDP II Activity	Assurances/ Milestones	Comments
D.7 NCTB Restructuring	A more coherent structure for NCTB will lead to improvements in curriculum, textbook content, and textbook production.	Support is provided for institutional assessment of NCTB to increase focus on primary education, ensure linkages between primary and secondary curriculum, and improve textbook quality as well as build capacity after following restructuring.	Institutional analysis, with recommendations and time-bound implementation plan and agreement on recommendations between MOPME and MOE will be completed 6 months after contracting of technical assistance, but no later than 9 months after effectiveness.	NCTB is a major publishing house— the largest in Bangladesh. Substantial investment needs to be made to upgrade the skills of its staff and provide them with the most modern equipment and facilities. There should be clear separation of functions between curriculum and textbook production.
E. Strengthening the Teacher Corps	Relationship to Quality Improvement	PEDP II Activity	Assurances/Milestones	Comments
E.1. Teacher Qualifications and Professional Development	A full program of initial teacher education and in-service professional development for teachers and head teachers is crucial for improving the quality of teaching and learning, together with support and supervision.	Both initial teacher education and regular periods of in-service teacher training are mandated for all teachers in the PEDP II	Teacher in-service education programs under PEDP I will continue during the first year of PEDP II. New PEDP II programs will be devised and introduced by June 2004. The policy concerning teacher education, qualifications, and recruitment will be reviewed and updated by MOPME (NAPE and DPE) by 1 month before the first annual review.	Recommendation: No untrained teachers should be allowed to teach unsupervised in the classroom.
E.2 Primary Level Teacher Pay, Merit-Based Incentives, Promotion Opportunities	Improvement of teacher salaries and provision of some form of incentives are important conditions for the quality of teaching in schools.	The existing salary structure for primary teachers is reviewed and revised basic salary scale implemented for all primary teachers, with appropriate allowances to reflect qualifications, experience, and responsibilities	Within 6 months of effectiveness, the Government will modify the selection criteria for AUEO and URC positions to include “experience in primary education teaching.” Before the first annual supervision mission, the Government will have prepared a time-bound action plan regarding the improvement of the status of teachers, career paths, and incentives to be included in the draft HRDM (D.2 above).	Preference must be given to primary school teachers with appropriate qualifications during direct recruitment for AUEO positions.

F. Curriculum, Assessment, and Textbook Reform	Relationship to Quality Improvement	PEDP II Activity	Assurances/Milestones	Comments
F.1 Curriculum Relevance for Primary Level and Relationship to Lower Secondary	Continuum between primary and secondary education will be ensured.	Support is provided for primary school curriculum and instructional materials development, and relevant capacity building.	Primary and secondary curriculum wings will meet to ensure continuity of primary level and lower secondary curriculum and develop plan to ensure continuity by December 2004.	Ensuring curriculum continuity between primary and secondary education is a necessary part of NCTB organizational assessment.
F.2 National Assessment	<p>National Assessment (NA) will provide critical evidence of the efficacy of PEDP II interventions to improve education quality and raise student achievement in the basic cognitive skills.</p> <p>The NA results will feed into planning and management of the primary education subsector, especially curriculum and instructional materials, including textbooks, development and teacher education. The application of NA results in teacher education will improve academic supervision and classroom teaching/learning.</p>	Support is provided for conducting sample-based national assessments and disseminating results.	<p>National Assessment Cell (NAC) will be established within 6 months of contracting technical support but not later than 9 months after effectiveness.</p> <p>NAC will have clearly articulated responsibility to carry out NA at least once every 2 years covering a sample of Class 3 and 5 students. Assessment may include formative evaluation at shorter intervals.</p>	<p>The issue of NA, who should be responsible, and how frequently it should be conducted needs to be discussed at MOPME policy and planning levels and with other concerned ministries. Several prior NA studies are available to MOPME.</p> <p>A biennial curriculum and instructional materials review should be carried out with NCTB curriculum wing.</p>
F.3 Supplemental Reading Materials and Learning Aids to Include Local Choice	<p>Supplemental reading materials (SRMs) will augment the basic tools for learning and, in particular, literacy.</p> <p>Local choice helps ensure relevance and use of materials by students and teachers.</p>	<p>Supplementary readers are made available in all GPS, RNGPS, and community schools.</p> <p>It is recommended that more discretion be given to schools and no less than 30% of funding be set aside for local purchase of reading and learning materials from the open market.</p>	<p>First curriculum documents and training guides will be distributed to teachers for school year 2004.</p> <p>Transparent procedures for implementing 'local choice' option will be available for implementation by first annual supervision mission.</p>	The selection and procurement processes for these readers will be critical. It is essential that practicing primary school teachers are involved in establishing the evaluation criteria for choosing the SRMs and in carrying out the evaluation itself.

AOP = Annual Operation Plan, AUOE = Assistant Upazila Education Officer, ADPEO = Assistant District Primary Education Officer, DPE = Directorate of Primary Education, DPEO = District Primary Education Officer, EFA = Education for All, EMIS = Education Management Information System, FM = Financial Management, FTI = fast track initiative, GPS = government primary school, HR = Human Resource, HRDM = Human Resource Development Management, KPI = key performance indicator, M&E = monitoring and evaluation, MOE = Ministry of Education, MOPME = Ministry of Primary and Mass Education, MTR = mid term review, NA = National Assessment, NAC = National Assessment Cell, NAPE = National Academy for Primary Education, NCTB = National Curriculum and Textbook Board, NORAD = Norwegian Agency for Development Cooperation, PCP = Project concept paper, PCU = program coordination unit, PEDP I = First Primary Education Development Program, PEDP II = Second Primary Education Development Program, PIU = project implementation unit, PSQL = Primary School Quality Level, PTI = Primary Education Teacher Training Institute, QSTF = quality standards task force, RNGPS = registered nongovernment primary school, SLIP = School Level Improvement Plan, SMC = school management committee, TRB = Teacher Registration Board, UEO = Upazila Education Officer, UPEP = Upazila primary education plan, URC = Upazila Resource Center.

SUMMARY POVERTY REDUCTION AND SOCIAL ANALYSIS FORM

A. Linkages to the Country Poverty Analysis

Sector identified as a National Priority in Country Poverty Analysis? Yes	Sector identified as a National Priority in Country Poverty Partnership Agreement? Yes
<p>Contribution of the subsector to reduce poverty in developing member country (DMC):</p> <p>Bangladesh is a signatory to the World Conference on Education for All (WCEFA) 1990, which adopted the World Declaration on Education for All (EFA) by the year 2000 and agreed on the basic Framework for Action to Meet Basic Learning Needs. Bangladesh has shown a strong national commitment to education and has one of the largest primary education systems in the world. In the Government's poverty reduction statement, three broad dimensions of human poverty—deprivation in health, education, and nutrition—are used as indicators for poverty. The Government of Bangladesh recognizes primary school education as a key area for investment and development as a means for reducing poverty and improving the quality of life for children in Bangladesh. The past 15 years have seen rapid growth in participation and completion rates and strong overall growth in the system of primary education as a whole. Progress has been made in improving school facilities, training and curriculum revision, and provision of textbooks. Significant progress has been made in gender parity in enrollment. The 2001 school year data show that 17.7 million students were enrolled in over 78,000 primary level institutions, taught by more than 320,000 teachers. This number represented a 30.8% increase over the enrollment level in 1991. The gross enrollment ratio (GER) reached 97.5% in 2001 and may be slightly higher than that level for girls. However, preliminary data for 2002 suggests that enrollment has declined by 1.5% from 2001. The net enrollment ratio (NER) is closer to 75%.</p> <p>The experience of the first Primary Education Development Program (PEDP I) is not just one of success. The findings of the Asian Development Bank (ADB) funded Primary School Performance Monitoring Project (PSPMP), assessment of first Primary Education Development Program (PEDP I) and field observations indicate the following: (i) Higher rate of dropouts, averaging 33%, results partly from poverty of many families; (ii) Rate of attendance of students (61%) is low; (iii) Primary school completion rate is estimated at 67% indicating many children do not receive full primary education; (iv) Children from poor working class, tribal, refugee, and disabled children are marginalized in the formal education system; (v) Pupil-to-teacher ratio, which is about 55:1, is high; (vi) The number of contact hours between students and teachers is low, absenteeism is high and teachers come late to work; (vii) There is lack of quality teacher's training at the primary education teacher training institutes (PTIs) and subcluster level; (viii) Teachers from nonregistered and other categories of school receive little training; (ix) There are fewer female than male teachers in government primary schools (42%) and even fewer (26%) in registered nongovernment primary school (RNGPS); (x) Field-level monitoring is limited to easily accessible schools and a weak monitoring system; (xi) Textbooks are not available on time and teaching aids are insufficient; (xii) Classrooms are scarce and toilet facilities inadequate; and (xiii) School management committee (SMC) and parent and teachers' association (PTA) are dysfunctional.</p> <p>In the design of Second Primary Education Development Program (PEDP II) emphasis is on improving the quality of education and access to education for the government primary school (GPS), RNGPS, and community schools. The PEDP II will focus on (i) increasing the completion rate of primary education; (ii) retaining the enrollment rate for children from the poor families and girls, (ii) addressing the needs of the disadvantaged, tribal, and refugee children, and design specific targeted strategies for equitable enrollment, completion, and attainment; (iii) improving the quality of teachers' training at the PTI and subcluster level, increasing facilities for head teacher training; (iv) increasing training opportunities for teachers from RNGPS; (v) recruiting of teachers, especially female teachers; (vi) integrating recommendations of ADB's PSPMP for quality; (vii) introducing instruments and methods developed by PSPMP for assessing baseline classroom performance and achievement; (viii) strengthening field-level monitoring, (ix) providing adequate infrastructure, sanitation, and water facilities for schools; (x) improving delivery of textbooks and adequate learning materials; (xi) strengthening the resource base of Upazila Resource Center (URC); the instructor and the assistant education officer (AEO) should have M. Ed or B. Ed degree; (xii) strengthening social mobilization activities for increased enrollment and retention rate for children from poor households; (xiii) restructuring and strengthening SMC and PTA for their active participation in school management and planning; (xiv) increasing accountability of the school system to the parents and the community; and (xv) establishing an education committee at local levels (Union Parishad and Upazila level). Under the PEDP II, policy dialogue will be initiated to address equity issues: access to primary education by all children, textbooks distributed to all children, learning materials provided to teachers, and quality improvements in all schools in the primary education sector.</p> <p>Basic education enables a person to function adequately in one's physical and social environment. Primary education is the most important component of basic education, which enables children to acquire basic competencies and life skills at an early age. Education improves the life chances of young persons with regard to</p>	

