



1. Project Data

Project ID P151916	Project Name Early Childhood Development Project	
Country Sri Lanka	Practice Area(Lead) Education	
L/C/TF Number(s) IDA-56780	Closing Date (Original) 30-Jun-2021	Total Project Cost (USD) 39,280,768.04
Bank Approval Date 24-Jun-2015	Closing Date (Actual) 15-Jun-2023	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	50,000,000.00	0.00
Revised Commitment	45,000,000.09	0.00
Actual	39,280,768.04	0.00

Prepared by Shahzad Mobasher Fard	Reviewed by Judyth L. Twigg	ICR Review Coordinator Susan Ann Caceres	Group IEGHC (Unit 2)
--	---------------------------------------	--	--------------------------------

2. Project Objectives and Components

a. Objectives

According to p. 5 of the Financing Agreement, the project development objective (PDO) of the project was "to enhance equitable access to and improve the quality of early childhood development services." For this ICR Review, the PDO will be: (i) enhancing equitable access to early childhood development (ECD) services; and (ii) improving the quality of ECD services.



The targets for PDO level indicators 2 (ECD centers meeting national quality standards) and 3 (ECD centers conducting annual child development assessments) were revised upward. This would not trigger a split rating, as the project exceeded both the original and the revised targets.

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

Component 1: Expanding and Strengthening the Delivery of Early Childhood Development Services
(approved amount: US\$45 million; estimated amount at 3rd restructuring: US\$35.29 million; actual at project closing: US\$35.29 million)

Improving the quality of ECD services and expanding equitable access to ECD services through:

Sub-component 1.1: Quality Improvements to the Provision of ECD Services

Provision of support for improvement of ECD service quality, including:

- i. revision of the national curriculum framework and child development standards for ECD centers, development of teaching and learning materials, conducting annual child development assessments, establishment of a registration system in each province, and development of ECD resource centers;
- ii. provision of grants to selected ECD centers for facility improvement, including minor civil works and upgrading of equipment and furniture;
- iii. provision of teaching-learning materials to selected ECD centers;
- iv. training of selected ECD teachers, including the preparation of a capacity development plan for ECD teachers, supporting participation of ECD teachers in one- to two-year ECD education programs and standardized, short-term training;
- v. training of trainers on delivering short-term training to ECD teachers;
- vi. organization of periodic interaction programs for selected ECD teachers and orientation programs on child development for primary school teachers; and
- vii. promotion of health and nutritional awareness, including development and implementation of health sub-modules as part of the training for ECD teachers, and organization of Parental Awareness Program sessions focusing on health awareness for parents.

Sub-component 1.2: Expansion of Equitable Access to ECD Services

Provision of support for expanding access to ECD services, including:

- i. development of standardized modules for, and delivery of, Parental Awareness Programs;



- ii. increasing access to ECD centers for poor and underprivileged children, including the provision of tuition fees to selected children and transportation to ECD centers from nearby orphanages; and
- iii. supporting the establishment and extension of ECD centers in unserved and underserved areas as identified through the mapping exercise carried out under Component 2 below.

Sub-component 1.3: Quality Improvements of ECD Services in the Plantation Sector

Provision of support for improvement of ECD services quality in the Plantation Sector, including:

- i. construction or rehabilitation of selected ECD centers;
- ii. training of selected ECD teachers, supporting participation of ECD teachers in one- to two-year ECD education programs, and standardized, short-term training;
- iii. organization of periodic interaction programs for selected ECD teachers; and
- iv. review and delivery of Parental Awareness Programs.

Component 2: Project Management, Monitoring and Evaluation (*approved amount: US\$5 million; estimated amount at 3rd restructuring: US\$5 million; actual at project closing: US\$5 million*)

Strengthening the capacity of the Recipient to carry out the project, including:

1. carrying out a mapping exercise to identify the distribution of ECD centers and gaps in the provision of ECD services;
2. provision of technical advisory services and implementation support in the areas of project management, institutional analysis, preparation of guidelines, development of information systems, monitoring and evaluation, planning, communication, procurement, financial management, and environmental and social safeguards;
3. development and implementation of the comprehensive capacity development plan for ECD teachers prepared under Sub-component 1.1 (iv) above;
4. training of ECD administrators;
5. provision of technical assistance for assessment studies, surveys, and evaluations; and
6. financing of incremental operating costs.

