



1. Project Data

Project ID P131660	Project Name MW Skills Development Project	
Country Malawi	Practice Area(Lead) Education	
L/C/TF Number(s) IDA-54720,IDA-H9590	Closing Date (Original) 30-Jun-2019	Total Project Cost (USD) 40,961,230.42
Bank Approval Date 19-Jun-2014	Closing Date (Actual) 31-Dec-2019	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	50,900,000.00	0.00
Revised Commitment	45,920,383.50	0.00
Actual	40,961,230.42	0.00

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2. Project Objectives and Components

a. Objectives

As per the Financing Agreement (p.5) the project objective was “to increase access, market relevance, and results orientation of supported skills development institutions in agreed priority areas”.

The "agreed priority areas were" (PAD, p.7): at the Ploytechnic, four new undergraduate level engineering programs in Mining, Metallurgy, Geology and Bio-medics and ten technician level engineering training



(diploma) program in Quantity Surveying, Mining, Mineral Processing, Metallurgy, Geological Engineering, Bio-Medical Engineering, Occupational Health and Safety, Land Economy, Construction Technology, Telecommunication and Electronics Engineering; at Mzuzu University, Open Distance Learning (ODL) programs for training secondary school teachers in Science and Language subjects at Bachelors and Diploma levels; upgrading ongoing certificate and diploma programs in Hospitality and Tourism and introduction of a degree program in Tourism and Hospitality as well as 1-2 weeks short programs; at Luanar, ODL degree programs in various Agriculture subjects; at Teveta, upgrading skills of master craftsmen in Building Construction, Agriculture, Agro-Processing through certificate programs and expansion of rural based training programs; at Chancellor College, expanding training of secondary school teachers in Science subjects through degree programs.

There were both upward and downward revisions of the original targets and the exact change in project scope is not known. A split evaluation was not applied.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

As per the Project Appraisal Document (PAD, pp. 5-7) there were two components.

Component 1: Strengthening Institutional Performance through Sub-Project Grant Agreements (SPGA) (US\$40 million; Actual US\$35.6 million). This component sought to support specified activities at various universities and colleges through results-based grants as follow:

University of Malawi (The Polytechnic): a program of specific activities to improve access and market relevance of engineering programs on offer including, for example: (a) construction and rehabilitation of infrastructure including workshops, laboratories, classrooms, lecture theaters, tutorial and design rooms, library facilities and office space; (b) supply of equipment; (c) development of new engineering programs at diploma and undergraduate levels; and (d) upgrading staff qualifications to deliver on the new programs;

Mzuzu University: carry out a program of specific activities to: (a) increase access to secondary teacher training programs, including inter alia, establishing new satellite learning centers at various locations; developing curriculum for open and distance learning programs; supplying equipment; strengthening the capacity of staff in the development of open and distance learning materials and upgrading staff skills to deliver on the programs: (b) increase access, market relevance, sustainability and cost efficiency of



hospitality and tourism courses including, inter alia, establishing a skills development center, supplying equipment, and upgrading staff skills to deliver the programs;

University of Malawi-Chancellor College: carry out a program of specific activities to increase access to science teacher education and enhance capacity for science education delivery including inter alia: (a) construct lecture theatres, and laboratories and rehabilitation of classrooms; (b) supply equipment and install information and communication technology facilities; (c) develop curriculum for computer science teacher education; and (d) upgrade the capacity of academic and support staff in science teacher education and delivery;

Lilongwe University of Agriculture and Natural Resources (LUANAR): carry out a program of specific activities to increase access, market relevance and gender responsiveness of programs such as: (a) establishing an open and distance learning center in Lilongwe city, at the University campus and two remote satellite centers; (b) develop open and distance learning programs; (c) expand library facilities; (d) install information and communication technology infrastructure; and (e) upgrade staff capacity to develop and deliver open and distance learning programs including supporting study tours to relevant institutions;

In addition, the component would support specific activities at the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) to improve capacity for quality assurance in the TEVET system and increase access to and broaden the range of market oriented skills programs, for example: (a) training of master craftsmen; (b) supply of equipment and training of staff in selected institutions offering informal sector training in rural areas; (c) develop curriculum for short skills upgrading programs in selected training institutions offering skills training in rural areas; and (d) provide equipment and upgrading staff capacity in selected institutions offering technician level programs.

Component 2: Technical Assistance for System Strengthening and Policy Reforms (US\$4.9 million; Actual US\$5.3 million). Component 2 sought to:

Carry out a program of activities to strengthen the capacity of the National Council for Higher Education for project implementation, such program of activities to include (a) training members of the council on their quality assurance and Project implementation roles; (b) strengthening the capacity of the secretariat at the National Council for Higher Education in project coordination, reporting and communication, project planning, project monitoring and evaluation and fiduciary management; and (c) provision of equipment. The component would also support the development and installation of a management information system (MIS) at the National Council for Higher Education and provision of associated training; the development of monitoring and evaluation (M&E) systems and piloting of new monitoring tools at the National Council for Higher Education and Participating Skills Development Institutions; provision of technical assistance for the development and implementation of a student financing scheme; the design and set up of verification mechanisms, and conduct of verification of outputs and results of the activities supported under the project; and independent verification of outputs and results of the activities supported under the Project.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates
Project Cost



The project cost at appraisal was US\$50.90 million, of which US\$40.96 million was disbursed.

