

TA 4391-INO: SUPPORT FOR DECENTRALIZED EDUCATION MANAGEMENT (SDEM) II MAJOR CHANGE IN SCOPE AND IMPLEMENTATION ARRANGEMENTS

I. INTRODUCTION

1. Technical assistance (TA) for Support to Decentralized Education Management (SDEM) II¹ was approved on 14 September 2004, for a total cost of US\$625,000 equivalent, of which \$500,000 equivalent was financed on a grant basis from the TA funding program of the Asian Development Bank (ADB). The scheduled completion date for the TA is 30 April 2006.

2. In parallel with the implementation of the TA, the Ministry of National Education (MONE), Government of Indonesia, asked the European Commission (EC) to provide supplementary financing for the ADB TA. The EC has agreed to provide cofinancing in the amount of \$6.03 million (corresponding to a total of €4.60 million, including administrative fees). For the EC to participate, it requires nondiscrimination against all its members in procurement processes. Given the substantial cofinancing from the EC, the scope of the TA and implementation period will be extended. In addition, the EC has asked that the TA be renamed the Basic Education Sector Capacity Support Program (BESCSP).

3. The matters for consideration by the Board consist of the following :

- (i) approval of a major change in scope to cover the \$6.03 million supplementary financing from the EC, with no increase in ADB funding, on a no-objection basis;
- (ii) an extension in the TA completion date from April 2006 to December 2008;
- (iii) expanded procurement eligibility to include procurement of eligible goods and services from member countries of the European Union, including ADB nonmember countries; and
- (iv) the administration by ADB of the proposed BESCSP cofinancing under the expanded procurement terms.

II. BACKGROUND

4. The purpose of the TA is to assist and improve the capacity of MONE to implement the strategic changes required for an equitable, effective, and efficient decentralized education system. The anticipated outputs of the TA consist of (i) defining minimum service standards and indicators for decentralized planning and performance assessment; (ii) a master plan for implementation, with a clear and concise definition of roles and administrative functions of different levels of government, including appropriate regulatory frameworks; (iii) recommendations on multi-year regional investment and resource plans that are consistent with the new roles, functions, standards, and regulations; (iv) a basic design of an education management information and operation system to support MONE's new roles and functions (including regulatory and quality assurance functions); and (v) a plan for strengthening the monitoring, evaluation, and internal control mechanisms of MONE.

¹ ADB. 2004. *Support to Decentralized Education Management (SDEM) II*. Manila (TA 4391-INO).

5. The executing agency for the TA is MONE, through the Unit for Facilitating Decentralization of Education (UFDP). Implementation of the TA started in mid-February 2005. Implementation progress has been satisfactory and the key components of strategic advice to MONE related to education sector decentralization reforms have been completed. The TA has also provided strategic support to MONE on the preparation of the education strategic plan (ESP), 2005–2009. The TA has identified and mapped good practices and developed models for decentralized planning, organizational development and performance-based management information processes. The next phase of trialing and testing these models in selected districts, and developing a framework for expansion and/or adoption by the Government in its overall strategic planning framework, is planned for October 2005. Currently around 30% of the allocated TA funds have been disbursed.

6. In the meantime, decentralization in Indonesia is evolving and a number of recent initiatives have been taken by the Government: (i) preparation of ESP 2005–2009; (ii) initiation of MONE's reorganization plan; and (iii) finalization of a number of ministerial decrees and regulations on minimum service standards in education, reporting and accountability mechanisms. The Government will focus on three policy themes in ESP: (i) equitable expansion of access; (ii) quality, relevance and efficiency; and (iii) governance and accountability. These policy themes will help to realign performance monitoring, information management and financing systems within a broader management for development results framework. In order to achieve this, MONE will require support to (i) strengthen the capacity of central agencies for policy development, standard setting, and performance monitoring; (ii) develop and adopt a mix of systemic and targeted programs and financing interventions that reduce disparities in access to and quality of education services; and (iii) put in place education management and organization systems that enable a more demand-led and incentive-based approach to decentralized education service delivery. These initiatives provide key opportunities for ADB to ensure that anticipated outcomes from the TA fit within a broader decentralization planning and implementation process owned and led by MONE.

III. THE PROPOSED CHANGES

7. Recognizing the recent initiatives undertaken by MONE and the identified needs, EC cofinancing aims to (i) strengthen central capacity to manage education sectorwide performance review processes and strategic planning and financing; (ii) enhance central and provincial capacity to facilitate effective policy and strategic management at district levels; (iii) strengthen capacity of districts to plan, manage, and monitor education service performance improvements, including financing arrangements; (iv) enhance provincial and district capacity to provide strategic and technical support at various levels; (v) improve alignment of knowledge and information systems with decision-making needs of user groups at various levels; and (vi) increase MONE's capacity to plan and manage sustainable capacity development programs. The overarching anticipated result will be enhanced change management processes at central, provincial and district levels, with changed roles and management structures that are consistent with ongoing legislative and regulatory reforms related to education sector decentralization.

8. The overall project purpose of BESCSP is broadly consistent with the TA design. It has three immediate objectives: (i) better design and implementation of improved equitable access, quality improvement, and cost-efficient strategies and priority programs at central and district levels; (ii) improved knowledge management strategies for the identification, advocacy, dissemination and use of sustainable and high impact good practices, especially at district and school levels; and (iii) stronger partnership arrangements for the planning, management and

financing of capacity development programs at central, provincial, district, and school levels. Supplementary financing will allow broader coverage of outputs, including expanding the number of districts to receive district level capacity development from 6 to 40-50. The ESP 2005–2009 sets out clear strategic priorities for longer-term education for all goals and phased and sequenced capacity development for the decentralization program, consistent with stated SDEM II capacity building priorities.

9. The proposed changes include an increase in overall donor support from \$0.5 million to \$6.53 million, including additional support for international and national consulting services, a demand-led capacity development fund mechanism, increased project administration and support financing, and extended funding for knowledge management and program and beneficiary monitoring and impact assessment. Updated project safeguards include (i) capacity building support for MONE technical and financial management and procurement systems; and (ii) extended support for joint ADB, EC and MONE annual, midterm and final review systems to allow any strategy or program adjustment. With the TA, the proposed changes have been jointly designed and appraised by MONE, UFDP, ADB and the EC over the period February–July 2005. Cost estimates for the proposed EC cofinancing are detailed in Appendix 1. Given the expansion of activities under the TA, it is envisaged that the cofinanced TA (renamed as BESCSP) will be completed by December 2008, instead of the TA original completion date of April 2006. The Government has also agreed to increase its contribution, in the form of remuneration of counterparts, in-kind contributions and other inputs. A financing agreement which contains the revised design and monitoring framework for BESCSP has been signed between the Government and the EC (Appendix 2). Subject to Board approval, the extended program design is scheduled for implementation in the last quarter of 2005.