employment opportunities—particularly for girls—and it improves their knowledge and decision-making capacities. Educating girls would delay marriages and lower fertility rates. Access to primary education by poor, disadvantaged, tribal, and refugee children would enhance their basic competencies and chances for secondary school education/vocational training and employment opportunities. Poor children are forced to work as child laborers in hazardous and exploitative forms of employment. These children will be provided with opportunity for primary education.

B. Poverty Analysis

Proposed Classification: Poverty Intervention

Bangladesh, with a population of 132 million and per capita gross national product at \$350, is one of the poorest countries in the world. However, estimates based on the household expenditure survey (HES) indicate that incidence of income poverty has declined from over 70% of the population in 1973 to an estimated 36% in 2001. Progress has been made in improving Bangladesh's human poverty index. Between 1992 and 1998 the index increased by 49%, with marked improvements in life expectancy, adult literacy, gross primary school enrollment ratio, and decreases in infant mortality rates, total fertility rates and dropout rates in primary schools. These results were achieved by continued efforts of the Government and nongovernment organizations to expand the coverage of essential services to the disadvantaged sections of society. In particular, the shift in public expenditures toward social sector programming in the 1990s, including primary education, has been a contributing factor. Yet, Bangladesh still faces severe deficiencies in the quality of health, nutrition and education. Poverty is cited by officials at all levels in the education system as the major barrier hindering progress toward universal access to education. Research by Education Watch in 1999 found that 23% of children were not enrolled in school, and among the enrolled children, 79% were poor. The study found that children from economically disadvantaged families enroll in less numbers, attend less frequently, drop out more, and perform less.

An estimated 6.5 million children in Bangladesh between the ages of 5 and 14 (3.9 million boys and 2.6 million girls) have little option but to work to support themselves and their families. The vast majority, 94%, are employed in the informal sector, mainly in rural Bangladesh. In urban settings, girls are employed as domestic laborers, while the boys work in small roadside stalls, shops, hotels, or as garbage collectors. Girls and boys both work in small factories. To provide poor children with access to education, Bangladesh has pursued strategies like the food for education program and stipend program. Both of the programs have been instrumental to a certain extent in increasing enrollment of poor children. However, lack of social mobilization program for the parents, poverty, method and quality of teaching, lack of flexible school hours for poor children, low contact hours between teacher and children, etc., have kept the dropout rate of children from poor families significant. The present method of teaching and low contact hours provide little opportunity for the children to complete homework in the classroom. Children from poor households are often busy with household chores and especially in the rural areas, children work on family farms or as laborers after school hours. Lack of time, and facilities and the environment in poor households contribute to low performance in school among poor children. Poor performance also affects their eligibility for stipends. The PEDP II will develop an appropriate social mobilization strategy for the parents and in the community to reduce the dropout rate of poor children. Increased contact hours between students and teachers will allow students to complete their homework in the classroom. During implementation, the PEDP II will develop specific measures, and strategies, and target to address social and economic constraints faced by the poor, disadvantaged/disabled, tribal, religious minority, and refugee children. In access to education, priority will be given to remote areas with ethnic minorities. The monitoring indicators will be developed to address constraints and measure changes in the status of access and quality of education by poor, disadvantage, and tribal and refugee children. Many of the poor children are enrolled in RNGPS, the PEDP II will put specific emphasis and resources to improve the RNGPS.

C. Participation Process

The plan of PEDP II was prepared in discussion with various stakeholders such as the government, training institutes, school management, teachers, and development partners.

To enhance the participation of parents and the community during implementation of PEDP II, emphasis will be on capacity building and active involvement of the Parent Teacher Association (PTA) and the School Management Committee (SMC) in school management and planning. In addition, the role of local government (Union Parishad) in the local-level education system will be strengthened by forming an education committee at the Union Parishad level. At present the functions of SMC and PTA are limited to occasional meetings. The roles of these committees are not properly understood and or accepted in the school management system. The PEDP II will restructure and strengthen the SMC and PTA to increase accountability of teachers, to improve attendance and lower the dropout rate.

The PEDP II will emphasize social mobilization activities through nongovernment organizations (NGOs) for active community involvement to raise the enrollment and completion rates in primary education and promote the maintenance of school facilities. The SMC will include the following as members of the committee: mother as well as father as representatives of parents, and female representatives of the union council/municipality, representatives from NGO/civil society. The role, responsibility, and reporting system of SMC will be clearly defined. Similarly the role and responsibility of the PTA will be defined and the PTA will be strengthened through training and social mobilization activities. PTA meetings in neighborhoods and mothers' meetings will foster active participation of parents in the PTA. The Union Parishad level education committee will consist of members of the Union Parishad, representatives from the SMC, PTA, teachers and NGO/civil society. The local level education committee will coordinate its work with SMC in union-level planning and management of the school system. The experience of the community contributing to the school maintenance fund under PEDP I will be replicated in the PEDP II. The partnership among the parents, community, local government, and education system will receive more emphasis in PEDP II.

D. Potential Issues

	Significant/ Nonsignificant/ Uncertain/ None	Strategy to Address Issues	Output Prepared
Resettlement	Nonsignificant	Classrooms will be expanded in the existing compound. In cases where a new school is required, the school will be built on land contributed by the community. Contributing land for a school has been a community practice in Bangladesh.	None
Gender	Significant	<p>A primary aim of PEDP I was to enhance gender equity in enrollment, attendance, completion, and attainment rates in primary education. Significant progress has been made in enrollment of girls in primary education. Net enrollment ratio in 1998 were 80.0% for boys and 82.9% for girls. Completion rates in primary education are higher for girls at 69% compared with 66% for boys. This is a significant achievement compared with other South Asian countries. The goal to increase the proportion of women teacher (60%) at the primary level has met some success. Education statistics of the Primary Education Directorate (DPE) in Bangladesh indicates 33.9% female teachers in primary education in 2000.¹</p> <p>The PEDP II will emphasize on improving the quality of education as shown by increased completion rate in primary school for both boys and girls, with specific focus on children from poor households. The existing gender-disaggregated monitoring system should be strengthened with more quantitative and qualitative indicators. In addition, monitoring indicators for girls and boys from different socioeconomic classes will be included in the system.</p> <p>To fill up the government recommended 60% quota of female teachers, proportion of female teachers should reach to 50% during the life cycle of PEDP II. In cases where female teachers are not available in the respective Upazila, provision will be made to recruit female teachers from the neighboring Upazila. Among the criteria for registration, a nongovernment school should have 2 female teachers out of 4 teachers.</p> <p>The initiative of National Curriculum and Textbook Board (NCTB) on gender audit and gender-sensitive text materials will be supported under the PEDP II and the</p>	Gender strategies are prepared.

¹ For detailed gender-related data, please refer to PEDP II Macro Plan, January 2003.