At the second restructuring, an activity under Component 1 was added to support the provision of the morning meals program (MMP) in the aftermath of the COVID-19 pandemic, which led to a deterioration in the depth and incidence of poverty, to reduce the incidence of malnutrition among vulnerable young children and children's attendance in ECD centers, and to improve learning outcomes.

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

Project Cost. The project disbursed US\$40.3 million by the project closing date, substantially less than the approved amount of US\$50 million. This was explained by (i) cost savings related to the depreciation of the Sri Lankan Rupee (LKR) against the U.S. dollar (USD), which fell from LKR146.71 per USD in 2016 to LKR335.32 per USD in 2023, and (ii) the cancellation of US\$5 million at the third restructuring due to project savings pertaining to the depreciation of the LKR against the USD.

Financing. The project was financed through an International Development Assistance credit of US\$50 million. The actual amount of credit disbursed was US\$40.3 million due to project savings related to the



depreciation of the LKR against the USD and the cancellation of US\$5 million from Component 1 activities at the third restructuring.

Dates. The project was approved on June 24, 2015, and became effective on December 4, 2015. The mid-term review was held on April 17, 2018. The project closed on June 15, 2023, almost two years later than envisaged, with the project closing date being initially extended from June 30, 2021, to December 31, 2022, at the first restructuring, and further extended from December 31, 2022, to June 15, 2023, at the second restructuring. The project underwent three restructurings on May 19, 2021, December 18, 2022, and March 30, 2023:

- The **first restructuring** led to changes to results framework indicator targets to reflect inclusion of additional activities and scale-up of some activities, changes in components and costs, the extension in the loan closing date by 18 months, from June 30, 2021, to December 31, 2022, reallocation between disbursement categories, changes in institutional arrangements, and changes in implementation schedule. The change in institutional arrangements consisted of the National Secretariat for Early Childhood Development, the Department of Probation and Child Care Services, and the State Ministry of Samurdhi, Household Economy, Micro Finance, Self-Employment, Business Development and Underutilized State Resources Development being added as implementing agencies to the existing implementing agencies, i.e., the State Ministry of Child Affairs and the Plantation Human Development Trust, as these institutions were also responsible for child care services, including children with special needs.
- The **second restructuring** led to changes in the results framework by adding a new intermediate results indicator on the ECD morning meals program; increasing the target on the intermediate result indicator on the tuition fee waiver support activity by 37,500; and reducing the target on the intermediate results indicator on establishing new ECD centers in underserved regions from 191 to 155 based on the Ministry of Women, Child Affairs and Social Empowerment's (MWCASE) assessment of price escalations and available project implementation to complete civil works. This restructuring also extended the project closing date by 5.5 months from December 31, 2022, to June 15, 2023, reallocated funds between disbursement categories, and changed the implementation schedule.
- The **third restructuring** led to the cancellation of financing of US\$5 million as a result of cost savings pertaining the depreciation of the LKR against the USD, and further reallocation between disbursement categories.

3. Relevance of Objectives

Rationale

The Sri Lankan economy has advanced at a robust pace since the turn of the century, allowing the country to reach lower-middle income status and leading to a reduction in the poverty rate to only 8.9 percent in 2010 (measured at the national poverty line of Rs.3,028 per month). Yet challenges in human development have constrained the country's future potential economic growth. At the time of project appraisal, a significant portion of the population remained vulnerable to falling into poverty, and the poverty rate was much higher in estates and rural areas compared to urban areas. The incidence of malnutrition was high, with 21.9 percent of children between the ages of 0-5 being moderately or severely



underweight based on their weight-for-height ratio, and 15.1 percent being stunted based on their low height-for-age ratio. The pre-school level participation rate among children between the ages of 3-5 was only 65 percent. Participation in primary education was near universal, but the net enrollment rate progressively declined with the grade level. Educational developmental gaps were more acute among certain sub-populations and regions.