Financing

The PAD (p. viii) stated the project would be supported with a US\$46 million IDA credit together with an IDA grant of US\$4.9 million.

At restructuring (see below) financing in the amount of US\$5 million was cancelled for a revised projected cost of US\$45.9 million. The cancelled funding was redirected and used to support the establishment of Africa Centers of Excellence (ACEs) in Malawi.

Ultimately, US\$4.49 million of the IDA grant was disbursed together with US\$36.48 million of the IDA credit.

The project represented the first results-based financing operation in Malawi.

Borrower Contribution

There was no planned borrower contribution and no borrower contribution materialized over the course of the project.

Dates

The project was approved on June 19, 2014 and became effective May 11, 2015 with a planned closing date of June 30, 2019. The Mid-term Review was carried out on July 3, 2017. Given an approved extension, the actual closing date was December 31, 2019.

Restructuring

There were three level two restructurings:

A first level 2 restructuring was approved June 30, 2016 that involved changes to the components and associated cost projections as well as cancellation of funding. At the request of the Government (November, 2014), funds (US\$4.5 million equivalent) that were originally in an unallocated category were cancelled and reallocated to two Malawi Eastern and Southern Africa Higher Education Centers of Excellence (ACEs) under the ACEII project (P151847).

A second level 2 restructuring was approved February 3, 2018 that involved changes in the results framework and reallocation of funding between disbursement categories. The Project Paper detailing the request for restructuring stated that a letter from the Government (dated October 18, 2017) had requested project restructuring to: reallocate the unused balance from the Project Preparation Advance (approximately US\$700,000) to complete the prioritized activities under Component 2 (making up for



exchange rate losses associated with disbursements to that point); change target values of some PDO Indicators, Disbursement Linked Indicators (DLIs) and intermediate results (IR) indicators – moving many up and some down; and, better clarify the definitions of some indicators.

As part of the second restructuring, changes were approved in five PDO indicators and one sub-indicator (though no changes to the wording of the indicators was proposed) and one PDO indicator was replaced with a new indicator. Increases in targets were approved for PDO Indicators 1 (Direct project beneficiaries), and 2 (Number of skills trainees from rural areas) to reflect the expanded reach of the project compared to original projections. A decrease in target values was approved for PDO Indicators 4 (The proportion of students/ trainees who pass the annual assessment), and 5 (Course graduation/ completion rate). The Project Paper sought a change in PDO indicator 6 - Improvements in employer satisfaction levels with the skills and knowledge of graduates in priority areas – to replace the focus on the original employer-focused indicator with a ‘graduate satisfaction’ indicator derived from the graduate tracer study data. Based on the Midterm Review there was agreement between the World Bank team and the government that it was not possible to measure employer satisfaction reliably. The new indicator approved– ‘Improvements in graduate labor market success rate’ – was considered to be measurable and data was to be collected by the existing survey instrument (tracer study) to contribute to the measurement of the market relevance of the project.

A decrease in the target value for PDO 1 sub-indicator - Proportion of female beneficiaries – was also agreed as part of the second restructuring. In addition, the targets for two intermediate indicators were changed, the definition of another was changed, and an additional sub IR Indicator was added.

A third level 2 restructuring was approved March 22, 2019 that involved a change in the loan closing date / project extension under which the project was extended by six months from June 30, 2019 to December 31, 2019. The extension was effected to support the completion of envisioned project activities given earlier delays.

3. Relevance of Objectives

Rationale

The PAD (p. 3) stated that the Skills Development Project (SDP) was fully aligned with relevant Government and World Bank strategies. The Government’s Skills Development Policy Framework recognized the role of an educated and skilled population in reducing poverty, decreasing inequality and ultimately boosting economic growth. The National Education Strategy Plan (NSEP: 2009-17) and Education Sector Implementation Plan (ESIP II: 2012-17) recognized that future investments in the post-secondary education sector needed to focus on improving access and increasing the responsiveness of skills development institutions to the labor market. The NESP prioritized a mix of demand and supply side interventions aimed at expanding access, quality and relevance and institutional strengthening. The project was also aligned with the twin goals of the World Bank Group - by scaling up training of semi-skilled persons and expanding skilling opportunities for a number of currently underserved groups including rural communities and school dropouts from poor families, the project would contribute to eradicating extreme poverty and promoting shared prosperity by fostering income growth of the bottom 40 percent of the population. More specifically, the project built on the World Bank Education Strategy 2020 and the IDA ‘Skills toward Employment and Productivity’ framework, which proposed a sequenced combination of education, training, and labor market activities to improve skills needed for productivity and economic



growth. The project also sought to address a continuum of skills, from technical/ vocational to higher education, to enable new types of jobs to emerge as a result of economic diversification. Furthermore, the project was linked to other operations in the Malawi World Bank, for example, a US\$80 million Nutrition & HIV/AIDS Project (2012 - 2016), a US\$140 million project to Improve Education Quality (2010-2015) that supported expansion of access to and quality of education for children in basic education. The project was also well aligned with the World Bank Country Assistance Strategy (CAS, 2013-16) that was organized around three themes - Promoting Sustainable, Diversified and Inclusive Growth, Enhancing Human Capital and Reducing Vulnerabilities, and Mainstreaming Governance for Enhanced Development Effectiveness - to which the project contributed through support for enhanced human capital, and promotion of sustainable, inclusive growth through a focus on vulnerable populations, namely women, and through technical and vocational training specifically for those living in rural areas.