	Significant/ Nonsignificant/ Uncertain/ None	Strategy to Address Issues	Output Prepared
		<p>new curriculum on gender equality for 1-3 grades should be extended to 4-5 grades during PEDP II.</p> <p>The SMC will include at least 2 mothers out of 5 representatives from the parents. One female representative from the union council/municipality will be included in the SMC. The PTA will include 3 mothers out of 5 representatives from parents. The courtyard meetings of mothers and school visits by mothers will be strengthened under the social mobilization activities of the PEDP II.</p> <p>Gender equality training will be included in the sub-cluster and PTI training. The training of all AEO will include gender equality training. The percentage of female AEOs will be increased. All female AEOs will be trained on a priority basis. In the DPE, at least 30% of the staff should be women. In overseas training and local training, the women staff of Ministry of Primary and Mass Education (MOPME) should be given preference.</p> <p>Although provision of toilet facilities for girls and female teachers has been in progress, the ratio of toilets per student/teacher is very high. PEDP II will increase the number of toilets to lower the ratio.</p>	
Affordability	Nonsignificant	Primary education is free for all children. The Government has a stipend program and a policy on distribution of educational materials for primary schools.	None
Labor	Nonsignificant	No adverse impact is expected. PEDP II will ensure minimum wages for the laborer in construction works and will try promote equitable pay for men and women for similar types of job in construction works.	None
Indigenous People and Disadvantaged Groups	Significant	While Bangladesh is a largely monoculture society, there is a indigenous people population living largely in the Chittagong Hill Tracts (CHT) and in parts of Sylhet and northern Bangladesh. PEDP I included a number of initiatives designed to increase school participation among the tribal communities in CHT. However, due to political and other factors, little of this program has been implemented. PEDP II will take initiatives to accelerate implementation in CHT. In addition, the PEDP II will take initiatives to develop a mechanism for consultation with indigenous people communities in CHT, Sylhet, Mymensingh and northern parts of Bangladesh on strategies for increasing access to education. These will include facilitating the process for implementing the sections of Rangamati Declaration on Education pertaining to primary education; in constructing new schools and classrooms, priority will be given to remote areas, underserved, underschooled areas of CHT, and areas with indigenous people in other districts; exception should be made in the criterion of a no school within 2 km in the underserved CHT; flexibility in qualification in recruiting teachers; recruiting teachers from the respective indigenous people groups; recruiting female teachers; teaching resources and medium of instruction in local languages for 1-2 grades; recruiting community volunteers to assist teachers in local language. The PEDP II will establish linkages with the Integrated Social	Relevant strategies will be incorporated in the various components of the PEDP II. Indigenous people's development framework is included in the supplementary appendix.

	Significant/ Nonsignificant/ Uncertain/ None	Strategy to Address Issues	Output Prepared
		<p>Development Program (ISDP) of United Nation's Children's Fund (UNICEF) and Children's Opportunities for Learning Enhanced 2 – program (CHOLEN2) of CARE. The Para Kendra (preprimary) school under ISDP could be upgraded to 2 grades in remote areas having no primary school.</p> <p>The Program will develop specific programs to address the needs of disadvantaged children: disabled children, refugee children, religious minorities and working children.²</p>	
Risks			None

² An assessment of disadvantaged children is included in the PEDP II Macro Plan, January 2003.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost			Externally Financed			Government Financed	
	Foreign Exchange	Local Currency	Total Cost	Foreign Exchange	Local Currency	Total Cost	Local Currency	Total Cost
A. Component 1. Quality Improvement Through Organizational Development and Capacity Building at System Level								
Civil Works	426	3,831	4,256	426	2,488	2,914	1,342	1,342
Equipment	627	70	696	627	70	696	-	-
Vehicles	3,056	340	3,396	3,056	340	3,396	-	-
Furniture	16	301	317	16	301	317	-	-
Computers	2,351	261	2,612	2,351	261	2,612	-	-
Grants	28	527	555	28	264	291	264	264
In-country Training	-	6,758	6,758	-	3,379	3,379	3,379	3,379
Overseas Training	2,182	-	2,182	2,182	-	2,182	-	-
International Consultants	2,387	265	2,652	2,387	265	2,652	-	-
Domestic Consultants	-	370	370	-	370	370	-	-
Salaries	-	22,230	22,230	-	11,115	11,115	11,115	11,115
Studies	326	489	815	326	244	570	244	244
Consumables	1,168	2,169	3,337	1,168	1,084	2,252	1,084	1,084
Subtotal	12,565	37,611	50,176	12,565	20,182	32,747	17,429	17,429
B. Component 2. Quality Improvement in Schools and Classrooms								
Civil Works	1,548	13,936	15,484	1,548	9,053	10,601	4,883	4,883
Equipment	2,114	235	2,349	2,114	235	2,349	-	-
Vehicles	147	16	163	147	16	163	-	-
Computers	598	66	665	598	66	665	-	-
Grants	3,760	71,447	75,207	3,760	35,723	39,484	35,723	35,723
Incountry Training	-	50,301	50,301	-	25,150	25,150	25,150	25,150
Overseas Training	1,631	-	1,631	1,631	-	1,631	-	-
Workshops	-	33	33	-	16	16	16	16
International Consultants	1,191	132	1,324	1,191	132	1,324	-	-
Domestic Consultants	-	220	220	-	220	220	-	-
Salaries	-	215,342	215,342	-	107,671	107,671	107,671	107,671
Studies	1,098	1,648	2,746	1,098	824	1,922	824	824
Learning Materials	120,347	21,238	141,584	120,347	21,238	141,584	-	-
Consumables	1,307	2,428	3,735	1,307	1,214	2,521	1,214	1,214
Subtotal	133,743	377,041	510,784	133,743	201,559	335,301	175,482	175,482
C. Component 3. Quality Improvement Through Infrastructure Development								
Civil Works	28,902	260,116	289,018	28,902	168,966	197,868	91,150	91,150
Furniture	2,317	44,032	46,350	2,317	44,032	46,350	-	-
Subtotal	31,219	304,148	335,368	31,219	212,999	244,218	91,150	91,150
D. Component 4. Improved Access to Quality Schooling								
Vehicles	74	8	82	74	8	82	-	-
Computers	135	15	150	135	15	150	-	-
Grants	1,172	22,276	23,449	1,172	11,138	12,311	11,138	11,138
Stipend Program	-	864,000	864,000	-	-	-	864,000	864,000
International Consultants	490	54	545	490	54	545	-	-
Domestic Consultants	-	125	125	-	125	125	-	-
Salaries	-	888	888	-	444	444	444	444
Studies	4	6	10	4	3	7	3	3
Learning Materials	1,280	226	1,506	1,280	226	1,506	-	-
Consumables	82	153	235	82	76	159	76	76
Subtotal	3,238	887,752	890,990	3,238	12,091	15,329	875,662	875,662
E. Estimated Cost of Program Management, Monitoring and Evaluation^a								
Equipment	3	0	3	3	0	3	-	-
Vehicles	783	87	870	783	87	870	-	-
Computers	90	10	100	90	10	100	-	-
International Consultants	11,358	1,262	12,619	11,358	1,262	12,619	-	-
Domestic Consultants	-	4,530	4,530	-	4,530	4,530	-	-
Salaries	-	410	410	-	205	205	205	205
Studies	1,126	1,689	2,815	1,126	844	1,970	844	844
Learning Materials	6	1	7	6	1	7	-	-
Consumables	405	752	1,156	405	376	781	376	376
Subtotal	13,770	8,741	22,511	13,770	7,316	21,086	1,425	1,425
F. Service Charge During the Construction	5,320	-	5,320	5,320	-	5,320	-	-
Total Cost	199,855	1,615,293	1,815,149	199,855	454,145	654,001	1,161,148	1,161,148

Notes: Government contribution includes an allocation for project taxes, customs and duties estimated at \$34.31 million.