The provision of center-based ECD services for children between the ages of 3-5, to enhance children's readiness for primary school and provide underprivileged children with early support and minimize disparities across households, was considered necessary to improve educational outcomes in Sri Lanka and break the vicious cycle of intergenerational poverty. Further, the provision of ECD allowed young mothers to participate in the labor market more actively, thereby supporting household income. While the provision of home-based ECD services, which includes parental care for the 0-2 age group, was adequate in Sri Lanka, center-based ECD programs for children in the 3-5 age range were less developed (World Bank's *Laying the Foundation for Early Childhood Education in Sri Lanka: Investing Early, Investing Smartly, and Investing for All*). Eighty-four percent of the 17,020 center-based ECD facilities were not managed by the state. Investment in ECD was required, notably, to address: (i) low quality of center-based ECD centers (in terms of poor quality of physical facilities and inputs, poor quality of the ECD teaching force, inadequate national standards, and lack of a compliance monitoring system for quality management and child under-nutrition); (ii) low access (in terms of low coverage and inequitable access); and (iii) financing, with public expenditure on education being equivalent to only 1.75 percent of gross domestic product (GDP) in 2013, representing the smallest share in South Asia and countries with similar development characteristics, and public expenditure on ECD being equivalent to less than 0.0001 percent of GDP, which is significantly less than other middle-income and even low-income countries such as South Africa (0.02 percent of GDP), Malaysia (0.1 percent of GDP), Kenya (0.1 percent of GDP), Senegal (0.01 percent of GDP), and Nepal (0.1 percent of GDP).

The project was aligned with the government's development priorities, as well as the World Bank's Country Partnership Strategy (CPS) for FY13-16, the 2014 CPS Progress Report and the Bank's Education Sector Strategy 2020. The government's National Plan for Early Childhood Care and Development 2015-2020 emphasized the need for increased investment in ECD service delivery, with the government establishing the State Ministry of Child Affairs to promote the development and wellbeing of children in the 0-5 age group. The PDO was also aligned with the *Mahinda Chintana: Vision for a New Sri Lanka* (2006-2016). The PDO was aligned with the third focus area of the Bank's Sri Lanka CPS FY13-16 on improving living standards and social inclusion, with the 2014 CPS Progress Report pointing to the need to mainstream reform in the area through an ECD project given the expected high returns from investment in ECD and its potential to promote a more equitable society. Further, the PDO was aligned with the Bank's Education Strategy 2020 *Learning for All: Investing in Peoples Knowledge and Skills to Promote Development*, which promoted early investment, smart investment, and investment for all. The strategy recognized that: (i) the foundational skills acquired early in childhood allow a lifetime of learning; (ii) reaping a return on every dollar invested in education requires smart investments that have provided strong evidence of improved learning outcomes; and (iii) equitable access to learning opportunities should be provided. The PDO remained aligned with the Bank's Country Partnership Framework (CPF) FY17-FY20, which featured an objective on strengthening education and training systems and placing a special focus on increasing access to and quality of ECD for the most vulnerable segments of the population. The PDO was also aligned with the CPF FY24-FY27, which features an objective on sustaining and strengthening health, education, and social protection systems.



Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

Enhancing equitable access to ECD services

Rationale

The theory of change for this objective held that improvements on the demand side and supply side of ECD services can enhance equitable access to ECD. On the demand side, the project supported (i) parental awareness and interaction programs by developing standardized program modules and the regular delivery of these programs across the country targeted to parents with children in the 0-5 age cohort, (ii) fee waivers in state- and non-state-run ECD centers for poor households to increase enrollment of children in the 3-5 age cohort, and (iii) the provision of the MMP to alleviate malnutrition. On the supply side, the project supported the establishment and extension of facilities in unserved and underserved areas based on a comprehensive mapping of ECD facilities and distribution of the population in the 3–5-age cohort.

Outputs and intermediate outcomes.

The number of ECD centers established in unserved/underserved areas rose from a baseline of zero on January 1, 2015, to 156 on June 15, 2023, **substantially achieving the original and revised targets** of 185 **(84 percent achievement)** and 191 **(82 percent achievement)**, respectively. The geographic prioritization of construction of new ECD centers in unserved/underserved areas was determined by considering existing ECD facilities, the distribution of the 0-5 age cohort, and the poverty map.

The number of parental awareness programs conducted by the State Ministry of Women and Child Development, Provincial Councils (PCs), and ECD centers rose from a baseline of zero on January 1, 2015, to 4,045 on June 15, 2023, **surpassing the original and revised targets** of 1,200 and 2,550, respectively. These programs were aimed at enhancing parents' understanding of holistic childhood development, interaction programs for guided parental experience, and parent education programs to enhance parenting practices and behaviors. In an email to IEG dated March 21, 2024, the Bank clarified that while parental awareness programs existed prior to the implementation of this project, the previous programs were conducted on a small scale and were more limited in their scope. The parental awareness program delivered through the project included modules and manuals for trainers with a deeper and wider coverage of ECD topics, notably, in health, nutrition, childcare, hygiene and sanitation, and education, and were consistently delivered across all districts. The training also helped bring greater awareness among parents and more children into ECD centers.