The ICR (pages 14-15) stated that the project objectives remain relevant to key areas of the economy. The ICR references the 2019 Malawi Economic Monitor which highlights agriculture, construction, and low-skills training as key to the diversification of the economy. Despite agriculture accounting for about 75 percent of total exports and 65 percent of total employment (providing livelihoods for nearly 90 percent of poor households), the sector contributes only 30 percent of gross domestic product (GDP) signaling an ongoing need to increase productivity through, amongst others, skill development, which was a focus for the project. In addition, the Malawi Growth and Development Strategy III (2017-22) highlighted tourism as a priority in efforts to achieve social and economic development. In February 2019, the government approved the National Tourism Policy, aimed at creating an enabling environment for the development, regulation, and promotion of a sustainable tourism sector. The ICR noted that other areas supported by the project, including engineering and training for low-skilled workers, have seen growth in recent years and that growth is expected to continue in related fields such as such as mining, manufacturing, construction, transportation, and information and communication. The ongoing need for trained teachers was also highlighted noting that the 2018 Malawi Education Sector Statistics Report found an increase in enrollment at second school of 12 percent between 2014 and 2018, while there was only a 7 percent increase in the number of secondary teachers. The project objectives and activities remained relevant under the draft Country Partnership Framework (CPF) that is built around three areas of engagement: (a) Laying Foundations for the Future, (b) Building Human Capital and Resilience, and (c) Diversifying the Economy and Creating Jobs.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To increase access to supported skills development institutions in agreed priority areas.

Rationale



The government's Education Sector Implementation Plan II outlined key challenges and priorities in skills training. It pointed to a lack of access and equity in skills training and university education and highlighted a lack of relevance and low enrollment in training programs critical to Malawi's economic development. Low enrollment in the priority areas of engineering, business, information and communication technology (ICT), and tourism are specifically highlighted. Skill gaps in the mining, agriculture, tourism, and construction industries are mentioned with reference to the lack of sufficient skills training and university programs in these areas.

The project focused in particular on supporting the development and improvement of skills training programs and increased student enrollment in high-demand and high-growth areas of the economy including education, agriculture, engineering, construction, and low-skills artisanry as well as the tourism and hospitality industry.

For the purposes of this validation review, the project was assessed with reference to three objectives that refer to each of the key expected outcomes as follows: "to increase access to supported skills development institutions in agreed priority areas"; to increase market relevance of supported skills development institutions in agreed priority areas"; and "to increase results orientation of supported skills development institutions in agreed priority areas."

There was no theory of change (ToC) developed in the PAD. The PAD (p.5) noted that Component 1 would support participating institutions in implementing Sub-Project Grant Agreements (SPGA), focusing on results related to increasing access to and market relevance of programs. Component 2 would focus on systems strengthening and policy design in skills development. Component 1 would support strategic interventions at the institutional level to increase access, market relevance, and results orientation of supported skills development institutions in agreed priority areas. The main instrument for implementing Component 1 would be Sub-Project Grant Agreements (SPGA) between the Ministry of Finance (MoF) and participating institutions. The SPGAs would specify each institution's distinct mission, the scope and focus of its educational provision, the labor market areas for which each institution would prepare graduates, and expectations of performance with reference to access, relevance, and efficiency.

Drawing on the ICR, a ToC for the first objective is as follows:

The project would support the construction/rehabilitation of infrastructure, including online distance education centers, and it would also operationalize a student loans program. This would deliver outputs such as new or improved programs of study in priority areas of the economy, enhanced infrastructure to support learning, and student loans. These outputs would allow for increased availability of classes, facilities and distance learning opportunities, as well as an increased number of students benefitting from student loans in support of the objective being increased access and an increased number of students enrolled in courses associated with priority areas of the economy. This, in turn, would lead to longer term outcomes being improved youth skills aligned with labor market needs in priority areas of the economy with accompanying increased access to salaried jobs and self-employment that would, in turn, support Malawi's human capital development and contribute towards economic growth and poverty reduction.

Intermediate Results

The annual intake (enrollments) in the priority areas was 3,478 against a baseline of 150 and a target of 2,500 enrollments.



The proportion of infrastructure targets met by participating institutions as per agreed Institution Improvement Plan was 95 percent against a target of 100 percent. Some participating institutions had difficulties in finalizing construction before project closing (ICR, p. 17).

A targeted and functional students' loan scheme as per the action plan was developed, as planned, by year 3 of the project.

Outcomes

There were 20,397 direct project beneficiaries against an original target of 9,110 and a formally revised target of 13,330 beneficiaries. Some 32 percent of direct beneficiaries were female against an original target of 44 percent and a formally revised target of 31 percent. The ICR (p.24) noted that some promising initiatives to increase female participation were highlighted in the National Council for Higher Education (NCHE) at the end of the project review report including the provision of bridging courses in science and mathematics to help increase the supply of qualified female students along with an institutional policy on 50:50 gender ratio for admissions. Additionally, a student support system using postgraduate students as subject tutors successfully attracted and retained female scientists in one participating institution and a program that reached out to secondary schools that promotes female enrollment was highlighted as an intervention that mentored and encouraged female students. However, the overall female enrollment in the supported programs ranged from 20 percent to 37 percent of total student enrollment, and female beneficiaries identified issues related to student life e.g., lack of on-campus housing access, absence of separate change vestibules, and insufficient washrooms. The ICR noted that a greater focus on gender in the PDO and through DLIs may have supported and incentivized increased attention to female participation in the skills development programs.