IV. ASSESSMENT

10. The proposed changes will incorporate a number of benefits: (i) the extended coverage will broaden and deepen the range and number of beneficiary organizations, (ii) the extended duration will allow for harmonization with emerging governance and capacity development strategies within ESP, (iii) the extended duration will help assure greater institutional, organizational, and financial sustainability mechanisms to be put in place, and (iv) the extended technical assistance will help assure greater program management capacity within MONE and the designated implementation unit. The agreed use of an international consulting firm will also help assure cost-effective and transparent procurement and financial management, accounting and internal audit processes. Overall BESCSP provides a strategic opportunity for ADB to ensure that anticipated outcomes from the TA fit within a broader decentralization planning and implementation process led and owned by MONE.

11. The implementation arrangements under the BESCSP will be similar to those of the TA. However, there has been a recent reorganization at MONE. One of the main issues with respect to BESCSP has been the positioning and structure of UFDP within MONE and its limited capacity to implement the expanded TA. ADB sought clarification from the Government on this issue, and MONE has informed ADB that the unit or directorate with responsibility for BESCSP will be based on the new organizational structure of MONE. It is expected that MONE's reorganization will be complete by September 2005, and the issue of positioning and staffing of UFDP and implementation arrangements will be resolved soon, at the latest at the BESCSP inception.

V. THE PRESIDENT'S RECOMMENDATION

12. The President has recommended the following for Board approval:
- (i) a major change in scope to cover the \$6.03 million supplementary financing from the EC, with no increase in ADB funding, on a no objection basis;
 - (ii) extension of the TA completion date from April 2006 to December 2008;
 - (iii) expanded procurement eligibility to include procurement of eligible goods and services from member countries of the European Union, including ADB nonmember countries; and
 - (iv) the administration by ADB of the proposed BESCSP cofinancing under the expanded procurement terms.
13. After approval of the recommended changes by the Board, the COCS will be requested to process a contract variation for extension of TA completion date and other changes as required.

**Cost Estimates and Financing Plan
(\$'000)**

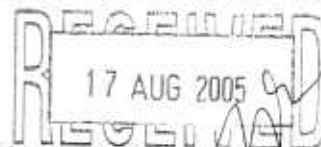
Item	EC Funds			ADB
	Foreign Exchange	Local Currency	Total Cost	SDEM II Budget
1. Consultants				
a. Remuneration				
i. Allocated International Consultants	270.00	0.00	270.00	176.00
ii. Allocated Domestic Consultants	0.00	90.00	90.00	200.00
iii. Unallocated Consulting Services	200.00	200.00	400.00	
b. International and Local Travel	45.00	50.00	95.00	29.00
c. Reports and Communications	0.00	100.00	100.00	9.00
2. Equipment and Vehicles, including Website Development	35.00	100.00	135.00	8.00
3. Training, Seminars and Workshops				15.00
a. Facilitators	0.00	15.00	15.00	
b. Training Program	0.00	225.00	225.00	
4. Survey, Data Processing and Analysis	0.00	250.00	250.00	6.00
5. Miscellaneous Administration and Support Costs	0.00	350.00	350.00	9.00
6. Capacity Development Funds	0.00	3500.00	3500.00	
7. Contract Negotiations	0.00	0.00	0.00	5.00
8. Contingencies	600.00	0.00	600.00	43.00
Sub-Total	1150.00	4880.00	6030.00	500.00
9. Government Financing	0.00	660.00	660.00	125.00
Total Cost	1150.00	5540.00	6690.00	625.00

ADB = Asian Development Bank, EC = European Commission, SDEM II = Support to Decentralized Education Management II.

Note: Exchange rate is € 1 = US\$ 1.31 (June 2005)

ORIGINAL

ASIAN DEVELOPMENT BANK

SOCIAL SECTORS DIVISION (SSD)
SOUTHEASTASIA DEPT. (SERD)Financing Agreement No 006 064
ASIE/2004/006 064

- Same*
- (1) Pl put the original on file
 - (2) Copy - for sending to Ha Loi - with revised memo
 - (3) 2 copy for me pl. = *Hang 12th*

FINANCING AGREEMENT
BETWEEN
THE EUROPEAN COMMUNITY
AND
GOVERNMENT OF THE REPUBLIC OF INDONESIA

"BASIC EDUCATION SECTOR CAPACITY SUPPORT PROGRAMME
IN INDONESIA"



FINANCING AGREEMENT

Special Conditions

The European Community, hereinafter referred to as "**the Community**", represented by the Commission of the European Communities, hereinafter referred to as "**the Commission**",

of the one part, and

Government of the Republic of Indonesia, represented by the Ministry of Foreign Affairs, hereinafter referred to as "**the Beneficiary**",

of the other part,

HAVE AGREED AS FOLLOWS:

ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1.1. The Community shall contribute to the financing of the following *Programme* :

Project number : ASIE/2004//006-064

Title : Basic Education Sector Capacity Support Programme in Indonesia

hereinafter referred to as "*the programme*", which is described in the Technical and Administrative Provisions in Annex II.

1.2 This *programme* will be implemented in accordance with the financing agreement and the annexes thereto: the General Conditions (Annex I) and the Technical and Administrative Provisions (Annex II).

ARTICLE 2 – THE COMMUNITY'S FINANCIAL CONTRIBUTION

2.1 The total cost of the *programme* is estimated at 27,527,000 euro.

2.2 The Community undertakes to finance a maximum of 20,000,000 euro. The breakdown of the Community's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions in Annex II.

ARTICLE 3 - THE BENEFICIARY'S CONTRIBUTION

3.1 The Beneficiary shall contribute 5,510,000 euro to the programme

ARTICLE 4 – PERIOD OF EXECUTION

The period of execution of the financing agreement shall commence on the entry into force of the financing agreement and end at 30.06.2011. This period of execution shall comprise two phases : an operational implementation phase, which shall commence on the entry into force of the financing agreement and end at 30.06.2009. As from this date shall commence the closure phase, which shall end at the end of the period of execution.