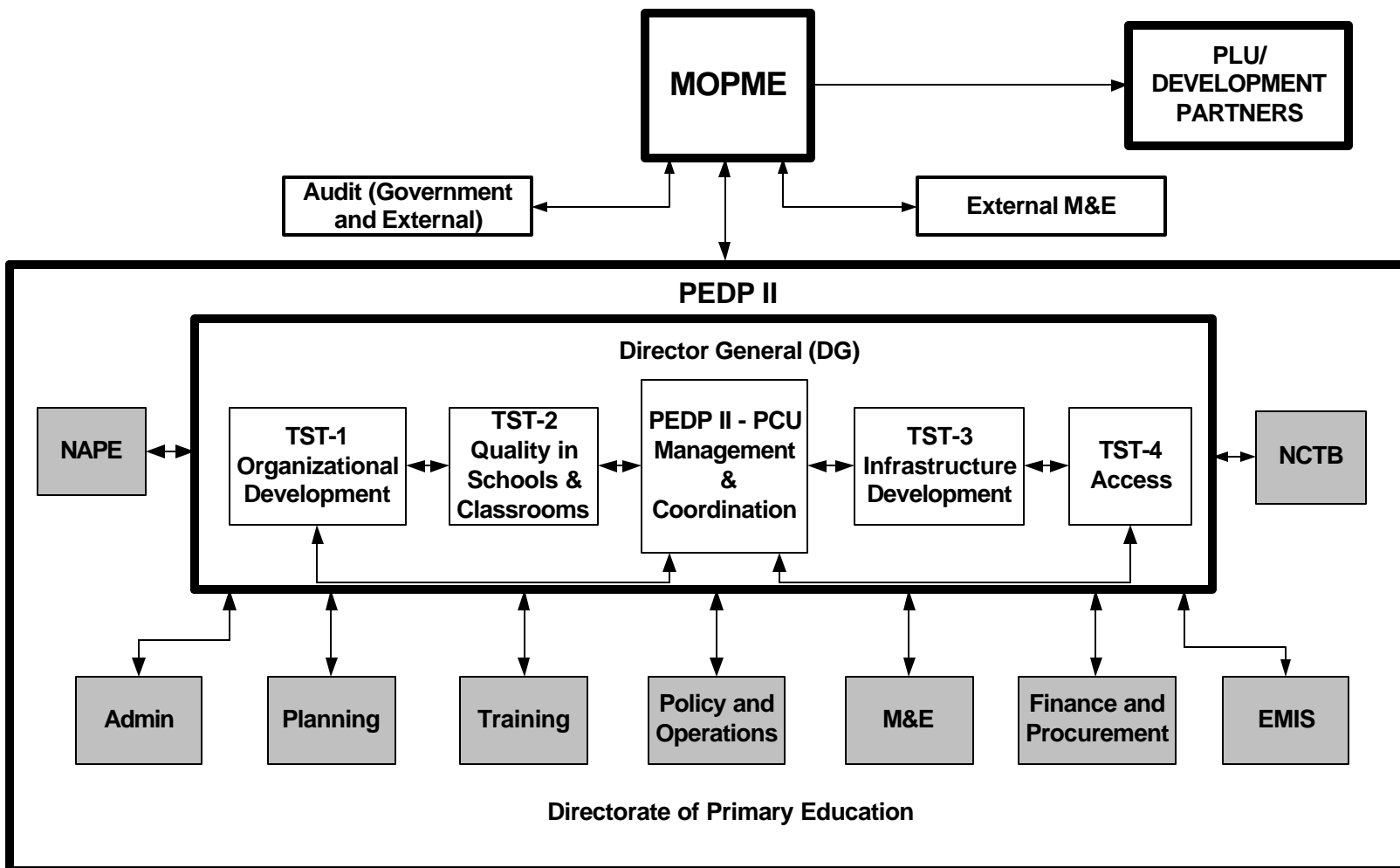
Figures for service charge during the construction relate to Asian Development Bank loan and International Development Association credit financing.

Each line item (except for Stipend Program) includes Physical Contingencies and Price Escalation, estimated at 5% of the base costs for the capital investment and at 2.5% of the foreign and local costs respectively.

^a These expenses are related to management, monitoring and evaluation of the four components.

Source: Asian Development Bank estimates.

ORGANIZATION STRUCTURE OF SECOND PRIMARY EDUCATION DEVELOPMENT PROGRAM (PEDP II)



DG = Director General, EMIS = Education Management Information System, M&E = monitoring and evaluation, MOPME = Ministry of Primary and Mass Education, NAPE = National Academy for Primary Education, NCTB = National Curriculum and Textbook Board, PCU = program coordination unit, PEDP II = Second Primary Education Development Program, PLU = PEDP II Liaison Unit, TST = technical support team.

IMPLEMENTATION SCHEDULE

Interventions/Activities	GOB FY2003/04				GOB FY2004/05				GOB FY2005/06				GOB FY2006/07				GOB FY2007/08				GOB FY2008/09				GOB FY2009/10			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Component 1: Quality Improvement Through Organizational Development and Capacity																												
Program Inception																												
Completion of Organizational Analysis																												
Renovation at DPE																												
DPE Monitoring Division: Consultants																												
Professional Development - Design																												
Staff Professional Development																												
Financial Management Consultants																												
Institutionalization of Finance Unit - Senior Staff																												
Recruitment Criteria: National Consultant																												
EMIS: Consultants																												
EMIS: DPE Training and Seminars																												
EMIS: Data Analysis and Validation																												
EMIS: Geographical Information System (GIS)																												
EMIS: Districts - Training and Seminars																												
District Level: Specialists																												
District Level: Professional Training																												
District Level: Consultants																												
UEOs: 1,000 Additional AUEOs																												
UEOs: Annual and Computer Training																												
SMCs: Training Program (78,000 schools)																												
Component 2: Quality Improvement in Schools and Classrooms																												
Component 2.1: The Learning Environment																												
Quality Standards Task Force - Implementation																												
Baseline Survey of Schools																												
NCTB: Quality Improvement (QI) Cell: Consultants																												
NCTB: QI Cell: Training (Overseas and In-Country)																												
School - Based Continuous Assessment																												
Impact Studies and Formative Research																												
Textbooks - Printing, Procurement and Distribution																												
Curriculum Support, Materials and Guides																												

Interventions/Activities	GOB FY2003/04				GOB FY2004/05				GOB FY2005/06				GOB FY2006/07				GOB FY2007/08				GOB FY2008/09				GOB FY2009/10			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Component 2.2: Teachers and Teaching																												
NAPE: Consultants																												
Specialist Training of PTI Instructors																												
Primary Teachers Registration Board																												
NAPE: Renovation, Extension and Facilities																												
NAPE: Training of Faculty Members																												
Enhanced Salaries and Awards for Teachers																												
Teacher Supply Pool																												
Trainee Teachers Stipends																												
PTI: New Additional Instructors and Staff																												
PTIs: Renovation of PTIs and Experimental Schools																												
In-Service and Sub-cluster Training for All Teachers																												
Head Teachers: Initial and In-Service Training																												
URCs: Construct and Equipment																												
Component 2.3: Community Awareness and Support																												
Media Awareness Campaign																												
Community - Based school construction																												
School Support Funds																												
Component 3: Quality Improvement Through Infrastructure Development																												
Construction of New Classrooms																												
Component 4: Improved Access to Quality Schooling																												
District Special Education Advisers and Staff																												
Consultants - Special Needs, Gender, Disability, Stipend Program																												
Support for Baby Classes - Equipment and Materials																												
Better Health for Better Education																												
Innovation Grants																												
Promotion and Training in Support of Special Needs																												
PEDP II Coordination, Management, and Monitoring																												
PCU: Consultants and Staff																												
TSTs: Consultants and Staff																												
National Assessment Center (NAC)																												
Impact Studies, Formative Research																												

AOP = Annual Operation Plan, AUEO = Assistant Upazila Education Officer/Office, DPE = Directorate of Primary Education, EMIS = Education Management Information System, GIS = Geographic Information System, GOB = Government of Bangladesh, NAC = National Assessment Center, NAPE = National Academy for Primary Education, NCTB = National Curriculum and Textbook Board, PCU = program coordination unit, PEDP II = Second Primary Education Development Program, PTI = Primary Education Teacher Training Institute, QI = Quality Improvement, SMC = school management committee, TST = technical support team, UEO = Upazila Education Officer/Office, URC = Upazila Resource Center.

Note : The Annual Operation Plans will follow the Government of Bangladesh (GOB) fiscal year (FY), i.e. 1 July-30 June. External funding for Second Primary Education Development Program (PEDP II) is projected to become effective from January 2004, the 3rd Quarter of the GOB FY2003/2004, and cover a period of 6 calendar years (2004-2009).