7,712 skills trainees were from rural areas against an original target of 4,100 and a formally revised target of 6,500 trainees.

The proportion of new intakes in priority areas of study to the overall new intakes in participating institutions was 45 percent against a baseline 21 percent and a target of 37 percent.

With reference to the twin goals of the World Bank Group - poverty reduction and shared prosperity – the ICR (p. 26) noted that the project directly benefitted over 7,700 trainees from rural areas in providing technical and vocational training that helped increase the skills base of these students and provided an increased ability to improve their livelihoods (Formal TVET Graduates Tracer Study Report, 2016). Indirect benefits to the communities surrounding participating institutions included increased employment opportunities related to construction and in relation to increases in student populations which brought about increased demand for services. An increased number of newly enrolled students also increased the demand for goods and services such as transport, entertainment, groceries, and farm produce within the local community bringing about additional business opportunities.

However, the ICR (p.26) noted that the rapid expansion in enrollment supported by the project had some negative impacts on student life. In many instances additional enrolment preceded the completion of project-supported construction resulting, for example, in inadequate access to on-campus student housing (particularly referenced by female students) and decreased access to student resources such as library resources leading to extended schedule of class hours to support additional class offerings.

In addition, project monitoring documents referenced in the ICR (p.20) indicated a higher level of dropout from Open Distance e-Learning (ODEL) programs in comparison to face-to-face enrollment. This phenomenon



appears to have been due to less developed staff capacity and training in distance learning pedagogy as well as the need for additional tutoring, outreach, and support for distance learning. Some students also suffered from limited internet connectivity associated in part with delayed opening of satellite centers. The ICR noted (p.21) that the lower achievement of ODeL students partly informed amendment of project indicators related to learning and completion of programs during restructuring. On the other hand, the experience gained in introducing distance learning has been positively applied in the context of necessary restrictions applied to education provision a consequence of Covid-19. The ICR (p.26) noted that the expansion in enrollment of ODeL students ahead of increased access to satellite centers meant that ODeL students still had to rely on the main campus for some of the required program activities, including examinations.

Furthermore, the project disbursed funds based on contractors having completed 80 percent of the work with the result that a full handover and operationalization of all construction has not yet taken place. The Region informs that the participating institutions and the Government committed to making good the completion of construction. The Region informed IEG that, as of November 2020, progress had been made and that the development at Mzuni is very close to finalization. The project team informed IEG that in the case of the more problematic Luanar development, government is committed to completion and work is ongoing. Regarding safeguards, the project faced issues from time to time, but the Region confirmed that they were addressed, that the project complied with safeguards at project closing and for construction that had been completed since (further details in the safeguards section below).

Rating

Substantial

OBJECTIVE 2

Objective

To increase market relevance of supported skills development institutions in agreed priority areas

Rationale

Drawing on the ICR, the ToC for second objective is as follows:

The project would support the development of degree, diploma, and skills training programs – including online options - in priority areas of this project, which were informed by the Malawi Growth and Development Strategy; the creation of staff development programs for professors, instructors, and master crafts people; the establishment of partnership arrangements with the private sector; and the conduct of tracer studies. These efforts would lead to new and better courses of study, better trained staff, a National Qualifications Assurance Framework, and harmonization of the TVET curriculum. This would plausibly yield the desired outcome being increased relevance of provision as demonstrated through increased levels of graduate satisfaction and increased levels of graduate employment in relevant areas of the economy. This, in turn, would lead to longer term outcomes being improved youth skills aligned with labor market needs in priority areas of the economy with accompanying increased access to salaried jobs and self-employment that would, in turn, support Malawi's human capital development and contribute towards economic growth and poverty reduction

Intermediate Results



The number of curriculum developed / revised with private sector participation as per Institution Improvement Plan and imparted was 52 against a formally revised target of 44 curricula.

The proportion of faculties selected for staff development programs returned to the institution after completing training and resumed teaching was 96 percent against target of 100 percent.

The number of published Tracer Studies as per the action plan was 12 against a formally revised target of 12 studies.

The proportion of measures met to ensure that institutions maintained contact with graduates was 6 against a target of 6.

A National Quality Assurance Framework (NQAF) was developed as planned.

Although the project was successful in delivering training, the ICR informed (p.19) that focus group discussions with beneficiaries indicated that some of the trained master crafts persons were no longer providing instruction at the Community Skills Development Centers by the end of the project.