ARTICLE 5 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS IMPLEMENTING THE FINANCING AGREEMENT

Contracts implementing the financing agreement shall be signed by 14.12.2007 at the latest. That deadline may not be extended.

ARTICLE 6 - ADDRESSES

All communications concerning the implementation of the financing agreement shall be in writing, refer expressly to the *programme* and be sent to the following addresses:

a) for the Commission

Delegation of the Commission of the European Communities
Wisma Dharmala Sakti, 16th Floor
Jl. Jend Sudirman Kav 32
PO Box 6454 JKPDS,
Jakarta 10220
Indonesia
Fax : (632 21) 570 60 75

b) for the Beneficiary

Ministry of Foreign Affairs
Jl. Taman Pejambon No. 6
Jakarta Pusat
Indonesia

FA Special Conditions – Budget (centralised)

ARTICLE 7 - ANNEXES

7.1 The following documents shall be annexed to this agreement and form an integral part thereof:

Annex I: General Conditions

Annex II: Technical and Administrative Provisions.

7.2 In the event of a conflict between the provisions of the Annexes and those of the Special Conditions of the financing agreement, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex I and those of Annex II, the provisions of Annex I shall take precedence.

ARTICLE 8 – ENTRY INTO FORCE OF THE FINANCING AGREEMENT

The financing agreement shall enter into force on the date on which it is signed by the last party.

Done at Brussels in three original copies in the English language, two copies being handed to the Commission and one to the Beneficiary.

FOR THE COMMISSION

Erich W. Muller
Director
Asia Directorate
EuropeAid Co-Operation Office

Signature

Date

3/3/2005



FOR THE BENEFICIARY

Arizal Effendi
Director General for American & European Affairs
Ministry of Foreign Affairs
Government of Indonesia

Signature

Date

3.06.05

Arizal Effendi

Annex I General Conditions – Budget (centralised)

ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING

ARTICLE 1 – GENERAL PRINCIPLE

- 1.1 The Community's financial contribution shall be limited to the amount specified in the financing agreement.
- 1.2 The provision of the Community financing shall be subject to fulfilment of the Beneficiary's obligations under this financing agreement.

ARTICLE 2 - COST OVERRUNS AND COVERING THEM

- 2.1 Individual overruns of the budget headings of the financing agreement shall be dealt with by reallocating funds within the overall budget, in accordance with Article 17 of these General Conditions.
- 2.2 Wherever there is a risk of overrunning the global amount set in the financing agreement, the Commission may either scale down the project/programme or draw on the Beneficiary's own resources or other non-Community resources.
- 2.3 If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, exceptionally grant additional Community financing. Should it so agree, the excess costs shall be financed, without prejudice to the relevant Community rules and procedures, by the release of an additional financial contribution to be set by the Commission.

TITLE II - IMPLEMENTATION

ARTICLE 3 – GENERAL PRINCIPLE

- 3.1 The project/programme shall be implemented by the Commission acting for and on behalf of the Beneficiary.
- 3.2 The Commission shall be represented in the State of the Beneficiary by its Head of Delegation.

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ARTICLE 4 - PERIOD OF EXECUTION

4.1 The financing agreement shall lay down a period of execution, which shall commence on the entry into force of the financing agreement and end on the date specified to this end in Article 4 of the Special Conditions.

4.2 This period of execution shall comprise two phases:

- an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the financing agreement and end at the latest 24 months before the end of the period of execution;

- a closure phase, during which final audits and evaluation are carried out and contracts for the implementation of the financing agreement are technically and financially closed. This phase shall commence on the date of end of the operational implementation phase and end at the latest 24 months after this date.

4.3 Costs related to the principal activities shall be eligible for Community financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.

4.4 Any balance remaining from the Community contribution will be automatically cancelled six months after the end of the period of execution.

4.5 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.

4.6 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

TITLE III - AWARD OF CONTRACTS AND GRANTS

ARTICLE 5 – GENERAL PRINCIPLE

All contracts implementing the financing agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

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ARTICLE 6 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS IMPLEMENTING THE FINANCING AGREEMENT

6.1 The contracts implementing the financing agreement shall be signed by both parties within three years of the adoption of the budgetary commitment by the Commission, namely at the latest on the date referred to in Article 5 of the Special Conditions. That deadline may not be extended.

6.2 The above provision shall not apply to audit and evaluation contracts, which may be signed later.

6.3 On the date referred to in Article 5 of the Special Conditions, any balance for which contracts have not been signed will be cancelled.

6.4 A contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding cancelled.

ARTICLE 7 - ELIGIBILITY

7.1 Participation in invitations to tender for works, supply or service contracts shall be open on equal terms to all natural and legal persons of the Member States of the Community and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those acts.

7.2 Participation in calls for proposals shall be open on equal terms to all legal persons of the Member States of the Community and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those acts.

7.3 Exceptionally, in duly substantiated cases approved by the Commission, it may be decided, on the basis of the specific conditions laid down in the basic acts governing the cooperation sector concerned, to allow third-country nationals other than those referred to in paragraphs 1 and 2 to tender for contracts.

7.4 Goods and supplies financed by the Community and necessary for the performance of works, supply and service contracts and procurement procedures launched by the grant beneficiaries for the execution of the action financed must originate in countries eligible to participate on the terms laid down in the previous three paragraphs.

7.5 This nationality rule shall also apply to the experts proposed by service providers taking part in tender procedures or service contracts financed by the Community.

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TITLE IV - RULES APPLICABLE TO THE PERFORMANCE OF CONTRACTS

ARTICLE 8 - ESTABLISHMENT AND RIGHT OF RESIDENCE

8.1 Where justified by the nature of the contract, natural and legal persons participating in invitations to tender for works, supply or service contracts shall enjoy a provisional right of establishment and residence in the Beneficiary's country. This right shall remain valid for one month after the contract is awarded.

8.2 Contractors (including the grant beneficiaries) and natural persons whose services are required for the performance of the contract and members of their family shall enjoy similar rights during the implementation of the project/programme.

ARTICLE 9 - TAX AND CUSTOMS PROVISIONS

9.1 Save where otherwise provided in the Special Conditions, taxes, duties or other charges (including value added tax - VAT - or equivalent taxes) shall be excluded from Community financing.