INDICATIVE PROCUREMENT PACKAGES (\$) ^a

Package/Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Cost	Procurement	Responsible ^b
I. CIVIL WORKS									
I A. School and Classroom Improvement:									
New Classrooms ^c	32,000,000	64,000,000	64,000,000	32,000,000	24,000,000	24,000,000	240,000,000	LCB	DPE/LGED
Experimental School Development (n=53)	0	265,000	0	0	0	0	265,000	LCB	DPE/LGED
New Facilities (Latrines, Water, etc.)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	6,000,000	LCB	DPE/LGED
New Upazila Resource Centres (URCs) (397)	1,600,000	3,200,000	1,552,000	0	0	0	6,352,000	LCB	DPE/LGED
I B. Institutional and Infrastructure Strengthening:									
Directorate of Primary Education (DPE)	50,000	50,000	0	0	0	0	100,000	LCB	DPE/LGED
District Education Offices (DEO) (n=64)	224,000	0	0	0	0	0	224,000	LCB	DPE/LGED
Upazila Education Offices (UEO) (n=491)	449,280	1,053,000	1,053,000	891,540	0	0	3,446,820	LCB	DPE/LGED
National Academy for Educational Development (NAPE)	0	100,000	135,000	190,000	0	0	425,000	LCB	DPE/LGED
Primary Education Teacher Training Institutes (PTIs) (n=53)	0	5,300,000	0	0	0	0	5,300,000	LCB	DPE/LGED
Maintenance and Repair of Schools	0	3,120,000	3,120,000	3,120,000	3,120,000	3,120,000	15,600,000		DPE
School Support Funds	0	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	13,500,000		DPE
				Total Civil Works			291,212,820		
II. EQUIPMENT									
II A. Institutional Capacity Strengthening: (Office equipment, including photocopiers, fax machines, etc., other than computer workstations and accessories)									
DEOs (n=64)	64,000	64,000	0	0	0	0	128,000	LCB	DPE
UEOs (n=491)	64,000	135,000	135,000	157,000	0	0	491,000	LCB	DPE
NAPE	0	100,000	0	0	0	0	100,000	LCB	DPE
URCs (n=491)	400,000	750,000	750,000	555,000	0	0	2,455,000	LCB	DPE
DPE - Finance Unit	3,000	0	0	0	0	0	3,000	LCB	DPE
Consumables and Maintenance (EMIS, NAC, PTIs and PCU)	358,000	716,000	716,000	716,000	716,000	716,000	3,938,000		DPE
II B. Transport:									
Vehicles - incl. Taxes (n=16)	800,000	0	0	0	0	0	800,000	ICB/LCB	DPE
Motorbikes - incl. Taxes (n=1984)	589,200	951,600	360,000	480,000	0	0	2,380,800	ICB/LCB	DPE
II C. Computers, Accessories, and Software:									
Workstations (n=1250)	542,000	1,158,000	558,000	242,000	0	0	2,500,000	ICB	DPE
Software	10,000	5,000	5,000	5,000	0	0	25,000	LCB	DPE
Servers and Other - EMIS	180,000	180,000	0	0	0	0	360,000	LCB	DPE
Software - EMIS	6,000	6,000	0	0	0	0	12,000	LCB	DPE
				Total Equipment			13,192,800		
III. FURNITURE									
Existing Classrooms (19,500)	0	2,437,500	2,437,500	2,437,500	2,437,500	0	9,750,000	LCB	DPE
New Classrooms	0	6,000,000	6,000,000	6,000,000	6,000,000	7,000,000	31,000,000	LCB	DPE
DEOs	64,000	64,000	0	0	0	0	128,000	LCB	DPE
UEOs	128,000	270,000	270,000	254,000	0	0	922,000	LCB	DPE
URCs	200,000	200,000	194,000	0	0	0	594,000	LCB	DPE
				Total Furniture			42,394,000		

Package/Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Cost	Procurement	Responsible ^b
IV. TEXTS, CURRICULUM AND SUPPLEMENTARY TEACHING MATERIALS									
Textbook Provision	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	18,000,000	108,000,000	ICB/LCB	DPE/NCTB
Supplementary Reading Materials	0	1,950,000	1,950,000	0	0	0	3,900,000	LCB	DPE/NCTB
Curriculum Support and Teaching Materials	0	3,900,000	3,900,000	0	0	0	7,800,000	LCB	DPE/NCTB
Texts and Teachers' Guides	0	1,600,000	1,600,000	0	0	0	3,200,000	LCB	DPE/NCTB
NAPE: Library, Teaching and Learning Materials (TLMs)	20,000	20,000	20,000	20,000	20,000	20,000	120,000	LCB	DPE/NCTB
PTIs: Library Facilities	0	275,000	0	0	0	0	275,000	LCB	DPE/NCTB
			Total Texts and Materials				123,295,000		
V. INTERNATIONAL TRAINING									
Overseas Training: Professional Development for Senior/Mid-level Staff	0	252,000	252,000	126,000	0	0	630,000	QBS/QCBS	DPE
Overseas Training: Professional Development for Other Staff	0	675,000	0	675,000	0	0	1,350,000	QBS/QCBS	DPE
Overseas Training: NAPE Staff	0	45,000	0	0	0	0	45,000	QBS/QCBS	DPE
Overseas Training: PTI Instructors	0	0	810,000	0	810,000	0	1,620,000	QBS/QCBS	DPE
			Total International Training				3,645,000		
VI. LOCAL TRAINING									
VI A. Training Courses:									
Professional Development - In-Country Training	0	0	18,000	0	18,000	0	36,000	LCB	DPE
EMIS Training (DPE and Districts)	11,000	48,500	48,500	48,500	48,500	48,500	253,500	LCB	DPE
Computer Training (Districts, UEOs, URCs, PTIs)	17,920	30,160	30,160	75,440	8,320	8,320	170,320	LCB	DPE
Professional Training (Districts, UEOs, URCs, PTIs)	0	24,960	24,960	0	0	0	49,920	LCB	DPE
Training of Trainers (URCs, AUEOs)	101,000	1,490,552	0	0	0	0	1,591,552	LCB	DPE
UEOs and AUEOs Training (Decentralized Planning, Procurement)	0	1,920,487	1,953,254	1,886,800	1,800,000	1,800,000	9,360,541	LCB	DPE
School Management Committees (SMC) Training (78,000 Schools)	0	500,000	850,000	850,000	850,000	850,000	3,900,000	LCB	DPE
NCTB: Quality Improvement (QI) Cell In-Country Training	0	2,400	2,400	2,400	1200	4320	12,720	LCB	DPE
PTI Instructor Specialist Training	0	40,000	40,000	20,000	0	0	100,000	LCB	DPE
NAPE: Training of Faculty Members	0	3,600	0	3,600	0	0	7,200	LCB	DPE
Teacher In-Service Training	0	7,680,000	7,680,000	7,680,000	7,680,000	7,680,000	38,400,000	LCB	DPE
Teacher Sub-Cluster Training	0	640,000	640,000	640,000	640,000	640,000	3,200,000	LCB	DPE
New Head Teachers' Initial Training	0	480,000	480,000	480,000	480,000	480,000	2,400,000	LCB	DPE
Teacher Training in Remote and Difficult Areas	0	0	15,000	15,000	15,000	15,000	60,000	LCB	DPE
Quality Standards - Meetings and Field Trips	2,000	4,800	4,800	4,800	4,800	4,800	26,000	LCB	DPE
VI B. Training Materials:									
NAPE: QI Cell Training Support Package	0	23,000	23,000	23,000	23,000	23,000	115,000	LCB	DPE
NCTB: QI Cell Training Materials, Seminars and Meetings	2,500	5,000	5,000	5,000	5,000	5,000	27,500	LCB	DPE
NCTB: Development and Distribution of TLMs	0	100,000	100,000	100,000	100,000	100,000	500,000	LCB	DPE
In-Service: Preparation of TLMs	0	1,443,000	0	0	0	0	1,443,000	LCB	DPE
"Record of Professional Development" for All Teachers	0	660,000	30,000	30,000	30,000	30,000	780,000	LCB	DPE
URCs: Resources for Training Programs	0	982,000	982,000	982,000	982,000	982,000	4,910,000	LCB	DPE
UEOs: Cluster Training Subject Modules - Preparation and Printing	0	943,005	0	0	0	0	943,005	LCB	DPE
			Total Local Training				68,286,258		
VII. GRANTS AND FUNDS									
Community Awareness for Education and Health (Social Mobilization)	0	100,000	100,000	100,000	100,000	100,000	500,000	LCB	DPE
Media Awareness Campaign	0	120,000	120,000	120,000	120,000	120,000	600,000	LCB	DPE
School-Based Teacher Research Grants	0	30,000	30,000	30,000	30,000	30,000	150,000	LCB	DPE
Innovation Grants	0	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	25,000,000	LCB	DPE
			Total Grants and Funds				26,250,000		