Outcome

The graduate satisfaction index was 72 percent against a target of 57 percent. Overall, evidence in support of market relevance is essentially proxy in nature. That said, there was significant integration of the private sector in curriculum development, high levels of satisfaction among students (as above), 90 percent of staff training targets met across the participating institutions (at various levels including, for example, 78 participating through PhDs and masters' programs and 258 master crafts persons participating in short training programs on pedagogical practices), as well as development of a National Quality Assurance Framework. With particular reference to employer engagement, the ICR (p.19) notes that private sector participation was a requirement in both technical and steering committees and included representation from the Malawi Confederation of Chambers of Commerce and Industry, the National Construction Industry Council of Malawi, and the Tourism Board. The thrust for market relevance was further supported by tracer studies that provided more information on labor market needs and trends in terms of graduate employment and relevance of curricula, and findings were used to further inform curriculum development. Tracer studies, which were relatively new to Malawi, were carried out by all participating institutions to better understand relevant labor market needs and trends as well as relevance of the curriculum. Participating institutions were also supported in addressing issues of student satisfaction particularly in terms of students' achievements and graduation rates and their ability to find employment following graduation. On the other hand, there was relatively significant dropout among ODeL students and this was associated with inadequate support such as tutoring, and limited internet connectivity, and also contributed to relatively lower levels of achievement among those students.

Rating
Substantial



OBJECTIVE 3

Objective

To increase results orientation of supported skills development institutions in agreed priority areas

Rationale

Drawing on the ToC set out in the ICR, the ToC for the third objective is as follows:

The project would support the development of institutional improvement plans, implement a results-based approach supported by M&E, and apply enhanced M&E tools to support the institutionalization of the National Council for higher Education (NCHE) towards effective planning and execution with multi-sectoral and multi-stakeholder participation. This input would lead to the following outputs: timely submission and verification of annual implementation progress reports; and timely preparation and submission of Annual Progress Reports. Intermediate outcomes would include regular meetings regarding SDP governance and DKI and M&E indicators met in support of the outcome being improved management for results and active use of data and M&E to ensure effective delivery. This, in turn, would plausibly lead to longer term outcomes being improved youth skills aligned with labor market needs in priority areas of the economy with accompanying increased access to salaried jobs and self-employment that would, in turn, support Malawi's human capital development and contribute towards economic growth and poverty reduction.

Intermediate Results

Timely submission of annual implementation report by NCHE on five occasions as per target with the report detailing analysis of performance against targets.

A National Quality Assurance Framework (NQAF) was developed as planned.

Outcomes

The proportion of students/trainees who pass the annual assessment was 72 percent against an original target of 70 percent and a formally revised target of 63 percent. The proportion of course graduation (completion rate) was 77 percent against an original target of 65 percent and a formally revised target of 59 percent. Institutional strengthening helped support system development and achieve results. Activities supported by the project supported national and institutional-level systems strengthening that in turn helped support the achievement of project-level results. Capacity building, both the PIs and the NCHE were supported in the areas of fiduciary management, program coordination, and sector planning and the improved use of technology strengthened institutions and the system as a whole ultimately helping the system provide better administration and management. The development of Institution Improvement Plans at each of the participating institutions helped strengthen institutions and helped define priorities toward common results in the sector, supporting the institutions and the sector as a whole. Support for the institutionalization of the NCHE and the Student Loans Board helped lay a foundation for reforms in the sector. For example, through the NCHE, the development of a Higher Education Quality Assurance System (HEQAS). The Higher Education Quality Assurance System (TEVETA) was strengthened resulting in enhanced harmonization of the curriculum and implementation of training through the Community Skills Development Centers across the country. The experience of the project will also contribute to the preparation of future support to the skills development in Malawi, namely through the preparation of the US\$100m Skills for A Vibrant Economy (P172627) project (still under preparation).



Rating
Substantial

OVERALL EFFICACY

Rationale

The achievement of objectives is rated substantial with some caveats.

Overall Efficacy Rating

Substantial

5. Efficiency

The PAD (pp 14-15) noted that private and social rates of return (RoR) to education in Malawi are high with an estimated private rate of return to university education and technical education of 29.1 percent and 19.7 percent respectively and an estimated social rate of return to higher education and technical education of 23 percent and 35 percent respectively. Based on a discount rate of 11.8 percent for the benefits and costs stream for the project, the PAD estimated a Net Present Value (NPV) of MK190.6 billion with an associated Internal Rate of Return (IRR) of 29.9 percent. The PAD stated that estimated economic returns represented conservative lower bound estimates, given that they did not account for other potential benefits including the social benefits of education. In that regard the PAD suggested that the total economic and social impact is likely to substantially exceed the considerable estimated economic benefits.

The ICR (pp. 22-23) noted that the cost-benefit analysis for the project used the standard methodology for computing the aggregated private returns to work in adulthood of the students benefiting from project interventions - comparing net value of cost with net value of benefit. The calculated IRR was 26 percent which, according to the ICR, is within the range of what was calculated during appraisal. The ICR explained that estimates of GDP growth at appraisal were at 5.5 percent whereas actual GDP growth was between 2.5 percent and 4.9 percent over the project cycle and this may partly account for why the upper bounds of the IRR were not realized. The ICR also informed that graduation and employment rates of graduates were aligned to original estimates outlined during appraisal (see Efficacy section for detail). The ICR also noted that, in addition to private rates of return, there are social-level benefits to education which for this project were estimated to be 23 percent for higher education and 35 percent for technical education meaning higher results to this project.