9.2 The State of the Beneficiary shall apply to procurement contracts and grants financed by the Community the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.

9.3 Where the Framework Agreement or exchange of letters applicable includes more detailed provisions on this subject, they shall apply as well.

ARTICLE 10 - FOREIGN EXCHANGE ARRANGEMENTS

10.1 The State of the Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 7 of these General Conditions.

10.2 Where the Framework Agreement or exchange of letters applicable includes more detailed provisions on this subject, they shall apply as well.

ARTICLE 11 - USE OF DATA FROM STUDIES

Where the financing agreement involves the financing of a study, the contract related to this study, signed for the implementation of the financing agreement, shall govern the ownership of that study and the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

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ARTICLE 12 ALLOCATION OF AMOUNTS RECOVERED UNDER CONTRACTS

12.1 Amounts recovered from payments wrongly effected, from guarantees of pre-financing payments or from performance guarantees supplied on the basis of contracts financed under this financing agreement, shall be allocated to the project/programme.

12.2 The financial penalties imposed by the contracting authority on candidate or tenderer who is in a case of exclusion in the context of a procurement contract, the calling upon of tender guarantees, as well as the damages granted to the Commission shall be repaid to the general budget of the European Communities.

TITLE V - GENERAL AND FINAL PROVISIONS

ARTICLE 13 – VISIBILITY

13.1 Every project/programme financed by the Community shall be the subject of appropriate communication and information operations. These operations shall be defined with the approval of the Commission.

13.2 These communication and information operations must follow the rules laid down and published by the Commission for the visibility of external operations in force at the time of the operations.

ARTICLE 14 – PREVENTION OF IRREGULARITIES, FRAUD AND CORRUPTION

14.1 The Beneficiary shall take appropriate measures to prevent irregularities and fraud and, on request of the Commission, bring prosecutions to recover funds wrongly paid. The Beneficiary shall inform the Commission of any measure taken.

14.2 "Irregularity" shall mean any infringement of the financing agreement, implementing contracts or Community law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by them, either by reducing or losing revenue accruing from own resources collected directly on behalf of the European Communities, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the European Communities or budgets managed by them, or on their behalf;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

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The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud.

14.3 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants or in the implementation of the related contracts. "Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities. "Active corruption" shall mean the deliberate action of whoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the financial interests of the European Communities.

ARTICLE 15 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE COURT OF AUDITORS OF THE EUROPEAN COMMUNITIES

15.1 The Beneficiary agrees to the Commission, OLAF and the Court of Auditors of the European Communities conducting documentary and on-the-spot checks on the use made of Community funding under the financing agreement (including procedures for the award of contracts and grants) and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.

15.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by Community law for the protection of the financial interests of the European Communities against fraud and other irregularities.

15.3 To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the Court of Auditors of the European Communities and their authorised agents access to sites and premises at which operations financed under the financing agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the European Commission, OLAF and the Court of Auditors of the European Communities shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the Court of Auditors of the European Communities of the exact location at which they are kept.

15.4 The checks and audits described above shall also apply to contractors and subcontractors who have received Community funding.

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15.5 The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the Court of Auditors.

ARTICLE 16 – CONSULTATION BETWEEN THE COMMISSION AND THE BENEFICIARY

16.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this financing agreement further.

16.2 The consultation may lead to the amendment, suspension or termination of the financing agreement.

ARTICLE 17 – AMENDMENT OF THE FINANCING AGREEMENT

17.1 Any amendment to the Special Conditions and Annex II to the financing agreement shall be made in writing and be the subject of an addendum.

17.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.

17.3 The specific cases of the extension of the operational implementation phase or closure phase are governed by Article 4(5) and (6) of these General Conditions.

ARTICLE 18 – SUSPENSION OF THE FINANCING AGREEMENT

18.1 The financing agreement may be suspended in the following cases:

(a) The Commission may suspend the implementation of the financing agreement if the Beneficiary breaches an obligation under the financing agreement.

(b) The Commission may suspend the financing agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.

(c) The financing agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by force majeure. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.

18.2 No prior notice shall be given of the suspension decision.

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18.3 When the suspension is notified, the consequences on the ongoing contracts or contracts to be signed will be indicated.

ARTICLE 19 – TERMINATION OF THE FINANCING AGREEMENT

19.1 If the issues which led to the suspension of the financing agreement have not been resolved within a maximum period of four months, either party may terminate the financing agreement at two months' notice.

19.2 Where a financing agreement has not given rise to any payment within three years of its signature or no implementing contract has been signed by the date referred to in Article 5 of the Special Conditions, that financing agreement will automatically be terminated.

19.3 When the termination is notified, the consequences on the ongoing contracts or contracts to be signed will be indicated.

ARTICLE 20 - DISPUTE-SETTLEMENT ARRANGEMENTS

20.1 Any dispute concerning the financing agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 16 of these General Conditions may be settled by arbitration at one of the parties' request.

20.2 In this case the parties shall each designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.

20.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.

20.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

Technical and Administrative Provisions for centralised projects

Beneficiary:	Indonesia
Title:	Basic Education Sector Capacity Support Programme in Indonesia (BE-SCSP)
Project No:	ASIE/2004/006-064

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Attachment 1: Logical framework

1 OBJECTIVES

1.1 Overall Objectives

The overall objective is to accelerate achievement of EFA and education-related MDGs in Indonesia through developing capacity of the sector to deliver basic education services in accordance with GoI Minimum Service Standards (MSS) and decentralisation provisions.

1.2 Project Purpose

The purpose of the programme is enhanced service delivery capacity in basic education in line with GOI MSS as a result of (1) strategic reforms and capacity ensuring an equitable, cost-efficient and quality-driven decentralised education system and (2) increased impact of district and provincial education plans and budgets on MSS achievement in basic education as a result of emulating good practice

1.3 Main Results

The envisaged results of the project are:

- 1.1. Improved organisational structures and functions at all levels of government
- 1.2. Enhanced capacity for education policymaking, planning and management at central and local level
- 1.3. A roadmap developed for a Sector Support Programme in (Basic) Education
 - 2.1. Enhanced capacity to emulate good practice in basic education service delivery generated at the local level, into overall sector policy and implementation
 - 2.2. Improved coverage, access, service delivery and financial sustainability of basic education service in selected provinces and districts as a result of emulated good practice

2. PROJECT DESCRIPTION

Laws 22/1999 and 25/1999 and the more recent Education Law (July 2003) provided the basis for decentralisation in basic education, including the promotion of a greater autonomy of schools and a competency-based curriculum. Final aim of the GoI is to ensure that all schools in the country acquire the necessary capacity and autonomy to provide basic education services which meet GoI Minimum Service Standards (MSS) and related Technical Standards. As a consequence, schools and districts have had to take on new devolved responsibilities.