The number of children benefitting from the MMP rose from a baseline of zero on November 30, 2022, to 109,597 following the project closing date, **surpassing the target** of 100,000.

The cumulative number of children in the 3-5 years of age cohort receiving tuition fee waiver support through the project for a period of one, two, or three years rose from a baseline of zero on January 1, 2015, to 57,773 on June 15, 2023, **surpassing the original and revised targets** of 25,000 and 53,475, respectively.

The number of project beneficiaries—defined as the cumulative number of children (0-5 years of age cohort), parents, ECD teachers and teacher assistances, and administrators supported by project activities—rose from a baseline of 520,000 on January 1, 2015, to 1,674,351 on June 15, 2023, **substantially achieving the target** of 1,700,000 (**98 percent achievement**). The number of female project beneficiaries rose from a baseline of 260,000 on January 1, 2015, to 926,870 on June 15, 2023, **surpassing the target** of 850,000.

Outcomes

The number of children enrolled in ECD centers established in unserved or underserved areas rose from a baseline of 512,620 on January 1, 2015, to 657,520 on June 15, 2023, **substantially achieving the target** of 661,150 (**98 percent achievement**). The female enrollment in ECD centers rose from a baseline of 253,900 on January 1, 2015, to 328,760 on June 15, 2023, **surpassing the target** of 327,400.

Rating

Substantial

OBJECTIVE 2

Objective

Improving the quality of ECD services

Rationale

The theory of change for this objective held that improvements in the learning environment would improve the quality of ECD services being offered.

Outputs and intermediate outcomes

The number of ECD centers receiving facility improvement grants (FIGs) rose from a baseline of zero on January 1, 2015, to 6,637 on June 15, 2023, **surpassing the original target of 6,000**, and substantially achieving the revised target of 7,500 (**88 percent achievement**). FIGs were targeted to beneficiary centers that do not meet the government's minimum quality standards and consisted of minor civil works and the upgrade of equipment and furniture, including the construction of toilets, water connections for sanitation, and refurbishment of facilities, play area equipment, toys, water filters, safety equipment, equipment for children with special needs, equipment for administrative support, consumable classroom materials, and basic furniture for students and teachers. The results of the national ECD census survey conducted in 2016-17



were used to identify ECD centers that would become eligible for FIGs, which was further validated by the ECD officers and Divisional Secretariats. Bill of Quantities for the selected centers were prepared by technical officers, and FIGs were distributed to ECD centers through parent-teacher committees.

The FIGs were intended to be used toward the physical upgrade of existing facilities such that those facilities meet the ten prioritized minimum national quality standards, consisting of: (i) safe building, (ii) safe environment, (iii) toilets, (iv) clean drinking water supply, (v) desks and chairs specially built for children, (vi) display space (wall/board), (vii) age-appropriate indoor play materials, (viii) resting area with primary first aid facilities, (ix) adequate outdoor play equipment, and (x) one teacher for every 20 children. The number of ECD centers aligned with national quality standards—defined as the cumulative number of ECD centers meeting at least seven of the ten prioritized minimum quality standards for ECD centers in Plantations and in the rest of the country—consequently rose from a baseline of 1,000 on January 1, 2015, to 7,961 on June 15, 2023, **surpassing the original and the revised targets** of 3,500 and 6,000, respectively.

ECD curriculum guidelines for teacher trainers and for producing teaching-learning materials, along with the monitoring framework for the implementation of the ECD guidelines, were approved by the National ECD Committee, and the teacher training was completed by June 15, 2023.

The number of ECD teachers and teacher assistants completing standardized short-term training rose from a baseline of zero on January 1, 2015, to 21,492 on June 15, 2023, **surpassing the original and revised targets** of 6,000 and 20,000, respectively. While the ICR did not provide figures on training through one- to two-year long ECD certification and diploma programs, the Bank clarified in an email to IEG dated March 21, 2024, that a total of 2,004 teachers and childcare givers received such training under the project. Of this number, 1,234 teachers were provided with scholarships that allowed them to receive their ECD diplomas/certificates from the Open University of Sri Lanka, the National Institute of Education, or the University of Peradeniya for the non-plantation regions, and National Qualification Vocational Framework level 4 certification for child caregivers from the Vocational Training Authority and National Apprentice and Industrial Training Authority of Sri Lanka. In the plantation regions, 770 child development officers were trained and provided with ECD diplomas.