Operational efficiency was impacted by early delays associated in part with capacity issues related to project management and financial management and, at project close, by the fact that two major building projects were not complete (assessed in the ICR to represent a significant risk to development outcome). Furthermore, ISRs 4, 5, and 9 had rated financial management MU and ISR 2 had rated procurement MU. In some cases there were efficiency gains in terms of increased yield from construction redesign efforts which provided additional office and lecture spaces from original construction designs although at least some delays were experienced in all



participating institutions. Finally, due to inadequate supports, such as tutoring and limited internet connectivity, the rate of dropout from ODeL courses was high relative to face-to-face provision.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	29.00	79.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	26.00	87.00 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of the objectives is rated High based on strong alignment with both country and Bank strategies. Overall Efficacy is rated Substantial with some caveats. Efficiency is rated Modest recognizing operational inefficiencies related to financial management, failure to complete major infrastructure works within the project cycle, and relatively high dropout rates associated with open distance learning. Overall outcome is rated Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The ICR noted (pp.36-37) that ODeL facilitated increased enrollment and greater reach although there was evidence of high dropout rates. To counter this will require coordinated support – e.g., in effective delivery - to both instructors and professors as well as academic support for students. The ICR also noted a need for continuity of support to the Community Skills Development Centers, particularly in relation to center trainers and master craft persons. There is evidence of some commitment in this regard i.e., in December 2019, the MoL led a recruitment process to hire 66 teachers for such centers, providing one teacher per trade at 11 of the Community Skills Development Centers. However, the ICR warns that if such commitment to the Community Skills Development Centers does not continue, there are risks to the development outcomes expected from this project. Finally, the ICR noted that the full benefits of the project could be reduced if all construction supported through the SDP is not completed and operationalized. The project disbursed funds based on contractors having completed 80 percent of the work with the result that a full handover and



operationalization of all construction has not yet taken place. The ICR informs that the participating institutions and the Government committed to making good the completion of construction in compliance with social and environmental safeguards and that, as of June 2020, there was evidence of good progress in this regard. The Region informed IEG that, as of November 2020, progress had been made and that the development at Mzuni is very close to finalization. The project team informed IEG that in the case of the more problematic Luanar development, government is committed to completion and work is ongoing. The Region noted that the ODeL aspect of the project overall has proved very valuable during the Covid crisis and has enabled the continuation of education provision at this level. ODeL has become a critical part of a planned project (US\$100 million) through support for HE institutions, Technical Colleges, and Community Training Centers and the application of a blended learning approach.

8. Assessment of Bank Performance

a. Quality-at-Entry

Project design was relatively simple and was typical of the World Bank's approach to much of its engagement in third level education as identified in IEG's 2017 thematic evaluation, Higher Education for Development. Rather than focus on core policy issues at the central level, the project focused on ensuring delivery through disparate participating institutions, each of which operated under a tailored plan with outputs aggregated to inform project level indicators, noting there was no theory of change developed for the project in the PAD. Support and collaboration with participating institutions, particularly in relation to the development of Institution Improvement Plans, was an important aspect of World Bank support during the project preparation. This helped build ownership of activities and increased capacity at the institutional level. The participating institutions also responded to DLIs, a new approach in Malawi in respect of which they required capacity building inputs to ensure effectiveness. The Bank engaged in extensive consultation during project preparation that was inclusive of relevant government ministries (e.g., Ministry of Finance, Economic Planning and Development, the Ministry of Education, Science and Technology, and the Ministry of Labor) as well agencies such as the NCHE and TEVETA, and with other stakeholders including universities and colleges, students and the private sector, the latter being critical to ensuring relevance of planned provision. The project governance structure was robust and reflected the broad engagement during preparation. It comprised all relevant stakeholders including representation from the Ministry of Finance, Economic Planning and Development; the Ministry of Education, Science and Technology; the Ministry of Labor and Vocational Training, Participating Institutions, and the private sector.

The PAD (p.3) noted that the project would be closely linked with other operations in the Malawi World Bank portfolio including a US\$80 million Nutrition & HIV/AIDS Project (2012-2016), and a US\$140 million Project to Improve Education Quality (2010-2015) that was funded by IDA and the Global Partnership for Education (GPE). In preparation of the proposed project, policy notes on Higher Education and TEVET provided recommendations for developing Malawian institutions that produce market-relevant skills and promote sustainable, diversified, and inclusive growth. The PAD (p.4) also noted that the Bank had been coordinating with the AfDB (support to Universities/Technical Training Colleges); the EU (who had supported curriculum review of mining sector learning programs at the Polytechnic); Norway (training with a focus on nutrition); and UNESCO (who had supported, study tours and improved training for construction and agri-business).



The risk analysis (PAD, p.14) assessed overall risk to be Substantial given the innovative design of the project within the country context with reference, for example, to limited capacity in government and participating institutions to plan, implement and absorb large scale programs for results using DLIs, low fiduciary capacity and weak internal controls leading to potential leakage and lack of effective monitoring of public finances. Risks would be mitigated through enhanced project design, capacity building efforts and increased monitoring of project activities and outcomes during the implementation stage. However, certain shortcomings are evident. First, failure to ensure adequate capacity at the NCHE ab initio resulted in implementation delays. Second, within the monitoring design, many of the outcome targets set had to be revised through restructurings. Overall, the project was ambitious in introducing a DLI approach and in engaging in both the higher education and skills sub-sectors. That level of ambition required greater assurance of proven capacity. Such capacity was not in place and could not be developed in a timely enough manner.

Risks associated with the fiduciary management of the project were also identified and mitigation measures were planned for including, for example, strengthening the capacity of internal audit in various participating institutions, improving internal control compliance through increased staff awareness and training, an improved management information system to produce reliable information on DLIs, and separate and exclusive bank accounts for project funds.