The time to prepare institutions and human resources for this major strategic change was extremely short, which has caused constraints and delays in implementation.

A 'Decentralisation Facilitation Unit' (UFDU) in MoNE was set up in 2002 to develop policy recommendations to overcome constraints. Over the last year significant progress has been made in developing a framework including principles for implementing decentralised education in Indonesia and for developing the necessary capacity in the sector. The introduction of 'Obligatory Functions', 'Minimum Service Standards' and 'Technical Standards' will play an important role in this context.

The thrust of the programme will therefore be on strengthening capacity of the (basic) education) sector and system. The strategy underlying the programme is to facilitate a smooth transition over the coming years to sector-based management of basic education in a decentralised environment. To achieve this, the programme will operate:

- Within a strategic framework: which enables other donors to participate, thereby promoting domestic ownership as well as coherence and impact of external support.
- Through a phased approach:
 1. A first intermediate support package (**Basic Education Sector Capacity Support Programme – BE-SCSP**) will support the government during the next four years (2005 – 2008) in strengthening capacity for decentralised, sector-based management of education. This is the subject of the present agreement.
 2. Support provided under BE-SCSP is expected to develop the conditions and absorption capacity in the sector that would allow donors from 2007 onwards to support GOI with a more comprehensive external sector-support package (**Basic Education Sector Policy Support Programme – BE-SPSP**) towards achieving EFA (see time line chart below)¹.

2004	2005	2006	2007	2008	2009	2010
Preparation	Basic Education Sector Capacity Support Programme (BE-SCSP)					
		Preparation	Basic Education Sector Policy Support Programme (BE-SPSP)			

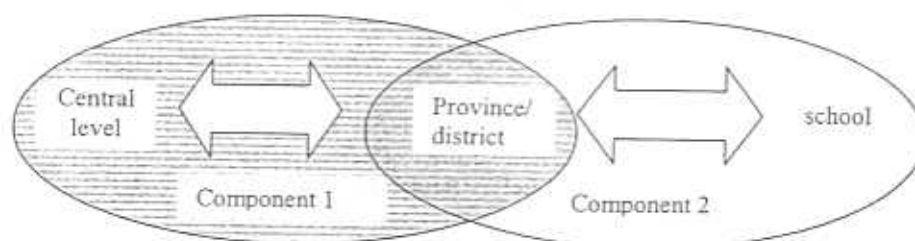
The preparatory BE-SCSP will follow a 2-pronged strategy:

1. Improve conditions for basic education service delivery through building capacity in the sector for decentralised education management (**Component 1: Strengthening Capacity for Decentralised Education Management (SC-DEM)**, to be administered by ADB).

In addition, the Commission will support the undertaking of a feasibility study for a Sector Policy Support Programme in education.

2. At the same time, accelerate progress towards improving service delivery by emulating good practice (**Component 2: Mainstreaming Good Practices in Basic Education (MGP-BE)**, to be administered by UNICEF).

Although components 1 and 2 have a logic and purpose of their own, they both contribute to a higher level logic and purpose which also binds them.



¹ To help take this forward and in addition to the preparatory work done which will be undertaken under component 1, the Commission, in coordination with other donors and GOI, will undertake a feasibility study for an SPSP in the course of 2005. This study will be guided by the seven areas of assessment to prepare a SPSP according to EC Guidelines.

Component 1: Strengthening Capacity for Decentralised Education Management (SC-DEM)

The **purpose** of component 1 of the programme is enhanced service delivery capacity in basic education in line with MSS as a result of strategic reforms and capacity ensuring an equitable, effective and efficient decentralized education system.

Component 1 builds on previous support from ADB. Through the project 'Support to Decentralized Education Management' (SDEM)², ADB provided core technical assistance for the establishment of the Decentralisation Facilitation Unit in MoNE (UFDP)³. Based on experience from three years of administration reform since January 2001, ADB agreed with MoNE at the end of 2003 on the need for extended and more comprehensive support to decentralized education management. Consultations between MoNE, E C and ADB during 2004 have resulted in the development of SC-DEM.

Activities under this component will essentially provide technical assistance support. This component being systemic in nature, implementation will take place from MoNE central level matched by testing and capacity building in selected (pilot) districts and municipalities.

The **expected results of component 1** are:

- Concise minimum service standards (MSS), related technical standards, and outcome-based indicators for education formulated and tested in selected districts, and detailed implementation instructions prepared and approved.
- A clear and concise definition of roles and administrative functions, including appropriate regulatory frameworks⁴ prepared and approved in terms of a master plan for implementation.
- Multi-annual regional investment and resource plans that are consistent with new roles, functions, and standards prepared and approved for implementation.
- Education management, information and operation system in support of MONE's new roles and functions (including regulatory and quality assurance functions) developed, tested and implemented.
- Monitoring, evaluation and internal control mechanisms of MONE strengthened.
- Capacity building plans addressing needs at various levels of government prepared.
- Options explored and recommendations prepared for Sector Wide Approaches (SWAP) that sustain educational achievements.

Component 2: Mainstreaming Good Practices in Basic Education (MGP-BE)

The **purpose** of component 2 of the programme is enhanced capacity to mainstream locally generated good practices in basic education into policy priorities and plans at district level in combination with mainstreamed good practices in selected provinces and districts.

The second component will identify good practices in basic education at district level from a MSS-perspective with a view to emulate and mainstream promising practices into local government policy, priorities, plans and budgets as well as into national education policy.

Activities under this component will focus on: (i) Identification and analysis of particularly promising good practices for achieving MSS in basic education and (ii) Advocacy and capacity building aimed at mainstreaming such practices in education plans and budgets at district and provincial level as well as in national policy.

² ADB TA 3701-INO

³ UFDP is the acronym of 'Unit Fasilitas Desentralisasi Pendidikan'. It was initially called Transition management and Monitoring Unit (TMMU).