The number of students benefitting from direct interventions to enhance learning rose from a baseline of zero on December 31, 2015, to 191,305 on June 15, 2023, **surpassing the target** of 156,615. The number of female beneficiaries rose from a baseline of zero on December 31, 2015, to 95,491 on June 15, 2023, **surpassing the target** of 78,300.

The number of ECD centers conducting annual child assessments rose from a baseline of zero on January 1, 2015, to 11,043 on June 15, 2023, **surpassing the original and revised targets** of 5,000 and 7,500, respectively. In an email to IEG dated March 21, 2024, the Bank clarified that annual child development assessments were introduced in Sri Lanka by this project. These assessments were intended to gain a better understanding of child development outcomes to inform and improve the implementation of the ECD curriculum and teacher training. The project supported the delivery of on-the-job training to ECD officers and teachers and teacher assistants on how to conduct these assessments. While child development assessment kits were developed during the early stages of project implementation, the implementation of this activity was delayed due to the closure of ECD centers during the pandemic and only conducted six months after the reopening of the centers. The Bank also clarified that while data from the centers could not be compiled and analyzed before project closing, ECD teachers reported relying on the results of child development assessment kits to improve teaching practices and interaction with children.



The project also supported the development and roll-out of an integrated ECD Management Information System (MIS) to ensure compliance with quality assurance standards and provide constructive feedback to ECD centers. The MIS captured data on centers aligned with national quality standards and the FIGs.

Outcomes

There are no outcomes measuring progress toward the achievement of Objective 2 on improving the quality of ECD services, with the indicators in the results framework consisting of output/process indicators rather than outcome indicators. Examples of indicators that could have measured progress toward the achievement of Objective 2 include improved teaching quality following teacher training or the application of the training in the classroom, and/or any kind of measure of improved student learning that could be attributed to improvements through the FIGs.

Rating
Modest

OVERALL EFFICACY

Rationale

Overall efficacy is rated Substantial, but with moderate shortcomings, with the efficacy of Objective 1 (Enhancing equitable access to ECD services) rated Substantial and the efficacy of Objective 2 (Improving the quality of ECD services) rated Modest.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic efficiency. An economic analysis was not carried at appraisal or at project closing. The Project Appraisal Document (PAD, p. 14) states that “considering the difficulty associated with monetizing all benefits, a cost-effectiveness analysis for the project was carried out. Of three alternatives considered, the proposed project is the least cost alternative, with the Net Present Value (NPV) of the associated cost being US\$56.3 million.” With regard to the two alternatives, p. 63 of the PAD states that “in the first alternative, an integrated approach combining both education and nutrition aspects through the provision of a nutritious day meal was considered. This is in line with the Government of Sri Lanka's commitment to providing comprehensive early childhood care. The NPV of the implementation cost associated with the integrated project is US\$ 67.5 million in 2015 real terms. The second alternative included the cost of private investment in construction and renovation of facilities for enhancing accessibility to the ECD centers. The NPV of the associated implementation cost for this



model was estimated at US\$74.7 million." The PAD estimates the increase in future wages to be between US\$11 and US\$29 per dollar invested (in 2022 US\$), with the project expected to lead to an increase in school completion rates and enrollment rates at the secondary level, and improved equity in learning and earning outcomes.

The ICR revised estimates of the NPV of the associated cost to US\$51.49 million based on the actual number of children benefiting from the project. In an email to IEG dated March 21, 2024, the Bank clarified that the NPV of the project implementation cost surpassed the amount disbursed by the project, as the cost-effectiveness analysis took into account the estimated repayment interest and service charge and increased public spending due to additional years spent in school. The Bank also clarified that the reason for the estimated increase in future wages being significantly lower at project completion relative to project appraisal is explained by the (i) the lower number of children enrolled in ECD centers than expected at closing than estimated at appraisal, and (ii) the inclusion of labor market parameters separated by gender at completion to better reflect the labor conditions in Sri Lanka; these had not been used at appraisal.