Quality-at-Entry Rating Moderately Satisfactory

b. Quality of supervision

The ICR (p. 35-36) noted that quality of supervision provided by the World Bank team was proactive and effective particularly during and after the project midterm review. The project made relatively slow progress early in the cycle - reflecting the ambitious design as well as bureaucratic impediments - but picked up pace as it moved towards the midterm at which point it got on track requiring only a six-month extension. The ICR references regular and well-planned supervision missions with representation from sector experts as well expert input and support in relation to procurement, financial management, and social and environmental safeguards. Capacity building, with an emphasis on project management type issues (e.g., financial management and procurement support along with social and environmental support) was also provided in relation to construction supported by the project.

Early progress was impacted by a change in World Bank task team leaders between project preparation and project implementation that affected available support for the envisaged coordinating entity, the NCHE. However, ongoing support was subsequently strong. The NCHE struggled with fiduciary mismanagement from the outset. This was ultimately addressed by the World Bank from October 2016 (17 months after project effectiveness in May 2015) which conducted appropriate follow-up engagement, providing appropriate capacity building in fiduciary issues as well as other areas including M&E functions. The ICR also noted that the World Bank team supported the NCHE during the early stages of the project as the NCHE tried to get to grips with the DLI modality, with additional capacity building and follow-up. As the project progressed, the Bank team instituted initiatives such as monthly meetings with the NCHE that helped ensure information sharing and tracking of implementation progress. The Bank Team also supported the hiring of safeguards staff both at the NCHE and in the participating institutions.



Problems with incomplete construction at project closing, ODeL, financial management and safeguard compliance could, at least partly, have been addressed (or addressed sooner) through more proactive supervision. Regarding M&E, the project could have given greater attention to measuring market relevance (Objective 2) and results orientation (Objective 3).

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project indicators largely focused on outputs such as number of beneficiaries overall, as well as subsets thereof, e.g., rural dwellers, female beneficiaries, staff trained and so on. As noted in the ICR, the project developed an appropriate Results Framework with definitions of indicators and detailed timelines and procedures for M&E outlined in the PAD and Project Implementation Manual (PIM). A DLI approach was adopted to incentivize participating institutions that operated at arm's length from the World Bank for whom the key interlocutor was the NCHE which aggregated data that were fed into the indicators although we note, as commented on elsewhere in this review, that the capacity of the NCHE to manage the DLI approach (the first such in Malawi) was limited during the early stages of the project and this contributed to initial delays.

b. M&E Implementation

The NCHE secretariat led M&E implementation, interfacing with the participating institutions. The NCHE received technical assistance to oversee the implementation of all M&E initiatives and an ICT specialist as a focal person to manage the planned management information system. Each of the participating institutions as well as the Ministry for Education, Science and Technology hired an M&E officer/focal point. There were initial issues concerning capacity at the NCHE that were subsequently addressed noting that coordination between the NCHE and participating institutions was critical for data collection, collation and reporting.

At the outset it was left to the participating institutions to establish baseline values for many of the indicators, a weakness that was addressed at the second restructuring in February 2018. The ICR also reported that the World Bank team supported the coordinating agency in developing a template to collect basic data from institutions and encouraged the hiring of additional staff to help cope with the demands of project monitoring. The team also supported capacity development to assist the NCHE in getting to grips with the DLI approach, the first use of DLIs in Malawi. The ICR noted that despite initial training there was a lack of clear understanding among project implementing agencies as to the procedures associated with the DLI instrument and the process which verified achieved results by independent third-party monitoring and verification, competitively selected by the Steering Committee on behalf of the Ministry of Finance,



Economic Planning and Development. This contributed to a one-year time lag between project effectiveness and the first disbursement.

The envisaged Higher Education Management Information System at the NCHE did not become functional by the end of the project although one of the participating institutions developed a similar system that was launched by the end of the project noting it was not at that stage populated and operational.

c. M&E Utilization

According to the ICR, the use of the DLI modality helped to instill a more results-based culture at the NCHE and at participating institutions. Monitoring data was used by participating institutions to adjust and prioritize activities and ensure timely delivery of results. Notwithstanding early challenges, the NCHE and participating institutions adapted to the use of the results-based approach. The governance structure of the project supported the use of monitoring data through regular meetings among stakeholders that were instrumental in checking the progress. The NCHE also kept track of the overall progress and analyzed the results periodically for reporting purposes and to ensure stability in implementation. Biannual meetings with the broader Steering Committee were also important - these included participation of industry representatives, an important mechanism to ensure ongoing relevance of provision. In addition, all participating institutions maintained contacts with around 70 percent of their graduates annually owing to the tracer study. Capacity building on tracer studies was conducted for over 20 universities. At the midterm, results from the first round of tracer studies estimated that 34 percent of the employers interviewed were satisfied with the quality of graduates from the priority programs on offer. This insight and knowledge helped participating institutions in bolstering and calibrating ongoing quality and relevance and to plan for the future.

M&E is rated Substantial with the caveat that the project could have given greater attention to measuring market relevance (Objective 2) and results orientation (Objective 3).

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as Category B and triggered the following: Environmental Assessment (OP 4.01) and Involuntary Resettlement (OP 4.12) due to impacts on land, assets, and livelihoods resulting from land acquisition processes and Physical Cultural Resources (OP 4.11). An Environmental and Social Impact Assessment was undertaken and measures were implemented through Environmental and Social Management Plans (ESMPs), and Abbreviated Resettlement Action Plans (ARAPs) based on the outcome of a screening process.