⁴ The regulatory framework in education is defined in broad terms which includes legislation as well as the overall environment (and rules of the game) in which the various stakeholders (Central, provincial and district Governments, schools, parents, teachers, students) operate.

In order to achieve maximum impact during the time and with the resources of the programme, support to mainstreaming efforts will go to selected districts and provinces only. Selection criteria will be determined by local indicators on poverty, education, fiscal and external assistance; political commitment at the local level matched by integration of mainstreaming initiatives in district development plans and budgets.

Good Practice in basic education has been defined by MoNE as a practice that:

- Improves any, some or all of the following: access, quality, relevance and efficiency of basic education;
- Takes into account the diversity of Indonesia and the diverse capacities of districts; the practices must therefore allow the possibility of having a "sliding scale" or incremental approach, according to the capacity of a given district.
- Is affordable and therefore more likely to be sustainable.

The **expected results of component 2** include:

- Agreed and clear definitions and analysis of Good Practices for improving access, quality, relevance and efficiency of basic education
- Mapping and comparative analysis completed of Good Practices based on MoNE Minimum Service Standards for basic education.
- Capacities in selected districts and provinces sufficiently strengthened for mainstreaming Good Practices for improved access, quality, relevance and efficiency of basic education.
- Good Practice(s) for improved access/quality/relevance/efficiency of basic education expanded and mainstreamed in selected districts and provinces.
- In target areas, students' learning achievement and attendance rates improved, and dropout and repetition rates reduced.
- A documented approach for mainstreaming and scaling up effective, sustainable and affordable approaches in basic education, with agreed criteria and operational modalities.
- Inputs for evidence-based policy development provided for Component 1, and to provincial and central governments.

Mapping of 'good practice' will be done from a MSS perspective. The ultimate selection of good practices and provinces and districts under component 2 will be developed in conjunction with the activities undertaken under component 1 so that they may be reflected in the development of improved organisational structures and functions as well as in the capacity development efforts for policy making, planning and management.

This should further enhance synergy between the 2 components: results under component 1 (e.g. definition of roles and functions including regulatory frameworks, development of multi-annual investment and resource plans, EMIS systems, capacity building plans, etc) will facilitate and structure the process of emulating good practice into district/provincial educational plans and budgets, and aim to do so where the need is highest (i.e. where MSS are not yet achieved).

2.1 Activities

A detailed description of the activities under each component will be included in the contribution agreements which EC will sign with ADB and UNICEF (see point 3.1.1). The terms of reference for the SPSP feasibility study will determine the scope of activities undertaken under the study. They will be based on the EC Guidelines for Sector Approaches and will be developed in consultation with GoI and other donors involved in education.

Component 1

Component 1 will essentially consist of technical assistance activities aimed at supporting national and regional government efforts for delivering effective, equitable and efficient

education services within the framework of a well-designed decentralized education system. Activities will be co-ordinated at the national level with the National Development Planning Agency (BAPPENAS), the Ministry of Regional Affairs (MoRA), the Ministry of Finance (MoF), and the Ministry of Home Affairs (MoHA).

Component 2

Activities will start with a mapping and comparative analysis of good practices in basic education. The mapping exercise will relate these good practices to the MMS for basic education (Component 1). Subsequently, in selected districts, the gaps to address and the capacities required for scaling up the selected approaches will be identified, and planning will be supported to this end.⁵ Mobilisation and advocacy activities will be conducted to encourage districts to mainstream the Practices and to allocate their own resources.⁶ Capacity building processes will be supported in target districts (and provinces as needed), in accordance with the coverage and/or performance goals set by each district government in their plans to mainstream the Practice. Existing training structures and materials will be used and strengthened. In other words, a critical level of core capacity at district level will be aimed for, to allow districts to expand the Good Practice using their own resources.

The capacity building activities, the mainstreaming and the expansion of the good practices will be carefully monitored and in doing so, existing supervision, monitoring and evaluation systems in districts will be strengthened. The whole process will be documented and fed into policy development, including through Component 1.

2.2 Time Schedule

The first six months of the programme will include an inception phase to confirm the content and specific locations of each component and to draw up a detailed timetable for implementation, including for the feasibility study.

The last six months of the project will be dedicated to phasing out activities and to preparing for the post-programme situation.

2.3 Location

The programme will be implemented in Jakarta and the districts and provinces participating in the programme.

Component 1 will primarily be implemented from MoNE, with some activities in selected districts and municipalities. The same applies to the feasibility study.

Component 2 will primarily be implemented at district level.

2.4 Logical Framework

The initial Logical Framework for the programme is annexed as Attachment 1. This may be updated without necessitating an amendment to the Financing Agreement. The Logical Framework for the programme will be used to develop detailed Logical Frameworks for each component as well as for the feasibility study, to be annexed to the contribution agreements and the study contract.

3. ADMINISTRATIVE PROVISIONS

⁵ This activity will link up with Component 1 so that plans for building specific capacities for good practices are coherent with and fit within the general capacity building plans developed under Component 1.

⁶ This will equally be linked up with Component 1 to ensure coherence with multi-annual resource plans developed under Component 1.

3.1 Implementation Modalities

3.1.1 Institutional Organisation

The programme will be implemented through the European Commission, through its Delegation in Jakarta, Indonesia.

3.1.2 Project Steering Committee and Policy Dialogue Board

- a) The Ministry of National Education (MoNE), in coordination with the Commission, the Asian Development Bank and UNICEF, will establish a **Programme Steering Committee (PSC)** with responsibility for policy guidance and coordination between all institutions and stakeholders involved in the programme.
- b) The PSC will meet quarterly to review plans of operation and annual action plans for the programme, prepare or review monitoring and progress reports, and participate in all monitoring and evaluation processes.
- c) The PSC will also provide guidance in overall programme implementation. In particular the PSC will ensure coherence and co-ordination between both components of the programme and that their implementation fully adheres to the programme's overall objective and purpose.
- d) The PSC may establish technical subcommittees for each component of the programme to assist the PSC in monitoring and coordinating activities in each component.
- e) The PSC will be chaired by the Secretary General of MoNE, or his/her replacement, and membership will include senior representatives of MoNE, BAPPENAS, MoF, MoRA, MoHA, MENPAN and MoFA. Representatives from the Commission, ADB and UNICEF will equally be members of the PSC meetings. The PSC may decide to expand membership and attendance of the PSC in the interest of the programme by including representatives from other government institutions, donors and stakeholder groups.
- f) In addition to the PSC, MoNE will also establish a '**Policy Dialogue Board**' (PDB) for basic education. The role of the PDB will be: (a) to pave the road towards sector-based management, (b) to improve co-ordination and co-operation between development partners in the education sector, (c) to ensure coherence between interventions in the (basic) education sector, and (d) to strengthen GoI's central role in policy guidance and development in the new decentralised environment.
- g) The PDB will be chaired by the MoNE and will include high level representatives from MoNE, BAPPENAS (National Development Planning Board), Ministry of Finance (MoF), Ministry of Religious Affairs (MoRA), as well as representatives from development partners which support education development in Indonesia. The PDB will meet at least twice a year.
- h) Existing or future sector policy dialogue platforms on education involving MoNE, Development Partners and other stakeholders may fulfil the function of the PDB if agreed upon by MoNE, the Commission and other donors.