The ICR estimated the increase in future wages to range between US\$3 and US\$10 per dollar invested.

Implementation efficiency. The completion of the first ECD census was delayed by the preparation and development of questionnaires, templates, and protocols for data gathering and reporting, and the report was only published in 2017 (ICR, p. 15). This led to delays in initiating key activities, such as the FIGs, tuition waiver support, and teacher training, given that ECD centers in unserved and underserved areas had to be identified through the ECD census (ICR, p. 15). The ICR also states that the transmission of information from the field to the project management unit (PMU) was delayed in this particular project, leading to delays in identifying real-time solutions to ongoing challenges faced by the ECD centers, teachers, and communities (ICR, p. 20). Project implementation delays were also incurred because of the project's funds flow mechanisms, with Divisional Secretariat Offices (DSOs) having to verify physical progress, bills for the FIGs, the list of children provided with tuition fee waiver support, and later the morning meals program, as well as delays in counterpart funds allocation to the PMU for reimbursement and payments, particularly in the last 18 months of project implementation (ICR, p. 15). The PMU's lack of familiarity with the Bank's procurement system also delayed the procurement of goods and services in the initial stages of project implementation, with this shortcoming being addressed by the provision of capacity building by the Bank (ICR, p. 16).

Notwithstanding this, implementation efficiency remained adequate, given that most of the PDO level indicators and intermediate results indicators were achieved before project closing. The ICR attributes this to (i) the government's prompt decision to address the COVID-19 pandemic challenges, (ii) the timely implementation adjustments due to the negative effects of the triple crisis of fiscal, fuel, and food prices, and (iii) the required implementation adjustments due to the significant depreciation of the LKR against the USD (ICR, p.13). The ICR also noted the important role played by the PMU in ensuring implementation continuity within the context of frequent changes in MWCASE's structure and senior leadership, the regular updates it provided to the Project Steering Committee during quarterly meetings, the management and monitoring support it provided to the State Ministry of Child Affairs (SMCA), and the guidance it eventually provided on the Bank's procurement guidelines (ICR, p. 15).

Efficiency Rating

Substantial



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		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

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

6. Outcome

The **relevance of the PDO is rated High** given that it was well aligned with the development priorities of Sri Lanka as stated in the National Plan for Early Childhood Care and Development 2015-2020, the *Mahinda Chintana: Vision for a New Sri Lanka* (2006-2016), the Bank's Education Strategy 2020 *Learning for All: Investing in Peoples Knowledge and Skills to Promote Development*, the WBG's Sri Lanka CPS FY13-16, the WBG's CPF FY17-FY20, and the WBG's CPF FY24-FY27.

Efficacy is rated Substantial, but with moderate shortcomings, with project results suggesting substantial progress toward the achievement of Objective 1 (enhancing equitable access to ECD services). However, lack of outcome indicators limited the assessment of progress toward the achievement of Objective 2 (improving the quality of ECD services).

Efficiency is rated Substantial, with economic efficiency considered substantial given the wage premium expected to be reaped through the improved access and quality to education (including ECD), and implementation efficiency being also substantial.

Taken together, these ratings indicate that there were moderate shortcomings in the project's preparation, implementation, and achievement, resulting in an Outcome rating of **Moderately Satisfactory**.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The key risks to sustaining development outcomes consist of:

1. Fiscal austerity measures may limit the amount of funding allocated to ECD service delivery. Indeed, fiscal austerity measures would lead to a reprioritization of public services, which may disproportionately impact ECD services, particularly among marginalized populations.
2. Improvements in the quality of ECD service delivery may be undermined if appropriate measures are not undertaken following annual child assessments. While the project supported annual child



assessments, such assessments can only lead to an improvement in the quality of ECD service if they are used for evidence-based policymaking.

3. High turnover in senior leadership, combined with insufficient capacity building during the project implementation period, may undermine client ownership and capacity and ultimately limit the sustainability of development outcomes. This risk is expected to have been mitigated in this project by the impressive institutional strengthening, which included training of ECD teachers, ECD teacher assistants, and trainers through the comprehensive training plan developed and executed by the SMCA, as well as the Bank's support for the development and the implementation of a comprehensive capacity development plan for government units and staff, including relevant staff from the Provincial Councils involved in implementing ECD activities.