Package/Items	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Total Cost	Procurement	Responsible ^b
VIII. MONITORING AND EVALUATION, ASSESSMENT, AND STUDIES									
Studies - Block Grant	56,000	120,000	120,000	120,000	120,000	120,000	656,000	LCB	DPE
EMIS: Data Analysis and Validation	123,000	187,000	187,000	187,000	187,000	187,000	1,058,000	LCB	DPE
SMCs: Review	2,500	0	0	0	0	0	2,500	LCB	DPE
Baseline Survey	547,080	0	0	0	0	0	547,080	LCB	DPE
School Based Continuous Assessment	0	125,000	125,000	125,000	125,000	125,000	625,000	LCB	DPE
National Assessment and Studies	40,000	40,000	3,040,000	40,000	3,040,000	40,000	6,240,000	LCB	DPE
Impact Studies and Formative Research	0	50,000	50,000	50,000	50,000	50,000	250,000	LCB	DPE
		Total Monitoring, Assessment and Studies					9,378,580		
IX. CONSULTING AND INDEPENDENT EXPERT SERVICES									
International and Domestic Consultants^d:									
Package A - Program Coordination Unit (PCU)	2,059,300.00	1,900,000	1,897,500	1,441,500	1,167,900	324,300	8,790,500	QBS	ADB/DPE
Package B - Organizational Development (TST 1)	189,300.00	538,800	447,900	242,700	105,900	30,000	1,554,600	QCBS	DPE
Package C - Quality in Schools and Classrooms (TST 2)	675,600.00	1,028,400	581,900	376,700	308,300	151,800	3,122,700	QCBS	DPE
Package D - Infrastructure Development (TST 3)	269,400.00	379,500	379,500	105,900	0	0	1,134,300	QCBS	DPE
Package E - Access (TST 4)	311,100.00	561,600	561,600	288,000	189,300	52,500	1,964,100	QCBS	DPE
Consultancy Pool	379,500.00	409,500	409,500	409,500	409,500	409,500	2,427,000	QBS/QCBS	DPE
Research Assistants	187,500	250,000	250,000	250,000	250,000	250,000	1,437,500	QBS/QCBS	DPE
Architect and Engineering Firm to Supervise Construction	400,000	800,000	800,000	800,000	800,000	800,000	4,400,000	QBS/QCBS	DPE
EMIS: GIS School Mapping Survey	36,000	80,000	80,000	0	0	0	196,000	QBS/QCBS	DPE
Audit	0	25,000	25,000	25,000	25,000	25,000	125,000	QBS/QCBS	DPE
			Total Consultant and Expert Services				25,151,700		
X. OTHER ACTIVITIES									
Primary Teachers Registration Board	0	0	43,125	43,125	43,125	43,125	172,500	LCB	DPE
Implement EDAC Recommendations	0	160,000	160,000	160,000	160,000	160,000	800,000	LCB	DPE
Promotion and Training in Support of Special Needs Children	0	180,000	180,000	180,000	180,000	180,000	900,000	LCB	DPE
Materials for DPE Document Archive	1,000	1,000	1,000	1,000	1,000	1,000	6,000	LCB	DPE
			Total Other activities				1,878,500		
			Total Indicative Procurement				604,684,658		

Indicative Annual Procurement

Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
62,163,180	149,649,364	139,033,599	92,511,005	83,901,345	77,426,165

ADB = Asian Development Bank, AUEO = Assistant Upazila Education Offices/Officers, DEO = District Education Offices/Officers, DPE = Directorate of Primary Education, EDAC = Education and Disability Advisory Committee, EMIS = Education Management Information System, GIS = Geographic Information System, ICB = international competitive bidding, LCB = local competitive bidding, LGED = Local Government Engineering Department, NAC = National Assessment Cell, NAPE = National Academy for Educational Development, NCTB = National Curriculum and Textbook Board, PCU = Program Coordination Unit, PTI = Primary Education Teacher Training Institute, QBS = Quality Based Selection, QCBS = Quality and Cost Based Selection, QI = quality improvement, SMC = School Management Committees, TLM = Teaching and Learning Materials, TST = technical support team, UEO = Upazila Education Offices/Officers, URC = Upazila Resource Centres

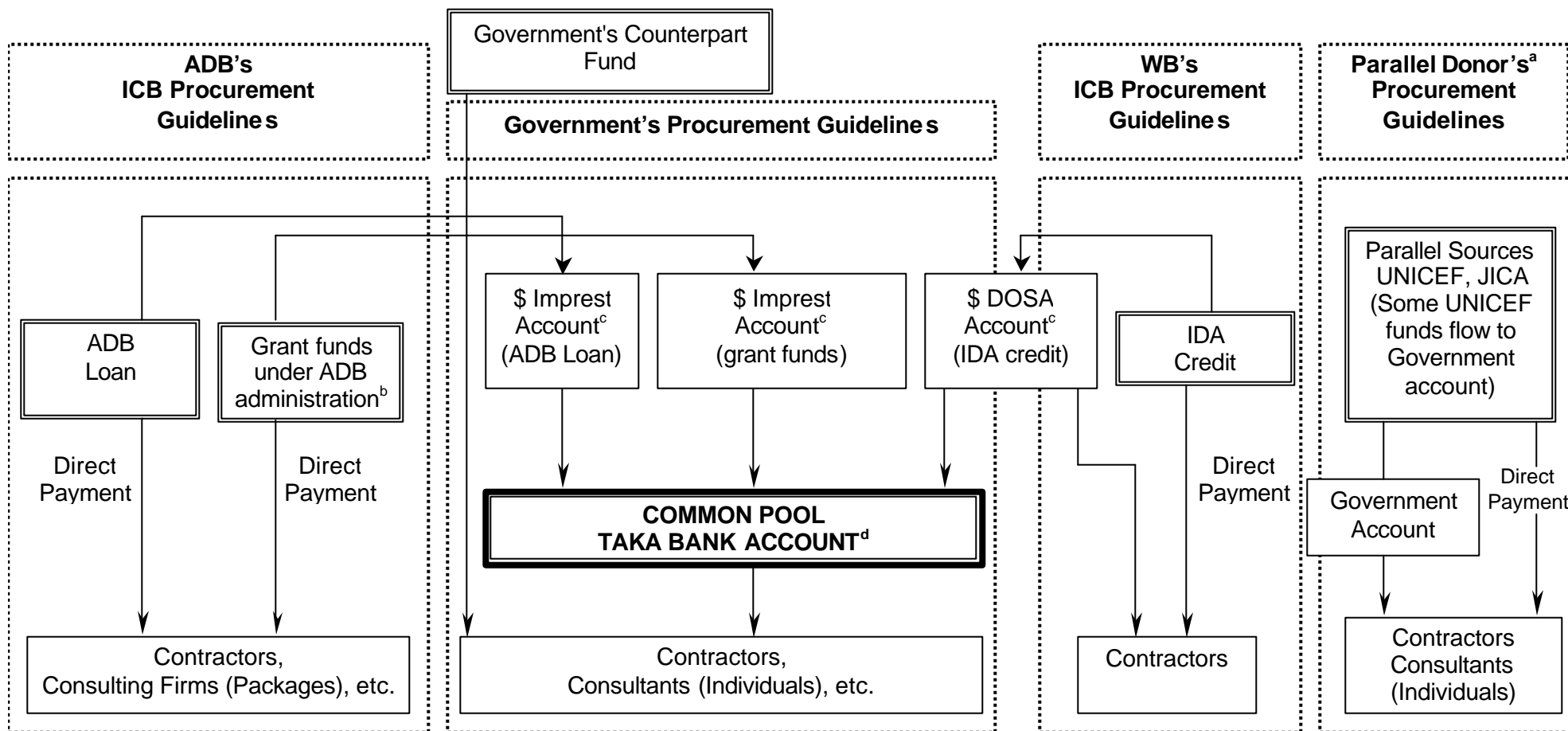
^a Values do not include contingencies.

^b The Directorate of Primary Education (DPE), acting under the overall supervision of the Ministry of Primary and Mass Education (MOPME), will be the Executing Agency.

^c Construction costs include LGED 2% fee.

^d International consultant rates include transport and some equipment costs for PCU and TST consultants.

FUND FLOWS



ADB = Asian Development Bank, DOSA = Dollar Special Account, ICB = international competitive bidding, IDA = International Development Association, JICA = Japan International Cooperation Agency, UNICEF = United Nation's Children's Fund, WB = World Bank.

^a Japan International Cooperation Agency (JICA) and United Nation's Children's Fund (UNICEF).

^b Except European Commission (EC) grant funds which will be used for local expenditures only.

^c These dollar (\$) accounts will be maintained in a commercial bank nominated by Central Bank and Ministry of Finance, and acceptable to ADB (Asian Development Bank).

^d Contribution of sources (ADB, cofinanciers providing grants under ADB administration, and IDA [International Development Association]) to the common pool bank account will be made in accordance with the annually agreed upon percentage proportion and the Second Primary Education Development Program (PEDP II) annual operation plans.

ECONOMIC AND POVERTY IMPACT ANALYSES

A. Economic Analysis

1. Rationale for Intervention

1. Primary-level education is universally regarded as a public good, with significant externalities that may not be adequately recognized and provided for by the private sector. Enhanced primary education is strongly correlated with economic development and increased productivity. The main economic arguments follow.