3.2 Inputs

Financial resources to carry out programme-related capacity building activities, to provide consulting services (international and national), limited supplies and to contribute to operating costs.

3.3 Contribution Details

- (a) The GoI will contribute € 5,510,000 of which € 1,410,000 in cash and € 4,100,000 in kind.
- (b) The GoI will cover all costs related to the participation of officials in meetings, workshops and other events as part of the normal functioning of the public services.
- (c) The GoI will cover all salaries related to the participation of their staff in the programme.
- (d) In general, the GoI will cover any programme-related operating costs not included in the EC contribution.
- (e) The GoI will be responsible for facilitating constructive and effective co-operation of the concerned Ministries and other public authorities.

3.4 Project Costs and Financing

The total cost of the programme is estimated at € 27,527,000. EC will contribute € 20,000,000. The GoI will contribute € 5,510,000 of which € 1,410,000 in cash and € 4,100,000 in kind.

ADB contributes US\$500,000 (€ 417,000) in the form of an Advisory Technical Assistance (ADTA) grant to component 1 of the programme. UNICEF will contribute € 1,600,000 in kind to component 2. The table below summarises the programme budget (€):

Categories	Amount (in Euro)	Other funding sources	Total	Contracting Authority
1. Services				
1.1. Monitoring and evaluation	400,000		400,000	EC
1.2. Audit	100,000		100,000	EC
1.3. Feasibility study	200,000		200,000	EC
Subtotal	700,000		700,000	
2. Contribution Agreements				
2.1. with ADB (Strengthening capacity for decentralized education management)	4,600,000	ADB: 417,000 GoI: 510,000	5,527,000	EC
2.2. with UNICEF (Mainstreaming good practices in basic education)	14,300,000	UNICEF: 1,600,000 GoI: 5,000,000	20,900,000	EC
Subtotal	18,900,000	7,527,000	26,427,000	
3. Contingencies	400,000		400,000	EC
Total	20,000,000	7,527,000	27,527,000	

The breakdown of the budget is indicative and may be adjusted according to the need.

3.5 Mobilisation of the Project Budget

(a) Contractual Modalities

All contracts and agreements necessary for the implementation of this Financing Agreement will be concluded by the Commission.

(b) Financial Modalities

All payments will be made by the Commission.

3.6 Planning and Reporting

Work plans and reports will be drafted in accordance with agreed standard formats. They will include at least:

1. An Inception Report to be developed by the end of the inception period (first six months of the intervention).
2. An Overall Work Plan and Budget (OWP) to be presented together with the Inception Report.
3. Successive Annual (12-monthly) Work Plans and Budgets (AWP)
4. Six-monthly technical and financial progress reports (the first report will be included in the Inception Report, and the final progress report will be incorporated into the Programme Completion Report).
5. Any special reports in relation to component 1 and 2 of the programme.
6. A Programme Completion Report at the end of the support period.

3.7 Monitoring and Evaluation

- (a) Day-to-day technical and financial monitoring will be a continuous process as part of the Commission's responsibilities.
- (b) Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external monitoring and mid-term and final evaluations.

3.8 Visibility

Public relations and awareness-raising will be designed to increase the visibility, and thus the effectiveness, of the programme. They will also serve to give European Commission co-operation maximum visibility.

Particular attention will be given to the promotion of the programme, at exhibitions, conferences and similar public information events, as well as in print material related to the project. All such activities shall be conducted in close collaboration with the Commission Delegation to Indonesia. All equipment and documentation connected with the project shall carry the European Union Flag. The EU guidelines for visibility of external aid will be followed.

3.9 Donor Co-ordination

In order to preserve the necessary coherence between the activities of the present project and those activities undertaken by other donors in the sector, regular meetings will take place with all interested parties to ensure an open exchange of information, to avoid overlapping of activities and/or financing and to incorporate the lessons learned by these other actors into the work of the programme. These meetings may be organised by the Policy Dialogue Board established by the GoI for the programme (see 3.1.2.).

4. SPECIAL CONDITIONS

The following special conditions are to be met, and accompanying measures to be taken:

- The GoI will set up the Policy Dialogue Board and Programme Steering Committee before the end of the programme inception phase.
- The GoI is committed to switch to a sector approach in education and will use the programme to promote this approach in the country's education strategy, policy and legislation.
- The GoI remains committed to achieving EFA and MDG in Indonesia.

ANNEX 1 : Logical Framework

INTERVENTION LOGIC	VERIFIABLE INDICATORS ¹	SOURCES OF VERIFICATION	ASSUMPTIONS
OVERALL OBJECTIVE			
To accelerate achievement of EFA and education-related MDG in Indonesia through developing capacity of the sector to deliver basic education services in accordance with Gol Minimum Service Standards (MSS) and decentralisation provisions.	MDG and EFA indicators, disaggregated by gender and other quality related sub-indicators (i.e. learning achievement, completion, repetition, drop-out rates) continue to show progress towards achieving universal quality (basic) education latest by 2015	HD reports (MDG) EMIS data MoNE and MoRA reports MoF reports from MoF, MoHA, Bappeda	
PROGRAMME PURPOSE			
Enhanced service delivery capacity in basic education in line with MSS as a result of: (1) strategic reforms and capacity ensuring an equitable, cost-efficient and quality-driven decentralised education system	New roles, appropriate governance structures and financing arrangements at all levels of government agreed and implemented by end 2006 A sector-based strategy and management plan for decentralising education in Indonesia developed and incorporated in PROPENAS 2006-10	PROPENAS 2006-10 Education Policy documents Annual education sector plan and performance assessment National and local budget and expenditure information Monitoring and evaluation reports	Economic and political stability Commitment of central and regional governments to alleviate poverty and prioritise MDG and EFA goals
(2) increased impact of district and provincial education plans and budgets on MSS achievement in basic education as a result of emulating good practice.	An inventory of 'best practices' made by MoNE (2004) and a strategy designed and implemented to emulate those practices nationwide (by end 2005) Nr of schools/districts/provinces that have enhanced capacity to deliver education services (using specific criteria) in line with new functions and roles Nr. of 'autonomous schools' capable of providing accessible and high-quality (basic) education nationwide, based on MSS.	Monitoring and evaluation reports Reports from Bangta, Bappeda Surveys	Commitment of GoI to take a lead and coordinate management of change (organization, processes, procedures, and resource and allocator patterns)