8. Assessment of Bank Performance

a. Quality-at-Entry

While the results chain was not presented in the PAD, the ICR reconstructed the results chain as presented in the ICR's Annex 7. The project design was guided by the findings of the Bank's 2014 report entitled *Laying the Foundation for Early Childhood Education in Sri Lanka: Investing Early, Investing Smartly, and Investing for All*, as well as the CPS for FY13-16 and the 2014 CPS Progress Report. Given that community-based and owned ECD centers comprised 84 percent of ECD centers in Sri Lanka, the project design took an innovative approach to finance ECD services through public-private partnerships (ICR, p. 5). The environmental and social assessments were transparent, leading to the development of a Social Impact Framework and an Environmental Engagement Plan to support compliance with the policies that had been triggered. The M&E implementation arrangements were adequate. The risks were adequately assessed and mitigated. Notwithstanding this, fiduciary risks remained high given the Borrower's limited capacity, with MWCASE having been only recently established. This resulted in significant reliance on the PMU's financial management specialist.

There were moderate shortcomings in quality-at-entry. The results framework did not include outcome indicators measuring the achievement of Objective 2 (improving the quality of ECD services). Further, quality-at-entry was undermined by the engagement of only senior government officials from the SMCA, given that the ministry had limited staff at the provincial and DSO levels (ICR, p. 14).

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

Implementation support missions were held at six-month intervals, except between October 2020 to September 2021 when they were held virtually due to the COVID-19 pandemic-induced lockdowns, as travel was restricted due to the ongoing global health crisis. The Implementation Status and Results Reports identified challenges and the necessary actions required to address bottlenecks. The change in the Project Director in July 2021 induced the Bank to conduct weekly meetings during the transition phase,



as well as during the first six months of tenure of the new Project Director. Meetings were subsequently held once a month to review the project's implementation progress until the closing date and into the grace period. The Bank relied on two trust-funded grants amounting to US\$100,000 and US\$40,000, which were used to finance the development of child development assessments and resulted in two knowledge products that informed implementation: (i) An Overview of the Integration of Care and Education in Early Childhood Services, and (ii) The Impact of the Covid-19 Pandemic on Children's Development Outcomes and Early Childhood Development Services in Sri Lanka.

The Project Steering Committee (PSC) formed under the leadership and guidance of the MWCASE Secretary met regularly to monitor progress toward the achievement of objectives and adopt appropriate actions to address implementation challenges. The PSC comprised representatives from the External Resource Department, the Department of External Resources, the Department of Management and Monitoring, the Department of National Budget, and the Department of National Planning.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The Children's Secretariat was charged with the project's monitoring and evaluation (M&E), with the PMU and the Plantation Human Development Trust for the Plantation sector providing support. The project also supported the development of a management information system for the ECD sector, collecting timely and systematic data for all ECD centers in the country. The project, in partnership with UNICEF, also led to the development of a common ECD center registration framework, which was piloted in one province and which is expected to be implemented by the MWCASE nationwide. There were shortcomings in the quality and the adequacy of results framework indicators, with no outcome indicators measuring progress toward the achievement of Objective 2 (improving the quality of ECD services).

b. M&E Implementation

The ICR states that the transmission of information from the field to the PMU was delayed in this particular project, leading to delays in identifying real-time solutions to ongoing challenges faced by the ECD centers, teachers, and communities (ICR, p. 20). The PMU, which was responsible for collecting data pertaining to the results framework indicators, shared a monitoring report with the PSC and the Bank. MWCASE reported quarterly progress and implementation issues to the Department of Project Management and Monitoring, with the latter reporting the project's performance to the Cabinet of Ministers on a quarterly basis. The M&E officer appointed at the PMU reported on the project's progress and on results framework indicators in meetings led by the PSC. Data collected through the island-wide



2016 census published in 2017, the 2021-22 mini-census, and the social audit report 2022-23 also supported project supervision and decision-making.

c. M&E Utilization

The progress reports submitted to the PSC were used to implement course corrections. The 2016 census was relied upon to allocate the new ECD centers in underserved areas and for establishing the ECD centers. The ECD management information system was used to monitor the disbursement of funds to facility improvement grants, tuition waiver support, and the MMP. The mini-census conducted during the COVID-19 pandemic was used to identify beneficiaries of the MMP.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was categorized as environmental assessment category B at appraisal and project closing. The environmental safeguard policy on Environmental Assessment (OP/BP 4.01) was triggered, resulting in the client preparing an Environmental Management Framework to guide the project's interventions related to facilities, which was disclosed to the SMCA on April 6, 2015, and published on the Bank's website on April 16, 2015. The social safeguard policies on Involuntary Resettlement (OP/BP 4.12) and Indigenous People (OP/BP 4.10) were triggered, resulting in a Social Impact Management Framework being prepared to address site-specific issues. The project's interventions did not lead to significant resettlement or private land acquisition. Compliance with environmental and social safeguards policies was considered satisfactory.