- (i) **Social and private returns.** There are high social and private returns to investing in primary education—cost-benefit analyses of primary school education consistently demonstrate very high rates of return. Moreover, enhanced primary education is strongly correlated with economic development and increased productivity. By providing the children of Bangladesh with enhanced primary school education, Second Primary Development Program (PEDP II), will put them on the road toward better employment and improved income-earning possibilities. Achieving an enhanced level of education and literacy will clearly be a significant factor in breaking the cycle of poverty in the rural areas of Bangladesh. Without PEDP II, the majority of the labor force will continue to lack quality basic education, which is critical to enhancing productive skill levels and raising labor efficiency and productivity rates.
- (ii) **Equity.** Primary education spending in Bangladesh is pro-poor and the Government has an important role to play in continuing to ensure that access to education—especially education of high quality—is equitable. PEDP II interventions, such as the targeted stipend program, and funds to community-based organizations, private and other groups, are aimed at equitability.
- (iii) **Relationship with higher levels of education.** The Interim Poverty Reduction Strategy Paper (IPRSP) recognizes that the unsatisfactory performance of the primary education system has a ripple effect as it contributes to a significant loss in systemic efficiency. The outputs of a poor quality primary education system proceed to the secondary level and higher education levels, and ultimately lead to diminished returns to employability and productivity. PEDP II aims to enhance the quality of the throughout of the primary education system.
- (iv) **Information.** Currently, there is no systematic monitoring and evaluation (M&E) of the primary education system. The Government has a crucial role to play in collecting, analyzing, and disseminating of information on the quality and effectiveness of education provided in different institutions; in analyzing how efficiently public versus private sector funds flow through the system and ultimately reach teachers and schools, and in determining how those resources are combined with other inputs at the school level to generate education outcomes. By putting effective M&E mechanisms in place, PEDP II will ensure that such information is readily available and can feed back into policy development.

2. Rationale for SWAPS

2. Sectorwide approaches (SWAPS)¹ are mechanisms by which development agencies (multilateral and bilateral) collaborate to support sector reform programs based on a country's long-term vision for its development. SWAPS are sometimes known as sector/subsector programs or sector investment programs or sector investment programs. SWAPS are used to support discrete subsectors, i.e., primary education² or defined subsectors (geographic regions or subnational entities). They have evolved as a means for improving development cooperation in the sectoral context, and they aim to (i) strengthen government ownership, and management and coordination of sector activities; (ii) facilitate integration of capital investment budgets in the overall country budget, and the budgeting of sufficient funds to cover operating costs; (iii) support the improved performance of government institutions in managing sector resources; and (iv) reduce the burden and cost of parallel management structures and the procedural diversity of multiple externally funded activities.

3. One of the defining features of SWAPS is the pooling of government and aid funds for disbursement through jointly agreed-upon channels, with aid agencies participating in the pool to finance agreed-upon proportions of the overall sector program. This arrangement yields several benefits: (i) enables institution of a single procurement, financial management, and disbursement system; (ii) reduces the transaction costs of parallel systems; and (iii) enhances the government's own fiduciary system.

4. In light of the difficulties encountered during Primary Education Development Program (PEDP I) (numerous, generally poorly performing, weakly managed, low disbursing and overlapping aid-financed projects), the Government has committed to implement PEDP II as a subsector approach, whereby partners will jointly support Ministry of Primary and Mass Education (MOPME's) subsector program in primary education. Development partners in the sector strongly support the Government in adopting this approach. Therefore while the approach has downsides and risks, the overriding view is that the benefits of bringing together the government and all major partners and stakeholders under a common framework will result in better support: (i) government-led and -managed sector development; (ii) a comprehensive sector policy reform framework; (iii) rationalized sector targets that are appropriately integrated into the Government's medium-term expenditure framework; and (iv) more cost-effective utilization of available sector resources.

3. Cost Benefit Analysis

5. The PEDP II is designed to improve access, especially to full 5-year program for primary schools, and for the disadvantaged and children with special needs, as well as improve the quality and efficiency of the primary education subsector in Bangladesh. The four substantive components contributing to these goals are (i) quality improvement through organizational development, (ii) quality improvement in schools and classrooms, (iii) quality improvement through infrastructure development, and (iv) improved access to quality schooling. Financial and technical resources are provided to ensure quality management, implementation and M&E of the four components.

¹ World Bank. 2002. *Fiduciary Arrangements for Sectorwide Approaches (SWAPS): Interim Guidelines to Staff*, Issued by the Financial Management and Procurement Sector Boards. Washington, D.C.

² Ibid., p.2.

6. **Benefits Stream.** PEDP II design focuses on quality improvements that will establish the necessary foundation for a more efficient and effective primary education system. The investment will promote quality improvements in education, beneficiaries of which will be the incremental students entering the education system as well as those who are already in the primary education stream. Quality improvements will include a lower student-teacher ratio, more textbooks and supplemental materials, better physical facilities, and more student-teacher contact hours for teaching and learning activities. Key improvements that will contribute to the sustainable development of better quality primary education include the development of high-quality initial and in-service training programs for teachers and head teachers which will ensure greater use of classroom practices that are appropriate for teaching and learning basic competencies, especially literacy and numeracy, and other foundation concepts that underpin learning in everyday life and in secondary and higher education. The provision of necessary additional teaching and learning resources will ensure that every school has the basic tools and aids to support the new methodologies. However, none of these improvements will be sustainable unless and until system capacity and efficiency are enhanced. PEDP II will meet this need through improved human resource development (HRD) strategies and the provision of additional financial and other resources. Ensuring that these improvements go beyond the urban areas to the furthest regions of Bangladesh will assist in overcoming the barriers caused by remoteness and geography.

7. Economic benefits are estimated in accordance with the following assumptions:

- (i) Population growth rates, based on World Bank projections³, will be 1.22% for 2002-2008, 1.09% for 2009-2015, and 1.38 % for 2016-2020.
- (ii) Improved access to primary education is achieved for educationally disadvantaged children—especially children of minority groups—through the stipend program, enhanced school facilities and resources, and improved classroom resources and teaching, i.e.,
 - (a) The defined gross enrollment rate (GER) target of 106% for primary schooling is achieved by 2009.
 - (b) The defined net enrollment rate (NER) target of 88% for primary schooling is achieved by 2009.⁴
 - (c) Repetition rates are reduced by at least 20% by 2009 over 2001-2002 baseline figures.
 - (d) Dropout rates are reduced by about 45%, from 33 % in 2001-2002 to 18% in 2009.
- (iii) Incremental earnings benefits are calculated on the basis of increased earnings with each additional year of primary schooling.
- (iv) The overall increase in enrollment will be due partially to the stipend program. It is, however, not possible to disaggregate the proportion of students who will receive stipends as a result of PEDP II.
- (v) Quality improvements include reduced student-teacher ratios, improvements in teaching due to increased teacher training, more textbooks and supplementary materials, better physical facilities, and more student-teacher contact hours for teaching and learning activities. Given the data limitations, a proxy was developed to capture the overall benefits expected to arise from quality improvements. The proxy

³ [www.http:sima\EdStats\td6.asp](http://sima.EdStats.td6.asp).

⁴ NER is a more effective targeting measure for Bangladesh where the GER is already close to 100%. It can be expected to increase for some years, but as the NER approaches 100% then the GER will also fall back towards parity with the NER.

assumes that the targeted increase in contact hours will have a proportional impact on the real wage rate that each student can realize for each year of primary schooling completed.

8. **Cost Stream.** The estimated direct costs of the PEDP II comprise the project investment, the public and private cost of each additional pupil-year, and the opportunity cost of retaining each student in school for an additional year. Public costs are estimated to be equal to government expenditure for each pupil attending a public primary school, that is, \$13.25 (Tk767), and private costs are those incurred by the each pupil's family on school fees, books and school supplies, transportation, etc., estimated at \$17.75 (Tk1,028). The opportunity cost of retaining each student in school for an additional year is estimated at \$226.36 (Tk13,106), that is equal to the minimum wage for an unskilled worker with no certificates for primary school completion, adjusted for real growth in the wage rate equal to 2% annually.

9. **NPV/EIRR.** Based on the assumptions, PEDP II yields a net present value (NPV) of \$1.22 billion assuming a discount rate of 12%, and an economic internal rate of return (EIRR) of 13.88%. See Table A11.1.

Table A11.1. Economic Internal Rates of Return (EIRR)

Item	Net Present Value
Benefit Stream	\$7.79 billion
Cost Stream	\$6.75 billion
Net Benefit Stream	\$1.22 billion
EIRR	13.88%

Source: Asian Development Bank estimates.

10. The EIRR is likely to be somewhat higher, reflecting positive externalities and longer-term intergenerational social benefits that come with increased levels of education: lower fertility rates and improved health outcomes to which it is difficult to assign monetary values. In addition, the benefits are estimated for completion of the primary cycle only. No allowance is made for the fact that improvements in primary education will enable more children to attend secondary school and thereby have even greater earning power. In addition, it is assumed that the children now enrolled in primary school, especially in the senior grades, will not benefit because they will have completed their primary education (or dropped out) before the full impact of the PEDP II is felt.