¹ Benchmarks will be established during the inception phase for all quantitative indicators.

ACTIVITIES	INPUTS	COSTS IN €	ASSUMPTIONS
Component 1³			
1. Formulate and test, in selected districts, concise MSS, related technical standards, and outcome-based indicators for education, and prepare and approve detailed implementation instructions (PI)			
2. Prepare and approve a clear and concise definition of roles and administrative functions, including appropriate regulatory frameworks in terms of a master plan for implementation			
3. Prepare and approve for implementation multi-annual regional investment and resource plans that are consistent with new roles, functions, and standards			
4. Develop, test and implement education management, information and operation system in support of MoNE's new roles and functions (including regulatory and quality assurance functions)	Services (staff, M&E, Activities) Supplies Operating expenditure Sub-Total	4,253,000 147,000 200,000 4,600,000	
5. Strengthen monitoring, evaluation and internal control mechanisms of MoNE			
6. Prepare Capacity building plans addressing needs at various levels of government			
7. Explore options and prepare recommendations for a SWAP that will sustain educational achievements			
Component 2³			
1. Complete mapping and comparative analysis of good practices in basic education at local levels			
2. Analyse roles, functions, gaps and capacities (human/financial) in target districts and selected provinces			
3. Prepare and implement district/province advocacy and mobilisation packages; mobilise parent and communities	Services (staff, M&E, Activities) Supplies Grants Operating expenditure Other Sub-Total	6,300,000 1,000,000 5,000,000 1,070,000 930,000 14,300,000	
4. Strengthen capacities in target districts/provinces in support of the coverage and/or performance goals set by each district government in mainstreaming the good practice			
5. Expand and mainstream models/practices in target districts/provinces through monitoring, facilitating required technical support from MoNE and strengthen supervision, monitoring and evaluation mechanisms			
6. Feed processes and results from target districts to central government for evidence-based policy development			

³ The list of activities and inputs under Component 1 and 2 will be further refined and specified in the EC Contribution Agreement with ADB and UNICEF respectively.

EXPECTED RESULTS			
(1.1.) Improved organisational structures and functions	A master plan with clear and concise definition of roles and administrative functions, including appropriate regulatory frameworks ² prepared (before end 2005) and implemented Education management, information and operation system in support of MONE's new roles and functions (including regulatory and quality assurance functions) developed and tested (by end 2006) and implemented (by end 2007) Monitoring, evaluation and internal control mechanisms of MONE strengthened	Education Policy documents Ministerial decrees Monitoring and evaluation reports	Co-ordination with other ministries and departments responsible reform of civil servant system Ongoing discussion (and future) outcome of decentralisation laws review will not negatively affect (or slow down) programme progress
(1.2.) An enhanced capacity for educational policymaking, planning and management at central and local level	Concise MSS, related technical standards, and outcome-based indicators for education formulated (by end 2005) Detailed implementation instructions (PP) for MSS prepared and approved (before end 2006) Nr of districts where MSS are piloted (by end 2007) Nr of Multi-annual regional investment and resource plans, consistent with new roles, functions, and standards, are prepared and approved for implementation Capacity building plans addressing needs at various levels of government prepared (before end 2005)	Ministerial decree Regular government monitoring of minimum standards Project reports Monitoring and evaluation reports	Flow of information between regional and central government
(1.3.) Roadmap developed for a Sector Support Programme in (Basic) Education	A roadmap developed and agreed by end 2005, Donor co-ordination formalised A feasibility study commissioned before end 2005 Numbers and categories of people trained Nr of districts that are capable of planning, implementing and expanding 'good practices' Extent of integration of the Good Practices in district policies, plans and budgets Nr of schools covered in each district by that 'good practice'	Report SWAP feasibility study Project documents Minutes donor meetings	Commitment from GoI to embark on a sector approach
(2.1.) Enhanced capacity to emulate locally generated good practice in basic education service delivery into overall sector policy and implementation.		Project documents Monitoring and evaluation reports District plans and reports	Flow of information between regional and central government
(2.2.) Improved coverage, access, service delivery and financial sustainability of basic education services in selected provinces and districts as a result of emulated good practice	Progress in learning achievement, enrolment, repetition and dropout rates in selected provinces/districts	Study reports District and school data	Spin-off effect to other provinces/districts requires commitment of various other ministries

² The regulatory framework in education is defined in broad terms which includes legislation as well as the overall environment (and rules of the game) in which the various stakeholders (Central, provincial and district Governments, schools, parents, teachers, students) operate.

Other activities		
Feasibility study		
Monitoring and evaluation		
Audit		
Contingencies		
	Services	200,000
	Services	400,000
	Services	100,000
	To be determined	400,000
	Sub-Total	1,100,000
	Total (all activities)	20,000,000

Forecast Disbursements

Line		Year n+1 2005	Year n+2 2006	Year n+3 2007	Year n+4 2008	Further disbursements	Total
19 10 01	Component 1 (ADB)	500,000	2,000,000	1,500,000	450,000	150,000	4,600,000
	Component 2 (UNICEF)	3,000,000	4,300,000	4,500,000	2,000,000	500,000	14,300,000
	Feasibility Study	0	200,000	0	0	0	200,000
	M & E	75,000	100,000	75,000	125,000	25,000	400,000
	Audit	25,000	25,000	25,000	25,000	0	100,000
	Contingencies	0	0	200,000	200,000	0	400,000
	Total	3,600,000	6,625,000	6,300,000	2,800,000	675,000	20,000,000