Overall management of social and environmental safeguards issues was through the provisions and mitigation measures of the Environmental and Social Management Framework and the Resettlement Policy



Framework. Each participating institution developed an ESMP that referenced mitigation measures focused on the following: land acquisition and compensation processes to guide the implementation of land take and resettlement activities for the project; a code of conduct to prevent and/or mitigate the social risks (e.g. child labor, gender-based violence, HIV/AIDS, occupational and health safety) within the context of infrastructure development interventions - given the large number of construction activities, this code of conduct with a focus on its monitoring and enforcement was understood to be critical; a Grievance Redress Mechanism (GRM) was established as part of the social safeguards to provide a predictable, transparent, and credible process to all parties, and to build broader trust among all stakeholders.

Whereas all participating institutions implemented relevant social and environmental safeguard measures, the ICR (p.35) noted some issues related to compliance along with a lack of ownership of such responsibilities at the National Council for Higher Education (NCHE). In some instances, during construction, issues of occupational health and safety, particularly in terms of contracts between contractors and workers, safety gear, and diligent monitoring, and the lack of timely reporting of accidents were noted in the project supervision documentation. The ICR noted that, early on during the project implementation, the need to strengthen the coordination and management of safeguards issues at the NCHE level had been raised particularly in relation to the lack of clarity of the roles and responsibilities in the management of safeguards at the NCHE level. Over the course of the project and subsequent to action being taken to address weaknesses identified above, the ownership of safeguards responsibilities improved. During consultation on this ICR Review, the Region informed IEG that the project had complied with the triggered safeguards both at project closing and for the construction that was completed post-project closing. Furthermore the Region indicated that: i) less than 10% of construction is pending; ii) the expectation is 100% completion of all construction by June 2021; and iii) the government is committed to complying with all triggered safeguards relating to it.

b. Fiduciary Compliance

The ICR noted (p. 35) that early identified issues relating to financial mismanagement at the NCHE were addressed through corrective action, including an independent fiduciary audit to investigate financial mismanagement. On foot of that audit, additional staff were introduced with responsibility for financial management and procurement. Financial and procurement-related matters were addressed through training and ongoing monitoring. ISRs 4, 5, and 9 had rated financial management MU and ISR 2 had rated procurement MU. The rest of the ISRs had rated them MS or S.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings



Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	This ICR Review rated overall Efficacy Substantial with some caveats associated with the first objective. Issues arising included inadequate access to on-campus student housing and decreased access to student resources such as library resources, dropout among ODeL students given inadequate support such as tutoring, limited internet connectivity, reduced overall access associated with the non-completion of two significant infrastructure works by project close, and some safeguards issues. This ICR Review rated Efficiency as Modest recognizing operational inefficiencies related to financial management, failure to complete major infrastructure works within the project cycle, and dropout rates associated with open distance learning.
Bank Performance	Satisfactory	Moderately Satisfactory	This ICR Review rated Quality-at-Entry as moderately satisfactory because of shortcomings in M&E, implementation readiness, lack of baselines, and weaknesses in addressing low capacities. Quality of Supervision was rated moderately satisfactory because of gaps in implementation support and some caveats on M&E.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR presented four lessons of which IEG emphasizes two as follows:



DLIs can be used with direct institutional-level engagement to strengthen institutions, build accountability, and drive results. The use of DLIs was an innovation in Malawi and helped increase the results orientation of teams and the focus on delivering for results. The ICR also suggested that direct disbursement of funds to implementing agencies based on the achievements of agreed-upon results can support ownership and delivery of results.

The use of Open Distance e-Learning (ODeL) modalities require additional support to instructors and students to ensure the quality of services. The ICR noted that the use of ODeL in Malawi as a mechanism to increase access to skills training programs has allowed the country to increase enrollment, particularly among students in rural areas. Such increased access requires additional support to be provided to both instructors and students. Instructors require additional support and training in terms of designing online learning activities and on ways to maintain student engagement and support. Students also require support, particularly in relation to ongoing academic support to ensure they can engage with fellow classmates, instructors, and student services. IEG notes that lessons regarding the introduction of distance learning modalities and the range of support required for success are of particular importance in the context of Covid-19 and beyond.

13. Assessment Recommended?

Yes

Please Explain

Further review of the project might provide insights into how existing ICT resources for ODeL were deployed in the crisis situation of Covid-19 to sustain delivery and how learning from this was absorbed into a subsequent project towards broadening access, enhancing delivery, and the achievement of learning outcomes. Additional review would also provide an opportunity to further document lessons learned and to verify project ratings and safeguards issues.

14. Comments on Quality of ICR

The ICR was comprehensive and followed the guidelines. The theory of change was clear and well-presented referencing the three evaluated objectives. The ICR also presented a number of lessons and candidly identified issues arising such as early implementation delays, a lack of strategic focus on gender, and issues associated with safeguards although it failed to indicate if there was compliance or not with all triggered safeguards at project closing. The ICR could have provided more clarity on the early delays as well as on the second restructuring. It might also have provided outcome related detail beyond the more output focused data associated with the formal project indicators.



a. Quality of ICR Rating
Substantial