4. Sensitivity Analysis

11. A sensitivity analysis was based on alternative assumptions regarding the internal and external efficiency of the system. For the purpose of the analysis, (i) dropout and repetition rates (and hence completion rates) are used as proxies for measuring internal efficiency, and (ii) potential wage growth rate is used as a proxy for measuring external efficiency. Table A11.2 highlights the change in the rate of return under different assumptions.

Table A11.2. Sensitivity Analysis

Internal Efficiency	External Efficiency		
	Low	Medium	High
Low	6.08	13.67	20.41
Medium	6.12	13.88	20.69
High	6.39	14.16	21.05

Source: Asian Development Bank estimates.

12. “Low” internal efficiency assumes that the decrease in dropout and repetition rates achieved is 50% lower than that targeted, while “high” assumes that the decrease in dropout and repetition rates achieved is 50% greater than that targeted. Similarly, “low” external efficiency assumes the increase in wage rate achieved is 50% lower than that estimated, while “high” external efficiency assumes the increase in wage rate achieved is 50% higher than that estimated.

13. The findings of the sensitivity analysis clearly indicate that the rates of return are highly sensitive to changes in assumptions regarding the external efficiency of the system. If changes in internal efficiency are held constant, a 50% change in external efficiency roughly corresponds to a 50% change in the rate of return. Whereas if changes in external efficiency are held constant, a 50% change in internal efficiency corresponds to just a 2–3% change in the rate of return.

B. Poverty Impact Assessment

14. In Bangladesh, as elsewhere, the correlation between educational development and reduced incidence of poverty, improved in labor productivity, economic growth, and the quality of life is well recognized and obvious. Without strengthening the primary, and later, secondary education, it will be virtually impossible for Bangladesh to halt the cycle of poverty. This is no small challenge. A large proportion of the population is so poor that the opportunity costs of sending a relatively young child to work create a considerable barrier to increasing the years of school participation, increasing the rates of completion, and improving the quality of learning. Yet, unless parents and the wider community recognize the relevance and benefits of primary education, overcoming these barriers will be very difficult. Improving the quality of schooling is therefore an essential step. Support mechanisms as the stipend program will help by targeting children for whom the opportunity costs of nonparticipation in primary schooling are high. By supporting increased participation and completion, the stipend program will negate the opportunity cost. But economic growth and release from poverty will require far more than just attending school. The school experience itself must be worthwhile.

15. The Government’s poverty reduction strategy acknowledges the primacy of the educational role in combating and overcoming poverty. By focusing on quality improvement—specially in the rural areas and across all elements of the primary education sector, from schools to supervision, from management to monitoring—PEDP II translates the poverty reduction strategy into action-oriented interventions. PEDP II and external support for its implementation will hasten the process by which the population of Bangladesh can become a more literate society, and by so doing provide a stronger foundation on which to build economic growth and future economic development.

1. Poverty Targeting^{5, 6}

16. In Bangladesh, investment in primary education is generally considered strongly pro-poor—56% of all government subsidies on primary education benefit the poor, who represent roughly 50% of the total population. In addition, the higher proportion of poor among children of primary school age more than offsets the lower enrollment rates among the poor—three of every five children of primary school age come from poor households and almost half are from

⁵ Government of Bangladesh. 2002. *The Government’s Poverty Reduction Strategy*. Dhaka.

⁶ Government of Bangladesh. 2002. *Bangladesh Public Expenditure Review*. Dhaka.

households considered among the poorest. Table A11.3 presents further details, by income quintile, of the distribution of per capita primary education expenditure—public sector spending and private spending.

**Table A11.3. Population, Distribution of Per Capita Expenditure—
Public and Private Spending by Income Quintile, 2002**

By Quintile	Population 6-10 Years ^a (%)	Per Capita Expenditure (%)	Public Education Spending ^b (%)	Private Education Spending ^b (%)
1 Lowest	26.7 (20.0)	8.1	22 (12) ^b	6.7 (3.1)
2	24.1 (20.0)	12.1	23 (15)	11.9 (7.4)
3	19.7 (20.0)	15.8	22 (17)	16.4 (12.4)
4	17.6 (20.0)	22.1	19 (23)	23.2 (25.3)
5 Highest	12.0 (20.0)	41.9	14 (32)	41.7 (51.8)
<i>By Poverty Status</i>				
Poor	58.9 (49.7)	26.1	56 (35)	25.3 (14.5)
Non-Poor	41.1 (50.3)	73.9	44 (65)	74.7 (85.5)

^a Figures in parentheses indicate "all individuals."

^b Figures in parentheses indicates "all education."

Source: World Bank and Asian Development Bank. November 2001. *Bangladesh: Poverty Assessment—Benefit Incidence Analysis: Education and Health Sectors*. Dhaka.

17. Despite the impressive pro-poor targeting, there is considerable scope to improve the pro-poor focus of government expenditures, even at the primary level. Public resources cover roughly half of education costs, but since private or household expenditure is less equitably distributed relative to income than is public expenditure (as shown Table 3), the distribution of total expenditure in education across income quintiles is considerably less equitable than the benefit incidence of public expenditure. Private education expenditures are lower among the poor, implying that poor children have access to fewer school supplies and other learning materials, hampering their learning achievements. In addition, since much of private spending is devoted to supplementary tutoring, which the poor are less able to afford, the result might be direct discrimination by teachers against the poor and less able students since teachers rely on tutoring to supplement their income. Thus while it is not possible to ensure full equity in total (public and private) education expenditures between the poor and non-poor, improved targeting will certainly reduce the inequitable distribution of education resources devoted to the poor.

18. **Stipend program.** PEDP II supports improved pro-poor targeting of public education expenditures through the stipend program. In August 2002 the Government of Bangladesh approved a plan to replace the Food for Education Program (FFE) with the stipend program to target poor families with primary school age children in rural areas. The stipend program was launched in September 2002 to enable poorer rural families, not only to enroll and to keep their

children in school, but also to provide an incentive to children excluded by poverty to complete their primary schooling rather than work.

19. The stipend program approved by the Government for FY2002/03 amounts to approximately \$173 million, and will continue for the next 4 years under PEDP II. The selection criteria⁷ are aimed at targeting the poorest 40% of enrolled students in primary schools in rural areas. Head teachers, in collaboration with their school management committees (SMC), will identify the poorest 40% cohort of families who will then receive the stipend. Under the stipend program, approximately 5 million children attending government schools in rural Bangladesh will each receive Tk100–125 a month.

2. Poverty Impact Assessment

20. It is currently estimated that 53.5% of enrolled students at the primary level who are “poor”⁸ receive close to 55% of total public subsidies to primary education. Until last year, the FFE program was the main targeted poverty program for primary education, with an allocation of Tk4.61 billion, or about approximately 15% of the total primary education budget roughly estimated at Tk30 billion.⁹ Thus, if it is assumed that the directly targeted poverty subsidy is equal to 15%, then the indirectly targeted poverty subsidy is equal to the remaining 40% (i.e., 55% minus 15%).

21. To estimate the incremental poverty impact of PEDP II, i.e., with the stipend, recognizing that the stipend program replaces the FFE, two scenarios were evaluated. In the first scenario, it is assumed that the proportion of poor students remains constant over time (i.e., 53.5%) and the indirectly targeted proportion of education expenditures the poor received also remains constant (i.e., 40%). With PEDP II, assuming that the stipend program is well-targeted and there are no leakages in the system, the primary education program clearly becomes more pro-poor. By the end of PEDP II, close to 67% of public expenditures will be targeted to the poor. Moreover, while the system does not become more equitable in terms of access (due to the assumption of a constant proportion of the poor in the program), total enrollments of the poor will rise to 11.2 million by the end of PEDP II from roughly 8.5 million in 2002.

22. In the second scenario, it is assumed that, as a result of the stipend program, more poor students are drawn into the primary education system, i.e., the proportion of the poor in the system rises from 53.5% in 2002 to 56% by the end of PEDP II—with a proportional increase in nontargeted expenditures going to the poor. Under this scenario, 76% of public expenditures will be spent on the poor, while enrollment of the poor will rise to about 11.7 million. With the stipend program, PEDP II will support enhanced equity in the primary education subsector.

⁷ The degree to which current criteria ensure that the stipend program in PEDP II reaches its intended target will be reviewed during PEDP II annual reviews. Two studies are currently being undertaken (i) assessment of the design and targeting of the primary education stipend program by drawing lessons from international experience on such programs; and (ii) assessment of the relative impacts of the Food for Education Program and the recently implemented primary education stipend program on outcomes at the student, household, school, and community levels. Further studies in support of the review of the stipend program in PEDP II will be undertaken during PEDP II implementation.

⁸ Based on working group calculation.

⁹ Planning Commission. 2003. *Annual Development Program 2002/03*. Government of Bangladesh; also, Ministry of Finance. 2003. *Demands for Grants and Appropriations (Nondevelopment) 2002/03*. Government of Bangladesh.