The project complied with citizen engagement and grievance redress mechanism requirements. Details are in the ICR's Annex 11.

b. Fiduciary Compliance

Ten out of the 16 implementation support review (ISR) missions carried for this project rated performance on financial management (FM) as Satisfactory, and the last six ISRs rated it as Moderately Satisfactory. The Moderately Satisfactory ratings were due to factors such as: (i) weak FM capacity, (ii) delays in external audit report submissions, (iii) inadequate budget provision, (iv) an indication of questionable expenditures incurred, and (v) issues in funds flow to the project. However, these issues arose during different missions at various times and were resolved without significantly impacting FM and accountability. The project established satisfactory FM staffing arrangements in the PMU. This contributed to smooth management of FM requirements. Additionally, the project generally submitted accurate Interim Unaudited



Financial Reports without significant delays beyond the due dates. The submission of annual external audit reports was also satisfactory, albeit with a few delays. However, the delays were within four months after the due date. Therefore, it was determined that the project had complied with the two main FM covenants in the project Financing Agreement without significant issues. Audit opinions were unqualified. Finally, there were delays in the funds flow mechanisms established in the project and in procurement procedures to meet Bank guidelines, as described under Section 5 of this Review.

c. Unintended impacts (Positive or Negative)

None noted.

d. Other

None noted.

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Shortcomings in measuring progress toward the achievement of Objective 2.
Bank Performance	Satisfactory	Moderately Satisfactory	Moderate shortcomings in quality-at-entry pertaining to the results framework, which did not include outcome indicators measuring progress toward the achievement of Objective 2 (improving the quality of ECD services) and the engagement of only senior government officials from the SMCA given that the ministry had limited staff at the provincial and DSO levels.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

IEG concurs with the ICR's lessons, notably:



1. **Substantial capacity building throughout implementation is required for first-time clients to promote client ownership, address high staff turnover, and sustain development outcomes.** In this case, trust-funded activities allowed the Bank to organize study tours to Japan and China for senior SMCA leadership to enhance technical capacity and identify possible solutions contextualized to the Sri Lankan context.
2. **Instituting beneficiary feedback mechanisms and regular follow-up throughout a project's lifecycle allows for course corrections to be implemented on a timely basis.** The transmission of information from the field to the PMU was delayed in this particular project, leading to delays in identifying real-time solutions to ongoing challenges faced by the ECD centers, teachers, and communities. This was further exacerbated by the COVID-19-induced lockdowns, resulting in significant delays with gathering beneficiary feedback. The PMU found that while regular meeting between the PMU and PSC were beneficial, a similar downstream effort with the divisional and provincial officers would also have worked to provide in-time support to address the challenges.
3. **The identification of indicators measuring improvements in ECD quality can support progress toward the provision of quality ECD services.** There is a growing body of evidence published in the last decade suggesting that structural quality in the absence of procedural quality will have limited and superficial impact on ECD quality. The project would have benefited from incorporating this nuanced understanding in its implementation efforts, especially during restructuring, when the indicators were revised and added, to track progress in procedural indicators of quality.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The quality of the ICR is rated Substantial. The **quality of evidence** was strong, with data coming from credible sources and generally presented in a parsimonious manner. The **quality of analysis** could have been strengthened if the ICR had noted the lack of adequacy of the results framework, which did not encompass indicators measuring progress toward the achievement of Objective 2, which in turn affected the ICR's **results orientation** quality. **Lessons were based on evidence and analysis**, appropriately responding to the specific experiences and findings of the project. One exception, however, is with regard to the lesson on the transmission of information from the field to the PMU, which is not featured in the M&E section or in factors affecting implementation. The **internal consistency** of the ICR was adequate, with the results across the various dimensions of the project being mutually reinforcing.

- a. **Quality of ICR Rating**
Substantial

